


City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 18, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER 

SUBJECT: LEASE EXTENSION AND MODIFICATION FOR THE DEPARTMENT OF HUMAN SERVICES LOCATED AT 2525 MOUNT VERNON AVENUE

ISSUE: Consideration of a lease extension and modification between the City of Alexandria and Mount Vernon Avenue, LLC. for approximately 41,175 square feet of office space currently occupied by the Department of Human Services.

RECOMMENDATION: That City Council authorize the City Manager to execute, on behalf of the City, and to deliver the modification and five-year extension of the lease for the space at 2525 Mt. Vernon Avenue now occupied by the Department of Human Services, 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 this document 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 Council.

BACKGROUND: The Department of Human Services occupied 2525 Mount Vernon Avenue in November 1985 upon commencement of a ten-year lease. Subsequently, the lease was renewed for an additional ten-year period terminating in September 2005. The lease provides for 41,175 square feet of office space and 110 free parking spaces. Current base rent is \$11.23 per square foot, net of utilities, taxes, and insurance, or \$462,395 annually with the City providing direct payment of all utility, janitorial and some maintenance expenses. This is substantially less than the current market rate for similar office space in the City of Alexandria. The current lease provides for no further extension options at the current below market rate.

DISCUSSION: Over the past five years, the City has invested approximately \$800,000 in capital improvement funds to update the space, provide a new lobby, and provide new workstations to accommodate growth in the department. While these improvements have been required to allow for more efficient use of current space needs, a longer term look at the location and requirements of the Human Services Department has been ongoing.

As part of our overall review of City space, in April, the City began a space analysis for the Department of Human Services to determine whether its current and future needs can be met with their existing space on Mt. Vernon Ave. Additionally, the department has been exploring

the feasibility of a future co-location with parts, or possibly all, of the Department of Mental Health, Mental Retardation and Substance Abuse when Mental Health's lease on North St. Asaph Street expires in 2009. Both those study efforts require more time for proper analysis and consideration. In addition, a determination to relocate DHS will require a substantial planning effort, and additional time to develop program requirements for the new location, to undertake an effective site selection process, and to construct needed improvements at the selected site. The proposed lease extension and modification will allow the time necessary for this planning, designing and building work.

The proposed lease modification and extension is for a five-year term with annual increases of three percent. The five-year term commences at the time of execution of the extension and is not consecutive to the lease expiration date, the net lease term being somewhat less than four years (assuming a July 1 execution). The proposed new rental rate will be \$17.00 per square foot or \$699,975 annually. This is based on average full-service, class B office space rent of \$21.50 - \$23.50 per square foot, less the City's costs for utilities, taxes, janitorial, and maintenance of \$5.16 per square foot. Parking will continue to be provided at no cost. However, the lease amendments shorten the exclusive use of 50 surface parking spaces to between 8:00 a.m. and 5:00 p.m. Monday to Friday. This will allow the landlord to make these surface spaces available for use by the landlord's retail tenants. Human Services staff will be able to use these 50 spaces after 5:00 p.m. and before 8:00 a.m.; they will, however, no longer have exclusive use of the spaces.

Staff believe that modifying and extending the lease at this time is warranted for two primary reasons: it allows the City to take advantage of desirable commercial office rent proposal, and it provides the City adequate time to plan for the Department of Human Services' future space needs.

FISCAL IMPACT: The proposed lease amendment will increase the current rent by \$237,580 per year beginning in FY 2005. The rent increase is currently not funded in the FY 2005 budget and funds will have to be identified to pay these additional costs.

ATTACHMENTS:

- Attachment 1. Proposed lease modification and extension
- Attachment 2. Current lease

STAFF:

Edward Mandley, Director, Department of General Services
Peter Geiling, Deputy Director, Department of General Services

FIRST LEASE MODIFICATION AGREEMENT

This FIRST LEASE MODIFICATION AGREEMENT ("Agreement") executed in duplicate on June ____, 2004, by and between **MOUNT VERNON AVENUE, LLC**, a Virginia limited liability company ("Landlord") and the **CITY OF ALEXANDRIA**, a municipal corporation of the Commonwealth of Virginia ("Tenant").

RECITALS

A. Poladian Construction Company, a Virginia corporation ("Poladian"), and Tenant entered into a Lease Agreement dated August 4, 1995 (the "Lease") for certain real property located in the City of Alexandria, Virginia, and described on Exhibit A attached to the Lease.

B. Landlord is the successor in interest to Poladian, having acquired the property by Deed recorded on April 10, 2002, as Instrument #020011494 among the Land Records of the City of Alexandria, Virginia, and by Assignment and Assumption Agreement dated April 9, 2002.

C. Landlord and Tenant enter into this Agreement for the purpose of modifying certain particular terms and conditions of the Lease.

WITNESS

For and in consideration of the sum of Ten Dollars (\$10.00), the receipt and sufficiency of which are hereby acknowledged, and of the Recitals which are deemed a material and substantive part of this Agreement, Landlord and Tenant agree as follows:

1. Paragraph 1.0 **PROPERTY** of the Lease is amended by redefining the term "Parking Spaces" deleting that portion of the text of the second sentence of Paragraph 1.0 that reads: " to the exclusive use of " and inserting the following next text:

"sixty (60) parking spaces on the lower level of the parking facility owned by Landlord ("Parking Facility") twenty-four hours per day, seven days per week, , and fifty (50) parking spaces on the upper level of the Parking Facility between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday."

2. Paragraph 3.0 **RENT**, is amended by revising the annual rent to reflect a rate of six hundred ninety-nine thousand, nine hundred and seventy five dollars (\$699,975), payable in equal monthly installments of fifty-eight thousand, three hundred thirty-one dollars and 25/100 cents (\$58,331.25), and subparagraph 3.3 of the Lease is amended by changing that Rent payments shall be payable to Landlord at c/o MTM Builders/Developer, Inc., 8800 Pennsylvania Avenue, Upper Marlboro, Maryland 20772.

3. Paragraph 4.0 **TAXES**, Tenant's obligations under Paragraph 4.0 are limited to the payment of real estate taxes on the premises and the parking spaces located at 2525 Mount Vernon Avenue.

4. Paragraph 5.0 **UTILITIES**, Tenant's obligations under Paragraph 5.0 are limited to the

payment of utilities for the premises and the parking spaces located at 2525 Mount Vernon Avenue.

5. Paragraph 5.2 **FACILITY MAINTENANCE** of the Lease is amended by deleting all portions of the text of paragraph 5.2 that the references Exhibit B as "Facility Maintenance Responsibilities" and inserting the following new text in its place: "Facility Maintenance Responsibilities - Revised December 17, 2002. All references in the Lease to Exhibit B or to the term "Facility Maintenance Responsibilities" shall mean and refer to revised Exhibit B and to the term "Facility Maintenance Responsibilities - Revised December 17, 2002."

6. Paragraph 22.0 **CONSENT; NOTICES** of the Lease is amended by changing the designated address of Landlord to: c/o MTM Builders/Developer, Inc., 8800 Pennsylvania Avenue, Upper Marlboro, Maryland 20772.

Except as modified by the terms and provisions of the First Lease Modification Agreement, all terms of the Lease are expressly ratified and confirmed and remain in full force and effect unaffected by the terms hereof. In the event there are minor inconsistencies as a result of the amendments herein, such inconsistencies shall be resolved by reading and construing the terms of the Lease as if these modifications were contained in the original Lease.

WITNESS WHEREOF, Landlord and Tenant execute and deliver this First Lease Modification Agreement pursuant to due and proper authority.

LANDLORD:

Mount Vernon Avenue, LLC
a Virginia limited liability company

By: MTM Builder/Developer, Inc. Manager

By: _____
Dean F. Morehouse, President

TENANT:

City of Alexandria,
a municipal corporation of the Commonwealth of Virginia

By: _____
Philip Sunderland
City Manager

ATTEST: _____

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made this 1/4th day of August, 1995, by and between POLADIAN CONSTRUCTION CORPORATION, a Virginia corporation, having its principal office at 3 West Glebe Rd., Alexandria, Virginia 22305 ("Landlord"), and the CITY OF ALEXANDRIA, a municipal corporation of Virginia, having its principal office at City Hall, 301 King Street, Alexandria, Virginia 22314 ("Tenant").

WHEREAS, Landlord and Tenant executed a lease agreement dated March 13, 1984, which was amended by an addendum dated October 29, 1984, whereby Landlord demised and leased to Tenant the premises described below; and

WHEREAS, the March 13, 1984, lease agreement terminates on September 30, 1995; and

WHEREAS, Landlord and Tenant have negotiated the terms and conditions of a renewal lease to cover the period from October 1, 1995, to September 30, 2005; and

WHEREAS, Landlord and Tenant have determined to place these new terms and conditions in this renewal lease agreement.

NOW, THEREFORE, In consideration of the rents, mutual covenants and agreements set forth below, Landlord and Tenant agree as follows:

1.0 PROPERTY. Landlord agrees to lease and demise to Tenant, and Tenant agrees to rent from Landlord, for a term and upon the terms and conditions hereinafter provided, the real property described on Exhibit A (which is attached hereto and incorporated herein by reference) and the improvements thereon, including the office building containing approximately 41,175 gross square feet ("Building") and the 20 parking spaces, located at 2525 Mount Vernon Avenue, Alexandria, Virginia (collectively the "Premises"). Subject to the terms and conditions of this Lease, Tenant shall have the right during the term of this Lease to the exclusive use of an additional 110 parking spaces (collectively the "Parking Spaces") located on the real property described on Exhibit A-1 (which is attached hereto and incorporated herein by reference) and located in the 2400 block of Mount Vernon Avenue in Alexandria, Virginia ("Development Property"). Subject to obtaining Tenant's prior approval, which Tenant agrees shall not be unreasonably withheld, delayed or conditioned, Landlord hereby reserves the right to relocate the Parking Spaces anywhere within the Development Property at any time and from time to time during the term of this Lease, upon thirty (30) days prior written notice to Tenant. Such relocated Parking Spaces shall be reasonably similar in convenience and access to those designated on Exhibit A-1.

Further, subject to obtaining Tenant's prior approval, which Tenant agrees shall not be unreasonably withheld, delayed or conditioned, in order to accommodate the development of the Development Property, the Parking Spaces may be temporarily (not to exceed one (1) year) relocated to an area, which is within 1,000 feet of the Premises. Such temporarily relocated Parking Spaces shall be reasonably convenient to the Premises. During the period of such temporary relocation, Tenant shall not be responsible for any Parking Space maintenance items described on Exhibit B. If there is a diminution in the value of Tenant's leasehold interest by reason of such temporary relocation, the parties shall, in good faith, agree upon a temporary Basic Rent reduction. At the time that such temporary relocation ends, the Parking Spaces on the Development Property shall (unless they are the same Parking Spaces designated on Exhibit A-1) be subject to Tenant's prior approval, which Tenant agrees shall not be unreasonably withheld, delayed or conditioned, and if the maintenance responsibilities associated with the new Parking Spaces are greater than those associated with the Parking Spaces shown on Exhibit A-1, the parties shall in good faith, agree on a new allocation of Exhibit B parking space maintenance obligations in order to put the parties in a position as similar as reasonably possible to that which would have existed if the Parking Spaces had remained as shown on Exhibit A-1.

2.0 TERM. The term of this Lease shall be ten (10) years, beginning on the first day of October 1995 ("Commencement Date"), and ending on the thirtieth day of September 2005, subject to and upon the terms and conditions set forth within this Lease (including, without limitation, Section 25.12) or in any exhibit, addendum, or modification to this Lease.

3.0 RENT. Tenant covenants and agrees to pay to Landlord as annual rent for the lease of the Premises and use of the Parking Spaces the sum of three hundred sixty-five thousand dollars (\$365,000), payable in equal monthly installments of thirty thousand four hundred sixteen dollars and sixty-seven cents (\$30,416.67), due on the first day of October, 1995 and on the first day of each calendar month thereafter during the term of this Lease.

3.1 The annual rent described above is hereinafter referred to as the "Basic Rent." The "Adjustment Date" is hereby defined to be the annual anniversary date (October 1) for each year that this Lease remains in effect, including any extension or renewals thereof. On each Adjustment Date, the Basic Rent payable during the previous twelve-month period shall be adjusted by multiplying it by the figure 1.03. The resulting new Basic Rent shall be payable in lieu of the previous Basic Rent in twelve equal monthly installments on the Adjustment Date and on the first day of each month thereafter until the next Adjustment Date.

3.2 All amounts payable by Tenant under Sections 4.0, 11.1 and 13.5 of this Lease and, if the Tenant is not the City of Alexandria, under Section 10.0 of this Lease shall be deemed to be Additional Rent. Each item of Additional Rent or other sums due from Tenant under this Lease shall be payable within fifteen (15) days after Landlord's written demand therefor, unless otherwise expressly provided for in the applicable Sections of this Lease. As used in this Lease, the term "Rent" shall mean and refer to the Basic Rent and the Additional Rent.

3.3 Tenant shall make all Rent payments by check (subject to collection) payable to Landlord at 3 West Glebe Road, P.O. Box 819, Alexandria Virginia 22313-0819, or to such other party or place as Landlord may designate by written notice to Tenant from time to time. All payments of Rent shall be made without setoff or deduction, except as specifically provided in Section 9.0 hereof.

3.4 Any monthly installment of Basic Rent not received by Landlord within ten (10) days of the due date shall be subject to a late charge of five percent (5%) of the monthly rental. In addition to such late charge and without limiting Landlord's remedies or Tenant's liability under any other provision of this Lease, all due and payable Rent and other sums due from Tenant under this Lease not paid to Landlord within ten (10) days after written notice to Tenant that such Rent or other sum is due and payable shall bear interest at ten percent (10%) per annum (but not to exceed the highest rate allowed by the Commonwealth of Virginia) from and after the first calendar day following the date when the same shall become due and payable.

3.5 No payment by Tenant or receipt and acceptance by Landlord of a lesser amount than the Basic Rent or Additional Rent or other sums due under this Lease shall be deemed to be other than part payment of the full amount then due and payable, nor shall any endorsement or statement on any check or any letter accompanying any check, payment of Rent or other payment, be deemed in accord and satisfaction; and Landlord may accept such part payment without prejudice to Landlord's right to recover the balance due and payable or pursue any other remedy provided in this Lease.

4.0 TAXES. During the term of this Lease, Tenant shall timely pay all real estate taxes on the Premises and Parking Spaces. Tenant shall provide Landlord semi-annually with a copy of the paid receipt (or other proof reasonably acceptable to Landlord) showing Tenant's timely payment of the real estate taxes. Tenant acknowledges that Landlord currently receives a combined tax bill for the Premises and the Parking Spaces. In the event that the Parking Spaces are ever assessed as part of the Development Property, then the parties shall in good faith agree on a fair allocation of the real estate tax bill for the Development Property to the Parking Spaces and Tenant shall pay the amount allocated to

the Parking Spaces to Landlord within ten (10) days after Landlord's written request.

5.0 UTILITIES. Landlord and Tenant hereby acknowledge that utilities adequate to meet Tenant's needs are currently available to the Premises. Landlord shall be responsible for causing such utilities to remain available to the Premises, subject to Tenant's obligation to pay for such utilities as provided below. Tenant agrees that Landlord's responsibility under this Section shall be limited to using commercially reasonable efforts to cause the utility providers to continue providing such utilities, subject to Tenant's obligation to pay for such utilities as provided below. If the City of Alexandria is the provider of any of such utilities, this Section shall not alter the relationship and responsibilities between the City, as utility provider, and the Landlord, as property owner. During the term of this Lease, Tenant shall timely pay for the cost of all electricity, gas, water and sewer charges and other utilities and services consumed on or with respect to the Premises and Parking Spaces, including, without limitation, any and all taxes, penalties, surcharges or the like pertaining thereto and any connection charges. Tenant expressly acknowledges that Landlord is not responsible for providing any security services to any portion of the Premises, the Parking Spaces or any areas adjacent thereto. Landlord reserves the right, for reasonable purposes, to stop any service or utility system from time to time, provided Landlord obtains Tenant's prior consent to such stoppage, which Tenant agrees shall not be unreasonably withheld, delayed or conditioned (except in the case of emergency when Landlord shall not be required to obtain such consent). If Landlord shall stop or interrupt any utilities or services, Landlord shall use commercially reasonable efforts not to unreasonably interfere with the operation of Tenant's business in the Premises. Tenant will place utility bills in Tenant's name, effective as of the Commencement Date, and will be responsible for the direct payment to utility companies. Tenant may select any rate or tariff option offered by the utility companies. In the event any of the utilities or services described in this Section 5.0 benefit parking spaces in the Development Property other than the Parking Spaces, then Landlord shall reimburse Tenant for Landlord's pro rata share of such costs.

5.1 CUSTODIAL SERVICES. Tenant shall arrange for and pay for all custodial services within the Premises. Such services may be secured by contract and/or provided with Tenant's own employees. The custodial services will be performed to a reasonable standard established by the Tenant and will include floor care, waste collection and disposal, dusting, washroom cleaning and stocking, interior and exterior window washing, and venetian blind cleaning.

5.2 FACILITY MAINTENANCE. Tenant and Landlord shall share in the facility maintenance responsibilities in accordance with the assignments designated in Exhibit B "Facility Maintenance

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Responsibilities" (which is attached hereto and incorporated herein by reference). For each item listed in Exhibit B, the responsible party, as identified in Exhibit B, shall provide all of the labor, tools and materials, at its sole cost, to perform and complete the identified work; provided, however, that if the need for the work was caused by the negligence of the other party, the negligent party shall reimburse the responsible party for such costs.

5.3 TELEPHONES. Tenant shall arrange for and pay when due directly to the providers thereof all charges (including deposits and connection fees) for telephones in and upon the Premises, including the emergency telephone in the elevator.

6.0 ASSIGNMENT AND SUBLETTING. Tenant shall not assign, mortgage, pledge, encumber or otherwise transfer (by operation of law or otherwise) this Lease or sublet the Premises or Parking Spaces or any portion of the Premises or Parking Spaces without in each instance obtaining the prior written consent of Landlord, which consent may not be unreasonably withheld. No such consent of Landlord to any assignment or subletting shall release or discharge Tenant from the terms of any obligation under this Lease; nor shall the collection or acceptance by Landlord of rent from any assignee or subtenant constitute a waiver or release of Tenant from any covenant or obligation contained in this Lease.

6.1 Landlord may, as a prior condition to considering any request for consent to an assignment or sublease, require Tenant to obtain and submit to Landlord such information as Landlord may reasonably require in order to evaluate such sublease or assignment, including, without limitation, current financial statements of any proposed subtenant or assignee. If the proposed sublease or assignment provides that the proposed subtenant or assignee thereunder is to pay any amount in excess of the Rent and other charges due under this Lease, whether such excess payment be in the form of an increased monthly or annual rental, a lump sum payment, or any other form (and if the sublet space does not constitute the entire Premises, the existence of such excess shall be determined on a pro-rata basis), then, as a condition to such consent, the parties shall in good faith agree upon an allocation between Landlord and Tenant of such excess amount. Also, if the proposed assignee is not an individual, then, as a condition to such consent, the parties shall in good faith agree on provisions relating to transfers of interests in such entity constituting an assignment requiring consent.

6.2 Tenant shall deliver to Landlord copies of all documents executed in connection with any permitted assignment or subletting, which documents shall be in form and substance reasonably satisfactory to Landlord and which documents, (i) in the case of a permitted assignment, shall require such assignee to assume performance of all terms of this Lease on Tenant's part to be performed, and (ii) in the case of a permitted subletting, shall

require such sublessee to comply with all terms of this Lease on Tenant's part to be performed and shall prohibit any further subletting or sub-subletting. No acceptance by Landlord of any Rent or any other sum of money from any assignee or sublessee shall be deemed to constitute Landlord's consent to any assignment or sublease.

6.3 Any attempted assignment or sublease by Tenant without the consent of Landlord shall be void. In no event shall any assignment or subletting, whether or not with Landlord's consent, relieve Tenant of its primary liability under this Lease for the entire Term, and Tenant shall in no way be released from the full and complete performance of all the terms hereof and in no event shall the collection or acceptance of rent or other sums from any such assignee, subtenant or occupant constitute Landlord's consent to any assignment or sublease or a waiver or release of Tenant from any covenant or obligation contained in this Lease. The consent by Landlord to any assignment or subletting shall not be construed to relieve Tenant from obtaining the consent in writing of Landlord to any further assignment or subletting. In the event of any default by Tenant under the terms of this Lease, Tenant hereby assigns to Landlord the rent and other sums due from any subtenant of Tenant and hereby authorizes each such subtenant to pay said rent and other sums directly to Landlord, at Landlord's option.

7.0 USE OF PREMISES. Tenant will use the Premises only for offices, meetings, training and other related purposes, and for no other purpose without the written consent of Landlord in advance, which consent may not be unreasonably withheld.

7.1 Tenant will use the Parking Spaces only for the parking of operational motor vehicles that are being used by Tenant or its employees and business invitees, except that, if Tenant is the City of Alexandria, then upon the receipt of Landlord's prior written consent, which Landlord agrees not to unreasonably withhold, delay or condition, Tenant may use the Parking Spaces to hold, or permit others to hold, community functions or to provide parking in connection with community functions. Any consent given by Landlord under the prior sentence may be conditioned upon Tenant's agreeing to fully indemnify Landlord against all costs, expenses, losses, claims, damages and liabilities arising from or relating to such functions and parking (including attorneys' fees and court costs) and upon Tenant's agreeing to pay all costs associated with such community functions and parking, including clean-up and administrative costs, and upon Tenant's obtaining, or causing to be obtained, at Tenant's expense, any and all necessary permits. The foregoing rights regarding the use of the Parking Spaces for community functions and related parking contained in this Paragraph 7.1 shall terminate at such time as Landlord commences construction on the Development Property.

7.2 Landlord and Tenant acknowledge that Tenant currently uses the area marked as "Storage" on Exhibit A-1 as additional storage and Tenant may continue to use such area for such purpose until Landlord commences construction on the Development Property. In the event of development of the Development Property, such storage area may no longer be available for Tenant's use. In such event and subject to Landlord's rights under Section 1.0 hereof, Landlord agrees to permit Tenant to use one of the Parking Spaces for storage; provided, that Tenant shall construct an enclosure of such storage area as mutually agreed on by Landlord and Tenant, both parties agreeing to be reasonable, and the cost of such enclosure shall be shared equally by Landlord and Tenant. All storage in the Development Property shall be at Tenant's sole risk and expense.

7.3 Tenant will use and occupy the Premises and Parking Spaces in accordance with applicable local zoning codes and regulations. Tenant shall be responsible for obtaining, at its sole cost and expense, any permits or licenses required in connection with Tenants's Facility Maintenance Responsibilities and Tenant's use and occupancy of the Premises and Parking Spaces and Landlord shall be responsible for obtaining, at its sole cost and expense, any permits or licenses required in connection with Landlord's Facility Maintenance Responsibilities. Each party shall provide the other with copies of such permits and licenses upon request. Each party shall at all times comply with the terms of any such permits or licenses it is required to obtain under this Lease. Tenant will not use or occupy the Premises and Parking Spaces for any unlawful purpose and will comply with all present and future applicable laws, ordinances, regulations and orders of the United States of America, the Commonwealth of Virginia, the City of Alexandria, and any other public authority having jurisdiction over the Premises and Parking Spaces. Tenant shall not use, or permit the use of, the Premises or the Parking Spaces for residential purposes.

8.0 DEFAULT. The occurrence of any one or more of the following events shall constitute an Event of Default (herein so called) of Tenant under this Lease: (a) if Tenant fails to pay any Rent hereunder as and when such Rent becomes due (less any offset specifically provided for in Section 9.0 hereof) and such failure shall continue for more than fifteen (15) days after Landlord gives Tenant written notice of past due Rent; (b) if the Premises become vacant, deserted, or abandoned for more than ten (10) consecutive days or if Tenant fails to take possession of the Premises on the Commencement Date or promptly thereafter; (c) if Tenant permits to be done anything which creates a lien upon the Premises or Parking Spaces and fails to timely comply with its obligations under Section 11.1 hereof; (d) if Tenant violates the provisions of Sections 6.0 through 6.3, inclusive, by making an unpermitted assignment or sublease; (e) if Tenant fails to honor its indemnification obligations under Sections 7.1 or 13.0; or (f) if

Tenant fails to perform or observe any other material and substantial obligation of Tenant under this Lease and such failure shall continue for more than thirty (30) days after Landlord gives Tenant written notice of such failure, or, if such failure cannot be corrected within such thirty (30) day period, if Tenant does not commence to correct such default within said thirty (30) day period and thereafter diligently prosecute the correction of same to completion within a reasonable time.

8.1 During the continuance of any such Event of Default, Landlord may, at its option, refrain from terminating Tenant's right of possession and enforce against Tenant the provisions of this Lease for the full term thereof, or give to Tenant a written notice of its intention to terminate this Lease, in which latter event the term hereof shall expire on the date upon which such notice is given as fully and completely as if that day were the date fixed for the expiration of the term, without the necessity of any legal process whatsoever; provided, always, however, that Tenant shall remain liable to pay the monthly deficiencies throughout the full stated term of this Lease, as hereinafter provided. Any other notice to quit or notice of Landlord's intention to reenter the Premises is hereby expressly waived. Tenant upon such a termination of this Lease shall thereupon quit and surrender the Premises and Parking Spaces to Landlord (or if not yet in possession shall no longer have any right to possession of the Premises or use of the Parking Spaces), and Landlord, its agents or representatives may, immediately or at any time thereafter, re-enter the Premises and Parking Spaces and dispossess Tenant, and remove any and all persons and any or all property therefrom, either by summary dispossession proceedings or by any suitable action or proceeding at law (and no person claiming through or under Tenant or by virtue of any statute or of any order of any court shall be entitled to possession of the Premises or use of the Parking Spaces).

8.2 In the event of such re-entry or retaking by Landlord, Tenant shall nevertheless in all events be and remain liable for the full rental to the date of retaking or re-entry, and Tenant shall also be and remain liable for damages for the deficiency or loss of Rent which Landlord may thereby sustain in respect of the balance of the term; and in such case Landlord reserves full power, which is hereby acceded to by Tenant, to let the Premises for the benefit of Tenant in liquidation and discharge, in whole or in part, as the case may be, of the liability of Tenant under the terms and provisions of this Lease, and such damages, if ascertainable, and at the option of Landlord, may be recovered by it at the time of the retaking or reentry, or in separate actions, from time to time, as Tenant's obligation to pay Rent would have accrued if the term had continued, or from time to time as said damages shall have been made more easily ascertainable by relettings of the Premises; or such action by Landlord may at the option of Landlord be deferred until the expiration of the term in which latter event

the cause of action shall not be deemed to have accrued until the date of the termination of said term. Landlord, in putting the Premises in good order or preparing the same for re-rental may, at Landlord's option, make such alterations, repairs, or replacements in the Premises as Landlord, in its sole judgment, considers advisable and necessary for the purpose of reletting the Premises, and the making of such alterations, repairs, or replacements shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Landlord shall, in no event, be liable in any way whatsoever for failure to relet the Premises, or in the event that the Premises are relet, for failure to collect the rent under such reletting, and in no event shall Tenant be entitled to receive the excess, if any, of such net rent collected over the sums payable by Tenant to Landlord hereunder. All rents received by Landlord in any such reletting shall be applied first to the payment of such expenses as Landlord may have incurred in recovering possession of the Premises and Parking Spaces and in reletting the same, second to the payment of any costs and expenses incurred by Landlord either for making necessary repairs to the Premises or in curing any default on the part of Tenant in any covenant or condition herein made binding upon Tenant, and last, any remaining rent shall be applied toward the payment of Rent due from Tenant under the terms of this Lease, with interest as provided herein, and Tenant expressly agrees to pay any deficiency then remaining.

8.3 The rights granted to Landlord in this Article 8 shall be cumulative of every other right or remedy provided in this Lease or which Landlord may otherwise have at law or in equity or by statute, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies or constitute a forfeiture or waiver of Rent or damages accruing to Landlord by reason of any Event of Default under this Lease. Nothing contained herein shall prevent or deter the enforcement of any claim Landlord may have against Tenant for anticipatory breach of the unexpired Term of this Lease. In the event of a breach or anticipatory Event of Default by Tenant, Landlord shall have the right of injunction and the right to invoke any remedy allowed at law or in equity as if reentry, summary proceedings and other remedies were not provided for in this Lease.

8A. The failure of Landlord to perform or observe any material and substantial obligation of Landlord under this Lease and the continuance of such failure for more than thirty (30) days after Tenant gives Landlord notice of such failure, or, if such failure cannot be corrected within such thirty (30) day period, if Landlord does not commence to correct such default within said thirty (30) day period and thereafter diligently prosecute the correction of same to completion within a reasonable time, then an Event of Landlord's Default (herein so called) shall exist and Tenant shall be entitled, upon the giving of notice and an

additional like opportunity to cure to any mortgagee or ground lessor of Landlord, to terminate this Lease. Tenant agrees to accept performance of Landlord's obligation by such mortgagee or ground lessor as cure of an Event of Landlord's Default.

9.0 LANDLORD'S FAILURE TO PERFORM. In the event that the Landlord fails to perform any of its obligations under Exhibit B to this Lease, Tenant may send the Landlord a written notice of the failed obligations. Landlord shall have ten (10) business days to respond with a written plan and schedule of activities showing when the failure will be corrected. Landlord's performance of the failed obligations shall be as expeditious as possible and shall be completed within thirty (30) days following the Tenant's notice, provided that, if completion of such performance is not possible within that period and if performance of the failed obligations by Landlord have progressed with due diligence during the thirty (30) day period, Landlord shall have an additional reasonable time to perform the failed obligations. If Landlord fails to respond in the time allowed, if the plan or schedule is not adequate or timely, or if the work does not proceed according to the plan or schedule or is not diligently pursued, Tenant shall have the right to perform the obligation, by contract or otherwise, and recover the reasonable costs from the Landlord by offsetting such amounts against the amount of Basic Rent due hereunder, provided, that the amount of this offset shall not exceed Five Thousand Dollars (\$5,000) in any one month. If Landlord's failure to perform creates conditions that are hazardous to life or property, and immediate action must be taken to prevent such hazard, Tenant may take actions to correct the condition and obtain compensation of the cost from the Landlord as provided above.

*Landlord
Ten work*

10.0 TENANT'S FAILURE TO PERFORM. In the event that the Tenant fails to perform any of its obligations under Exhibit B to this Lease, Landlord may send the Tenant a written notice of the failed obligations. Tenant shall have ten (10) business days to respond with a written plan and schedule of activities showing when the failure will be corrected. Tenant's performance of the failed obligations shall be as expeditious as possible and shall be completed within thirty (30) days following the Landlord's notice, provided that, if completion of such performance is not possible within that period and if performance of the failed obligations by Tenant have progressed with due diligence during the thirty (30) day period, Tenant shall have an additional reasonable time to perform the failed obligations. If Tenant fails to respond in the time allowed, if the plan or schedule is not adequate or timely, or if the work does not proceed according to the plan or schedule, or is not diligently pursued, Landlord shall have the right to perform the obligation, by contract or otherwise, and recover the reasonable costs from the Tenant. If Tenant's failure to perform creates conditions that are hazardous to life or property, and immediate action must be taken to prevent such hazard, Landlord may take

actions to correct the condition and obtain compensation of the cost from the Tenant as provided above.

11.0 ALTERATIONS. As used herein, the term "Alterations" shall mean and refer to any alterations, improvements or additions to the Premises made after the Commencement Date that either: (i) are visible from the exterior; or (ii) require a building permit under the then existing City of Alexandria codes. Tenant shall not at any time during the term make any Alterations without first obtaining Landlord's written consent thereto, which consent Landlord shall not unreasonably withhold, delay or condition; provided, however, that Landlord shall not be deemed unreasonable by refusing to consent to any Alterations which will or are likely to cause any weakening of any part of the structure of the Premises or which will or are likely to cause damage or disruption to the central building systems or which are prohibited by any underlying ground lease, deed of trust or mortgage. Should Tenant desire to make any Alterations, Tenant shall submit all plans and specifications for such proposed Alterations to Landlord for Landlord's review before Tenant allows any such work to commence, and Landlord shall promptly approve or disapprove such plans and specifications for any of the reasons set forth in this Section 11.0 or for any other reasonable reason, including that insuring such Alteration would cause an increase in premiums for the insurance Landlord is required to carry under Section 13.2(b) hereof. Tenant shall select and use only contractors, subcontractors or other repair personnel approved by Landlord, such approval not to be unreasonably withheld, delayed or conditioned. Upon Tenant's receipt of written approval from Landlord and any required approval of any mortgagee or lessor of Landlord, Tenant shall have the right to proceed with the construction of all approved Alterations, but only so long as such Alterations are in strict compliance with the plans and specifications so approved by Landlord and with the provisions of this Section 11.0. All Alterations shall be made by Tenant at Tenant's expense. All construction and repair work done by or for Tenant shall (a) not adversely affect the safety of the Premises or the systems thereof and not adversely affect the central building systems of the Premises, (b) comply with all building, safety, fire, plumbing, electrical, and other codes and governmental and insurance requirements, and (c) be completed in a good and workmanlike manner. Upon completion of any such improvements, Tenant shall provide Landlord with copies of the sketches and plans used to obtain the building permits. Tenant shall not make any alterations or additions to the Parking Spaces without Landlord's prior consent, which shall not be unreasonably withheld, delayed or conditioned. In the event that Landlord disapproves a proposed Alteration because insuring such Alteration would cause Landlord's insurance premiums to increase as provided above, then Tenant shall have the option of making such Alteration but in such event Tenant shall be required to carry the insurance described in Section 13.2(b) for such Alteration and to be responsible for the

restoration of such Alteration in the event of a casualty loss, unless Landlord and Tenant mutually agree that Landlord will restore such Alteration, in which event Tenant shall pay Landlord the cost of such restoration.

11.1 If any mechanic's lien is filed against the Premises, the Parking Spaces, or the real property of which the Premises or Parking Spaces are a part, for work claimed to have been done for, or materials claimed to have been furnished to, Tenant, such mechanic's lien shall be discharged by Tenant within ten (10) days thereafter, at Tenant's sole cost and expense, by the payment thereof or by filing any bond or other permitted security required by law. If Tenant shall fail to discharge any such mechanic's lien, Landlord may, at its option, discharge the same and treat the cost thereof as Additional Rent payable with the monthly installment of Rent next becoming due; it being hereby expressly covenanted and agreed that such discharge by Landlord shall not be deemed to waive, or release the default of Tenant in not discharging the same.

12.0 SURRENDER & RESTORATION. Tenant agrees to remove from the Premises and the Parking Spaces, at the expiration or other termination of this Lease, all goods and effects not belonging to Landlord, and to surrender possession of the Premises and the Parking Spaces and all Landlord-owned alterations, additions and improvements, fixtures and furnishings connected therewith in good condition, reasonable wear and tear, damage by the elements, act of God or the public enemy, and damage by fire or casualty due to no fault of the Tenant or its employees, invitees or any party claiming under it, excepted. Alterations and improvements installed by Tenant during and since calendar year 1985 as enumerated in Exhibit D (which is attached hereto and incorporated herein by reference) (collectively, the "Tenant's Improvements") and Alterations are and shall remain the property of the Landlord; provided, however, that at the end of the term Tenant may remove any such Tenant Improvements or Alterations, at its sole cost and expense, whereupon Tenant shall repair, or promptly reimburse Landlord for the cost of repairing, all damage done to the Premises by such removal. Any Tenant Improvements or Alterations not so removed by Tenant shall remain the property of Landlord upon the expiration or termination of the term of this Lease. If Tenant fails to remove any goods or effects owned by Tenant at the expiration or termination of the term, Landlord shall have the right, on the fifth (5th) day after Landlord's delivery of written notice to Tenant, to deem such property abandoned by Tenant and to remove, store, sell, discard or otherwise deal with or dispose of such abandoned property in a commercially reasonable manner, and at Tenant's sole cost and expense.

13.0 INDEMNIFICATION AND INSURANCE. Tenant hereby agrees to make no claim against Landlord and agrees to assume the responsibility of defending, at Tenant's expense, any claim which

shall be made against Landlord by any agent, employee, licensee or invitee of Tenant or by others claiming the right to be on or about the Premises or Parking Spaces through or under Tenant for any injury, loss or damage to person or property occurring upon the Premises or Parking Spaces or the areas adjacent thereto and not covered by the insurance Landlord is required to carry under Section 13.2(a) hereof. Tenant shall indemnify and hold harmless Landlord, its officers, agents and employees from and against all claims, demands, suits, losses, damages, liabilities or expenses incurred, suffered, or claimed arising solely from Tenant's default of its obligations under this Lease or from Tenant's negligence.

13.1 Landlord shall not be liable for any loss of or damage to personal property of Tenant, its agents, employees, visitors, licensees and invitees in the Premises, the Parking Spaces or in any storage area from any cause, including the theft or misappropriation thereof. Notwithstanding the foregoing, if damage to Tenant's personal property is due to the negligence of Landlord or Landlord's default of its obligations under this Lease, then Landlord shall be responsible for loss of or damage to Tenant's personal property not covered by the insurance Tenant is required to carry under Section 13.2(b) hereof (or which would have been covered had such insurance been in force).

13.2 Landlord shall obtain and keep in force during the Term the following insurance:

(a) Commercial general liability insurance coverage on an "occurrence basis" against claims for personal injury, including, without limitation, bodily injury and death, for broad form property damage, in limits not less than \$3,000,000 per occurrence. Such insurance policy shall name the Landlord as the named insured thereunder and shall name the Landlord's mortgagees as additional insured thereunder, as its respective interests may appear. In the event that the Tenant is other than the City of Alexandria, Landlord may, at its option, require the Tenant to obtain this same insurance in this same amount and name Landlord and its mortgagees as additional insureds.

(b) Fire and casualty insurance (including an extended coverage endorsement with insurance against vandalism and malicious mischief) in an amount equal to at least 80% of the insurable value of the Building, Tenant Improvements and Alterations. Notwithstanding anything to the contrary set forth in this Lease, Landlord shall have no obligation to carry any insurance covering any of the Alterations Tenant is required to insure under Section 11.0 hereof, or any of Tenant's personal property in, on, or upon the Premises or the Parking Spaces.

Tenant shall obtain and keep in force during the Term, fire and casualty insurance (including an extended coverage endorsement with insurance against vandalism and malicious mischief) in an

amount equal to at least 80% of the insurable value of the Alterations Tenant is required to insure under Section 11.0 hereof and Tenant's personal property.

Landlord and Tenant shall each keep in force during the term, worker's compensation and employer's liability insurance, with a waiver of subrogation endorsement, in form and amount satisfactory to Landlord and Tenant. The City of Alexandria may self insure for workman's compensation insurance to the extent permitted by law.

13.3 All policies shall be issued by companies having a Best's rating of at least AAA and shall be in amounts and in form satisfactory from time to time to Landlord, Tenant and Landlord's mortgagees. All policies shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Tenant or Landlord which might otherwise result in forfeiture of said insurance, and the further agreement of the insurer waiving all rights of setoff, counterclaim, or deduction against Landlord or Tenant, as applicable. Each party hereto will deliver certified copies of each policy required hereunder to the other as soon as practicable after the placing of the required insurance, but not later than ten (10) days after the Commencement Date. All policies shall contain an undertaking by the insurers to notify Landlord, Tenant and Landlord's named mortgagees in writing, by registered or certified U.S. Mail, return receipt requested, not less than thirty (30) days before any material change, reduction in the scope or limits of coverage, cancellation, or other termination thereof. All policies covering real or personal property which either party obtains affecting the Premises shall include a clause or endorsement denying the insurer any rights of subrogation against the other party, if same are obtainable at no additional expense. Landlord and Tenant waive any rights of recovery against the other for loss due to fire or other casualty covered by policies of insurance containing such a waiver of subrogation clause or endorsement to the extent of the loss covered thereby.

13.4 Landlord and Tenant each represents and warrants that it has not retained or in any way employed any broker or finder in connection with this lease transaction and hereby promises, covenants and agrees to indemnify and hold the other harmless from and against any and all losses, damages, costs or expenses, including reasonable attorney fees, incurred by such party due to a breach of the foregoing representation and warranty by the indemnifying party.

13.5 Tenant will not conduct or permit to be conducted any activity or place any equipment in or about the Premises or the Parking Spaces, which will, in any way, invalidate the insurance coverage in effect or increase the rate of fire and casualty insurance, commercial general liability insurance or other insurance on the Premises or the Parking Spaces, and if any

increase in the rate of fire and casualty insurance, commercial general liability insurance or other insurance is stated by any insurance company or by the applicable Insurance Rating Bureau to be due to such activity or equipment in or about the Premises or the Parking Spaces, such statement shall be evidence that the increase in such rate is due to such activity or equipment. If Tenant conducts any activity in or about the Premises or the Parking Spaces, permits any activity to be conducted in or about the Premises or the Parking Spaces, or places any equipment in or about the Premises or the Parking Spaces and any such activity or equipment is proven to be the cause of such increase and Tenant fails to cease, or cause cessation of, any such activity or remove any such equipment promptly after written notice from Landlord, then Tenant shall be liable for such increase as Additional Rent and, upon notification thereof by Landlord, shall reimburse Landlord therefor. Tenant shall not use or keep at the Premises or Parking Spaces any inflammable, explosive or radioactive fluid or substance, provided that Landlord acknowledges that Tenant will be parking motor vehicles in the Parking Spaces and such motor vehicles will contain fluids and substances normally used in connection with the operation of motor vehicles. Landlord has the right to evacuate the Premises in event of emergency or catastrophe.

14.0 LANDLORD'S RIGHT OF ACCESS. Tenant agrees to permit Landlord, its employees or agents, with reasonable notice, to enter the Premises and Parking Spaces during reasonable business hours to inspect the Premises and Parking Spaces, show the Premises and Parking Spaces to others, make repairs, or do work necessary on the Premises and Parking Spaces, with the understanding that such inspection, exhibition or work will be performed in such a manner as to cause a minimum of interference with the use of the property by Tenant. In cases of emergency, such entry may be immediate and without notice. Tenant shall furnish Landlord with keys for the door(s) entering the Premises and with all codes necessary for access to the Premises; provided, however, that Tenant shall not be required to provide Landlord with a key to the door to the first floor Division of Social Services record room. In the event Landlord requires access to such record room, Landlord shall be accompanied by Tenant or its agent. No additional locks shall be allowed on any door of the Premises without Landlord's permission. No locks shall be changed without Landlord's permission. Upon termination of this Lease, Tenant shall surrender to Landlord all keys to any locks on doors entering or within the Premises and give to Landlord the explanation of the combination of all locks for safes, safe cabinets and vault doors, if any, in the Premises.

15.0 TERMINATION. The Tenant's continued occupancy of the Premises for the full term of this lease agreement is dependent upon the appropriation, by the Council of the City of Alexandria, of funds for the leasing of the Premises and Parking Spaces under this Lease. In the event that funds are not appropriated in any

fiscal year of the City of Alexandria for the leasing of the Premises and Parking Spaces, Tenant shall prior to the start of that fiscal year furnish Landlord with a notice from Tenant's Budget Office that funds were not appropriated by the Council of the City of Alexandria. In the event that funds are not appropriated for leasing of the Premises and Parking Spaces, this Lease shall cease and terminate at the end of the then fiscal year.

16.0 CONDEMNATION. If the whole or a substantial part of the Premises or Parking Spaces shall be taken or condemned by any governmental authority for any public or quasi-public use or purpose, then the term of this Lease shall cease and terminate as of the date when title vests in such condemning authority; provided, however, that if the taking is only of the Parking Spaces Landlord shall have the option, in its sole discretion, to provide Tenant with alternative parking on the Development Property in which event this Lease shall not terminate. In case of any taking or condemnation, whether or not the term of this Lease shall cease and terminate, the entire award shall be the property of the Landlord and Tenant hereby assigns to Landlord all of its right, title and interest in and to any such award and Tenant shall have no claim against Landlord or the condemning authority for any portion of the amount that may be awarded as damages as a result of such taking or condemnation or for the value of any unexpired term of the Lease. The annual rental, however, shall be apportioned to the date when such title vests in such condemning authority. If less than a substantial part of the Premises is taken or condemned by any condemning authority for any public or quasi-public use or purpose, the Basic Rent shall be equitably adjusted on the date when title vests in such condemning authority and this Lease shall otherwise continue in full force and effect.

17.0 HOLDING OVER. If Tenant shall not immediately surrender possession of the Premises and Parking Spaces at the termination or expiration of the term of this Lease, Tenant shall become a tenant from month to month provided monthly Basic Rent shall be paid to and accepted by Landlord, in advance at 103% of the rate of monthly Basic Rent payable hereunder just prior to the termination or expiration of the term of this Lease; but unless and until Landlord shall accept such increased rental from Tenant and thereby create the holdover tenancy, Landlord shall continue to be entitled to retake or recover possession of the Premises and Parking Spaces as hereinbefore provided in case of default on the part of Tenant, and Tenant shall be liable to Landlord for any loss or damage Landlord may sustain by reason of Tenant's failure to surrender possession of the Premises and Parking Spaces immediately upon the expiration of the term of this Lease. Such holdover tenancy shall be upon all the same terms, covenants and conditions as set forth in this Lease, and either Landlord or Tenant shall have the right to terminate this Lease by giving the other at least thirty (30) days written notice.

18.0 TENANT'S FIRST OFFER RIGHT. Provided there is no Event of Default of Tenant under this Lease and no event with which the giving of notice or passage of time would cause an Event of Default of Tenant, in the event that Landlord decides to sell the Premises at any time during the term of this Lease, or at the conclusion of the Lease, the Landlord shall so notify Tenant in writing ("Landlord's Notice") and Tenant shall have fifteen (15) days after Landlord's Notice to notify Landlord in writing as to whether Tenant is interested in negotiating for the purchase of the Premises ("Tenant's Notice"). If Tenant timely provides Tenant's Notice to Landlord, the parties shall negotiate in good faith with each other for the acquisition of the Premises by Tenant prior to Landlord's offering the Premises for sale to any other party. If Tenant does not timely give Tenant's Notice, if the parties are unable to agree on the terms of Tenant's acquisition of the Premises (such agreement to be evidenced by a contract of sale setting forth all of the terms and conditions of the purchase and authorized and executed by Landlord and Tenant) by forty-five (45) days after Tenant's Notice, if Tenant shall default under the contract, or if the sale of the Premises shall not occur by the date set forth for closing in the contract for any reason other than Landlord's default, then upon the happening of any of the foregoing events, Tenant's right of first offer set forth herein shall expire and Landlord may then sell the Premises to any party upon any terms and conditions acceptable to Landlord in its sole discretion. The right of first offer created herein shall expire upon the termination or expiration of this Lease. This right of first offer shall be for the benefit only of the City of Alexandria, Virginia and not any of its successors or assigns. Further, this right of first offer shall be inapplicable to a transfer, by way of sale, gift or devise, including a trust, to or for a party related to Landlord, or to any transfer from one such related party to another. A related party shall be members of the immediate family of J. Harry Poladian, Jr. or Isabelle P. Merl, or an affiliate, subsidiary or parent corporation, the person or persons owning the majority of the securities in such corporation, and/or members of the immediate family of any such person or persons.

19.0 CASUALTY. As used in this Lease, the term "Major Casualty" shall mean and refer to a fire or other casualty loss to the Building that results in Tenant being unable to occupy at least sixty seven percent (67%) of reasonably contiguous space in the Building or that the parties estimate, in good faith, at the time of the loss, will take in excess of nine (9) months to restore. This Lease is made on the condition that in the event of a Major Casualty, either Landlord or Tenant shall have the option (exercisable by written notice to the other given within forty-five (45) days after the date of such Major Casualty), to terminate this Lease effective as of the date of the notice. In the event of fire or other casualty, if this Lease is not otherwise terminated as provided above, Landlord shall repair or restore such damage unless

the proceeds from insurance remaining after any required payment to any mortgagee or ground lessor of Landlord are insufficient to repair such damage or destruction in which event, Landlord shall have the right, at Landlord's option to terminate this Lease by giving Tenant notice of such termination within forty-five (45) days after the date of such damage or destruction. If this Lease is not terminated as provided above, then during the period that Tenant is deprived of the use of the damaged portion of the Building, Tenant shall be required to pay Base Rent covering only that part of the Building that Tenant is able to occupy and the Base Rent for such space shall be that portion of the total Base Rent which the amount of square foot area remaining that can be occupied by Tenant bears to the total square foot area of the Building. If Landlord repairs or restores such damage, and Landlord and Tenant have agreed pursuant to Section 11.0 that Landlord will restore the Alterations Tenant is required to insure under Section 11.0, then Tenant shall pay to Landlord any amount of Tenant's insurance proceeds which insures such damage to such Alterations and any additional sums necessary for the restoration of such Alteration as a contribution towards such repair. If this Lease is not terminated at provided above, then Landlord will proceed as expeditiously as may be practicable to repair the damage taking into account the time necessary to effectuate a satisfactory settlement with the insurance company involved and delays caused by Force Majeure (as described in Section 25.4). If such damage is due to the negligence of Tenant or its servants, employees, agents, visitors or licensee, without prejudice of any other rights of subrogation of Landlord's insurer, Tenant shall pay to Landlord the amount by which the costs and expenses of restoration exceed the insurance proceeds, if any, actually received by Landlord and any mortgagee of Landlord on account of such damage or destruction. Landlord's restoration responsibilities hereunder shall include the Building, the Tenant Improvements listed on Exhibit D, and the Alterations (not including those Alterations Tenant is required to insure under Section 11.0 unless specifically agreed otherwise by Tenant and Landlord as provided in Section 11.0) and Landlord shall have no responsibility hereunder to repair or replace, or otherwise be liable for any injury or damage to any personal property of Tenant or any Alterations Tenant is required to insure as set forth in Section 11.0 above.

20.0 WAIVER. No waiver of any breach of any covenant, condition, or agreement contained in this Lease shall operate as a waiver of the covenant, condition or agreement itself, or of any subsequent breach.

21.0 COVENANTS OF LANDLORD. Landlord covenants that it has the right to make this Lease for the specified term, and that if Tenant shall pay the rental and perform all the covenants of this Lease, Tenant shall have the right to quiet enjoyment of the Premises, without hindrance by Landlord or any party claiming through or under Landlord.

22.0 CONSENT; NOTICES. All notices, requests, demands or other communications required by this Lease shall be in writing and shall be deemed duly given, whether actually received or not, when dispatched for hand delivery or delivery by air express courier (with signed receipts) or two (2) days after they have been mailed in the United States Post Office by certified or registered mail, postage prepaid, addressed to Landlord or Tenant, respectively, at the addresses set forth below, unless notice of a change of address is given.

LANDLORD: Poladian Construction Corporation
3 West Glebe Road
P.O. Box 819
Alexandria Virginia 22313-0819

TENANT: General Services Department
City of Alexandria
P. O. Box 178
Alexandria Virginia 22313

23.0 SUBORDINATION CLAUSE. This Lease and all rights of Tenant hereunder are subject and subordinate to all underlying leases now or hereafter in existence, and to any supplements, amendments, modifications, and extensions of such leases heretofore or hereafter made and to any deeds of trust, mortgages or other security instruments which now or hereafter cover all or any portion of the Premises or Parking Spaces or any interest of Landlord therein, and to any advances made on the security thereof, and to any increases, renewals, modifications, consolidations, replacements, and extensions of any of such deeds of trust, mortgages or other security instruments. This provision is declared by Landlord and Tenant to be self-operative and no further instrument shall be required to effect such subordination of this Lease. Upon demand, however, Tenant shall execute, acknowledge, and deliver to Landlord any further instruments and certificates evidencing such subordination as Landlord, and any mortgagee or lessor of Landlord shall reasonably require, and if Tenant fails to so execute, acknowledge and deliver such instruments within ten (10) days after Landlord's request, Landlord is hereby empowered to do so in Tenant's name and on Tenant's behalf; Tenant hereby irrevocably appoints Landlord as Tenant's agent and attorney-in-fact for the purpose of executing, acknowledging, and delivering any such instruments and certificates. Tenant shall not unreasonably withhold, delay, or defer its written consent to reasonable modifications in this Lease which are a condition of any financing for the Premises or the Parking Spaces or any reciprocal easement agreement with facilities developed by Landlord in the vicinity of the Premises, provided that such modifications do not increase the obligations of Tenant hereunder or adversely affect Tenant's use and enjoyment of the Premises. This Lease is further subject and subordinate to: (a) all applicable ordinances of any

governmental authority having jurisdiction over the Premises and Parking Spaces, relating to easements, franchises, and other interests or rights upon, across, or appurtenant to the Premises; and (b) all utility easements and agreements, now or hereafter created for the benefit of the Premises or Parking Spaces.

23.1 Notwithstanding the generality of the foregoing provisions of Section 23.0, any mortgagee or lessor of Landlord shall have the right at any time to subordinate any such deed of trust or mortgage or underlying lease to this Lease, or to any of the provisions hereof, on such terms and subject to such conditions as such mortgagee or lessor of Landlord may consider appropriate in its discretion so long as such terms and conditions do not increase the obligations of Tenant hereunder or adversely affect Tenant's use and enjoyment of the Premises. At any time, before or after the institution of any proceedings for the foreclosure of any such deed of trust or mortgage, or the sale of the Premises or Parking Spaces under any mortgage, or the termination of any underlying lease, Tenant shall, upon request of such mortgagee or lessor or any person or entities succeeding to the interest of such mortgagee or lessor or the purchaser at any foreclosure sale ("Successor Landlord"), automatically attorn to and become the Tenant (or if the Premises has been validly subleased, the subtenant) of the Successor Landlord, without change in the terms or other provisions of this Lease (or, in the case of a permitted sublease, without change in this Lease or in the instrument setting forth the terms of such sublease); provided, however, that the Successor Landlord shall not be bound by any amendment or other modification to this Lease without the consent of the mortgagee or by any payment made by Tenant of Rent or Additional Rent for more than one (1) month in advance, except for a security deposit previously paid to Landlord (and then only if such security deposit has been deposited with and is under the control of the Successor Landlord). This agreement of Tenant to attorn to a Successor Landlord shall survive any such foreclosure sale, trustee's sale, conveyance in lieu thereof or termination of any underlying lease. Tenant shall upon demand at any time, before or after any such foreclosure or termination, execute, acknowledge, and deliver to the Successor Landlord any written instruments and certificates evidencing such attornment as such Successor Landlord may reasonably require.

23.2 Tenant shall, from time to time, within ten (10) days after request from Landlord, or from any mortgagee or lessor of Landlord, execute, acknowledge and deliver in recordable form a certificate certifying, to the extent true, that this Lease is in full force and effect and unmodified (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications); that the term has commenced and the full amount of the Rent then accruing hereunder; the dates to which the Rent has been paid; that Tenant has accepted possession of the Premises and that any improvements required by the terms of this Lease to be made by Landlord have been completed

to the satisfaction of Tenant; the amount, if any, that Tenant has paid to Landlord as a security deposit; that no Rent under this Lease has been paid more than thirty (30) days in advance of its due date; that the address for notices to be sent to Tenant is as set forth in this Lease (or has been changed by notice duly given and is as set forth in the certificate); that Tenant, as of the date of such certificate, has no charge, lien, or claim of offset under this Lease or otherwise against Rent or other charges due or to become due hereunder; that, to the knowledge of Tenant, Landlord is not then in default under this Lease; and such other matters as may be reasonably requested by Landlord or any mortgagee or lessor of Landlord. Any such certificate may be relied upon by Landlord, any Successor Landlord, or any mortgagee or lessor of Landlord. Landlord agrees periodically to furnish, when reasonably requested in writing by Tenant, certificates signed by Landlord containing information similar to the foregoing information.

23.3 No act or failure to act on the part of Landlord which would entitle Tenant under the terms of this Lease, or by law, to be relieved of Tenant's obligations hereunder or to terminate this Lease, shall result in a release of such obligations or a termination of this Lease unless (a) Tenant has given notice by registered or certified mail to any mortgagee or lessor of Landlord whose address shall have been furnished to Tenant, and (b) Tenant offers such mortgagee or lessor of Landlord a reasonable opportunity to cure the default, including time to obtain possession of the Premises by power of sale or judicial foreclosure, if such should prove necessary to effect a cure.

23.4 Notwithstanding the foregoing, Tenant's agreement to subordinate as set forth above is subject to Landlord obtaining from its existing or any future mortgagee, as applicable, a non-disturbance agreement in form and substance reasonably satisfactory to Landlord, Tenant and such mortgagee.

24.0 SIGNS; FURNISHINGS. No sign, advertisement, notice or poster shall be permanently inscribed, painted, affixed or displayed on any part of the Premises which may be seen from outside the Building, or on any window, window space or other part of the exterior of the Building unless approved by Landlord, provided such signs, advertisements, notices or posters existing as of July 1, 1995 shall be allowed to remain without such approval. If any sign, advertisement or notice which does not conform to the foregoing is nevertheless exhibited by Tenant, Landlord shall have the right to remove the same, upon fifteen (15) days prior written notice to Tenant and Tenant's failure to remove same in such fifteen (15) day period, and Tenant shall be liable for any and all expenses incurred by Landlord in said removal. Landlord shall have the right to prohibit any advertisement of Tenant which in its opinion tends to impair the reputation of the Building or its desirability as a building for offices or for commercial purposes,

and, upon written notice from Landlord, Tenant shall immediately refrain from and discontinue any such advertisement.

24.1 Tenant shall not place a load upon any floor of the Building which exceeds the floor load per square foot which such floor was designed to carry or which is allowed by applicable building code, unless Landlord authorizes the excessive load and its location. All damage done to the Building by unapproved placement of items will be repaired at the sole expense of the Tenant. Any and all damage or injury to the Building caused by moving the property of Tenant into or out of the Building shall be repaired by, and at the sole cost of Tenant.

25.0 MISCELLANEOUS. If there be more than one Tenant, the obligations hereunder imposed upon Tenant shall be joint and several. All agreements and covenants herein contained shall be binding upon the respective heirs, personal representatives, and successors and assigns of the parties hereto. Notwithstanding the foregoing, nothing contained in this Section 25.0 shall be deemed to override Sections 6.0 through 6.3, inclusive.

25.1 Landlord and Tenant each agree to 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 or Parking Spaces and/or any claim of injury or damage, and any statutory remedy.

25.2 Anything contained in this Lease to the contrary notwithstanding, Tenant agrees that Tenant shall look solely to the estate and property of Landlord in the Premises and to any estate and property of Landlord in the Development Property for the collection of any judgment or other judicial process requiring the payment of money by Landlord for any default or breach by Landlord under this Lease, subject, however, to the rights, now or hereafter existing, of any mortgagee or lessor of the Premises or the Development Property which mortgagee or ground lessor rights shall in all events be prior to any rights of Tenant hereunder. No other assets of Landlord or any partners, shareholders, officers, directors, employees or other principals of Landlord shall be subject to levy, execution or other judicial process for the satisfaction of Tenant's claim and Tenant agrees not to bring any action asserting personal liability of any partners, officers, directors, shareholders, employees or other principals of the Landlord. The terms and conditions of this Section 25.2 shall not apply to any landlord other than: (i) Poladian Construction Company; (ii) a related party as described in Section 18.0; and (iii) a mortgagee as described in Section 23.0 hereof.

25.3 The term "Landlord," as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned,

shall be limited to mean and include only the owner or owners, at the time in question, of the fee title to the Premises. In the event of any transfer, assignment or other conveyance of any such title or interest, Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability as respects the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed and, without further agreement, the transferee of such title or interest shall be deemed to have assumed and agreed to observe and perform any and all obligations of Landlord hereunder, during its ownership of the Premises. Subject to the terms of Section 18.0 hereof, Landlord may transfer its interest in the Premises without the consent of Tenant and such transfer or subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms of this Lease.

25.4 Whenever a period of time is herein prescribed for action to be taken by Landlord or Tenant (except payment of Rent), Landlord or Tenant, as applicable, shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to Force Majeure, which term shall include strikes, riots, acts of God, acts or omissions of Tenant, shortages of labor or materials, war, governmental approvals, laws, regulations, or restrictions, or any other cause of any kind whatsoever which is beyond the reasonable control of Landlord or Tenant, as applicable.

25.5 Prior to the Commencement Date and at any other time during the term of this Lease, Tenant shall, upon ten (10) days prior written notice from Landlord, provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statement shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. This provision shall not apply to the City of Alexandria.

25.6 In the event that this Lease requires that a party hereto be reasonable in granting its consent to a matter, it is hereby acknowledged that the parties may disagree as to what is reasonable under the circumstances and in the event of such a dispute each of the parties hereto agrees that its sole remedy in the event of such dispute shall be an action for a declaratory judgment and that it shall not be entitled to and hereby waives any damage claim arising from such dispute.

25.7 Landlord shall be responsible for the compliance of the exterior of the Building (including the exterior doors and ramps) with the provisions of Title III of the Americans with Disabilities Act (the "ADA"), Pub. Law No. 101-336, 101st Cong., 2d Sess, 104 Stat. 353 and the related regulations and shall pay all costs and

expenses as may be necessary to ensure such compliance, unless the need for such compliance is caused by Tenant's Alterations in which case Tenant shall pay such costs and expenses. Tenant shall be responsible for the compliance of the interior of the Building with: (i) the provisions of Title III of the ADA and the related regulations which first become effective after October 1, 1995 and (ii) the provisions of Title III of the ADA and the related regulations, whether now existing or hereafter adopted, if the need for compliance is caused by Tenant's Alterations. Tenant shall pay all costs and expenses as may be necessary to ensure such compliance; provided, however, that if the need for compliance is not caused by Tenant's Alterations, then, costs and expenses of compliance incurred by Tenant in accordance with this paragraph after October 1, 2000, shall be shared equally by Landlord and Tenant.

25.8 The submission of this Lease to Tenant shall not be construed as an offer and Tenant shall not have any rights with respect thereto unless said Lease is consented to by any mortgagee, and any lessor or Landlord, to the extent such consent is required, and Landlord executes a copy of this Lease and delivers the same to Tenant. This Lease is expressly contingent upon Landlord obtaining the consent of its current lender or a commitment from a lender satisfactory to Landlord to refinance the existing indebtedness (in the amount of approximately \$1,800,000) on the Premises, such consent or commitment to be upon terms and conditions satisfactory to Landlord. If such consent or commitment is not obtained by August 31, 1995, then Landlord may terminate this Lease by written notice to Tenant or waive this contingency.

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

25.10 To the extent permitted by law, in any action or proceeding brought by either party against the other under this Lease, the prevailing party shall be entitled to recover from the other party its actual attorneys' fees, professional investigation costs, and other legal expenses and court costs incurred by the prevailing party in such action or proceeding.

25.11 Tenant shall not use or allow the Premises or the Parking Spaces to be used for the Release, storage, use, treatment, disposal or other handling of any Hazardous Substance, without the prior consent of Landlord. Landlord hereby acknowledges that the motor vehicles parked in the Parking Spaces will contain such petroleum and petroleum products as are normally used in the operation of motor vehicles. The term "Release" shall have the same meaning as is ascribed to it in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., as amended ("CERCLA"). The term "Hazardous

Substance" means (i) any substance defined as a "hazardous substance" under CERCLA, (ii) petroleum, petroleum products, natural gas, natural gas liquids, liquefied natural gas, and synthetic gas, and (iii) any other substance or material deemed to be hazardous, dangerous, toxic, or a pollutant under any federal, state or local law, code, ordinance or regulation. Tenant shall: (a) comply with all federal, state, and local laws, codes, ordinances, regulations, permits and licensing conditions governing the Release, discharge, emission, or disposal of any Hazardous Substance by Tenant or anyone acting by, through or under Tenant and prescribing methods for or other limitations on storing, handling, or otherwise managing Hazardous Substances, (b) at its own expense, promptly contain and remediate any Release of Hazardous Substances arising from or related to Tenant's activities in the Premises or Parking Spaces, or the environment and remediate and pay for any resultant damage to property, persons, and/or the environment, caused by Tenant's violation of this Section 25.11, (c) give prompt notice to Landlord, and all appropriate regulatory authorities, of any Release of any Hazardous Substance in the Premises or Parking Spaces, or the environment arising from or related to Tenant's activities, which Release is not made pursuant to and in conformance with the terms of any permit or license duly issued by appropriate governmental authorities, (d) at Landlord's request, retain an independent engineer or other qualified consultant or expert acceptable to Landlord, to conduct, at Tenant's expense, an environmental audit of the Premises and Parking Spaces and immediate surrounding areas, if Landlord has reason to believe that Tenant has violated the terms of this Section, (e) reimburse Landlord, upon demand, the reasonable cost of any testing for the purpose of ascertaining if there has been any Release of Hazardous Substances in the Premises or Parking Spaces, if such testing is required by any governmental agency or Landlord's mortgagee as a result of any activity related to Tenant or Tenant's use of the Premises or Parking Spaces, (f) upon expiration or termination of this Lease, surrender the Premises and Parking Spaces to Landlord free from the presence and contamination of any Hazardous Substance placed there by or through Tenant.

25.12 Landlord hereby agrees (subject to Force Majeure) to complete the improvements listed on Exhibit C (which is attached hereto and incorporated herein by reference) by September 30, 1995. Landlord and Tenant hereby agree to cooperate to coordinate the timely performance of this work. Upon completion of each improvement Landlord and Tenant shall meet to provide Tenant with an opportunity to inspect and accept such improvement. If such acceptance occurs after October 1, 1995 through no fault of Tenant, the term of this Lease shall be for ten (10) years after the date of acceptance of such improvements and Landlord and Tenant shall execute a certificate stating the revised term. Tenant agrees to not be unreasonable in accepting the improvements and to promptly inspect such items. Upon Tenant's acceptance of the Exhibit C items, Tenant hereby agrees to accept the Premises and Parking

Spaces "As Is" on the Commencement Date, and Landlord is under no obligation to make any alterations, decorations, additions or improvement in or to the Premises or Parking Spaces, subject only to the Landlord's obligations under Exhibit B and paragraph 25.7 hereof. In the event that, for reasons other than Force Majeure or Tenant's actions or failure to act, all improvement items listed on Exhibit C have not been completed and accepted by Tenant as of the Commencement Date, then the Basic Rent shall be reduced by \$250 a day until all such items have been completed and accepted by Tenant. Landlord and Tenant agree to cooperate with one another and take all steps reasonably necessary in order to complete such improvements and have such improvements accepted by Tenant by the Commencement Date.

25.13 This Lease, together with any Exhibits and Schedules, contains and embodies the entire agreement of the parties, and no representations, inducements or agreements, oral or otherwise, between the parties not contained and embodied in this Lease shall be of any force or effect.

25.14 This Lease may not be modified, changed, or terminated in whole or in part in any manner other than by an agreement in writing duly signed by all parties.

25.15 This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

25.16 The paragraph and section headings in this Lease are inserted solely for convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

25.17 This Lease shall be construed and governed by the laws of the Commonwealth of Virginia. If a clause or provision of this Lease is legally invalid, the rest of this Lease remains in effect.

25.18 The Landlord and the Tenant agree to the terms of this Lease. Each of the signatories hereto represents and warrants that he or she has the requisite authority and is fully authorized to

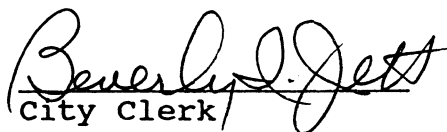
enter into this Lease on behalf of the party for whom he or she executes this Lease and this Lease and that the terms hereof are binding, effective and enforceable against such party.

LANDLORD:

POLADIAN CONSTRUCTION CORPORATION, a
Virginia corporation

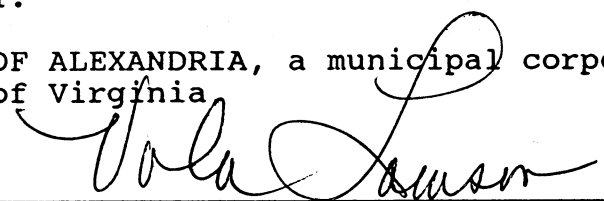
By: 
J. Harry Poladian, Jr., President

Attest:


City Clerk

TENANT:

CITY OF ALEXANDRIA, a municipal corpora-
tion of Virginia

By: 
Vola Lawson, City Manager

Approved as to form:


City Attorney

Exhibit A

[Premises]

Exhibit A-1

Development Property
[Need to Designate 110 Parking Spaces
and Storage Area]

Exhibit B

EXHIBIT "B": FACILITY MAINTENANCE RESPONSIBILITIES

Responsibility for maintenance, service, repair and replacement of the premises and its parts shall be as specified below except that, in any one instance not covered by a service contract, Owner will pay the balance of any cost that exceeds \$750.

ITEMS General	Clean, Service Adjust & Inspect	Repair	Replace
1. Trash removal	City	- -	- -
2. Fire extinguishers	City	City	City
3. Water fountains	City	City	City
4. Carpet	City	City	City
5. Stair treads	City	City	City
6. Rest rooms:			
All supplies	City	City	City
Towel dispensers	City	City	City
Tissue & paper dispensers	City	City	City
Sanitary napkin dispensers	City	City	City
Hand dryers	City	City	City
Soap dispensers	City	City	City
7. Signs (indoors & outdoors)	City	City	City
8. Lunchroom equipment	City	City	City
9. Kitchen equipment	City	City	City
10. Telephone equipment	City	City	City
11. Indoor light fixtures	City	City	City
12. Indoor lamps/tubes/ballasts	City	City	City
13. Outdoor light fixtures (on bldg.)	City	City	Owner
14. Outdoor lamps & ballasts (on bldg.)	City	City	- -
15. Lighting time clocks	City	City	City
16. Ceiling tile	City	City	City
17. Indoor paint	City	City	City
18. Exterior & outdoor paint, including garage	Owner	Owner	Owner

Service Contracts

19. Elevator	City	City **	Owner
20. HVAC			
Filters	City	- -	- -
Water treatment	City	City **	Owner
Cooling tower	City	City **	Owner
Heat pumps/Furnace	City	City **	Owner
Controls/Timers/Setbacks	City	City **	Owner
Pumps/ Motors/Fans/Dampers	City	City **	Owner

**The City will obtain, at its expense, a HVAC service contract comparable to the one in effect on 9/30/95. Owner will pay for repair and replacement of items not covered by the service contract.

21. Garage door	City	City	Owner
22. Fire alarm system	City	City	Owner
23. Security system	City	City	City

Electrical Service

24. Electric panels	City	City	City
25. Main service	Owner	Owner	Owner
26. Switches & breakers	City	City	City
27. Circuit wiring	City	City	City

Doors & Windows

28. Glass breakage	City	City	City
29. Hardware, frames & screens	City	City	City

page 2 EXHIBIT "B": FACILITY MAINTENANCE RESPONSIBILITIES

ITEMS	Clean, Service		
	Adjust & Inspect	Repair	Replace

Roof/Waterproofing			

30. Gutters, drains, downspouts	Owner	Owner	Owner
31. Roof and flashings	Owner	Owner	Owner
32. Exterior walls & foundations	Owner	Owner	Owner
33. Caulking	Owner	Owner	Owner
34. Storm water drainage	Owner	Owner	Owner
Structures			

35. Exterior finishes	Owner	Owner	Owner
36. Exterior vents & flues	Owner	Owner	Owner
37. Structural integrity	Owner	Owner	Owner
38. Concrete floors	City	Owner	Owner
39. Exterior damage, incl. grafitti removal, will be repaired by the Owner, provided its source or cause is not tenant-related.			
Plumbing			

41. Pipes & drains inside bldg.	City	City	City
42. Pipes & drains outside bldg.	Owner	Owner	Owner
43. Sinks, basins, showers	City	City	City
44. Sewer stoppage inside bldg.	City	City	City
45. Sewer stoppage outside bldg.	Owner	Owner	Owner
46. Main water service	Owner	Owner	Owner
47. Exterior sewer line	Owner	Owner	Owner
Parking Garage			

48. Snow melter controls & sensors	City	Owner	Owner
Failure of embedded heating strips and sensors shall not require repair or replacement by either party.			
49. Lighting fixtures (inside)	City	City	City
50. Lighting lamps & tubes (inside)	City	City	City
51. Trash/litter	City	- -	- -
52. Ventilation	City	City	City
53. Sump pump	City	Owner	Owner
54. Snow removal, ramps & steps	City	- -	- -
55. Leak pans	Owner	Owner	Owner
56. Striping (every third year).	Owner	Owner	Owner
Parking Deck and Adjoining Landscaped Areas (2400 block)			

57. Litter, dirt & snow removal	City	- -	- -
Owner will reimburse City (pro-rata) for clearing area reserved for Owner's use.			
58. Striping (every third year)	Owner	Owner	Owner
59. Landscaping	City	City	City
60. Watering/weed control	City	- -	- -
61. Plantings	City	City	Owner
City will maintain plantings installed by Owner.			
62. Outdoor light fixtures	Owner	Owner	Owner
63. Concrete/pavers	Owner	Owner	Owner
64. Storm drains	Owner	Owner	Owner
65. Fencing	Owner	Owner	Owner
Site, 2500 block			

66. Plantings	City	City	City
67. Litter, dirt & snow removal	City	- -	- -
68. Concrete/Pavers w/i prop. lines	Owner	Owner	Owner
69. Storm drains	Owner	Owner	Owner
70. Fencing	Owner	Owner	Owner

Exhibit C

List of Landlord's Work

EXHIBIT C: List of Landlord Work and Schedule of Completion

Landlord agrees to accomplish the following items of work, to the reasonable satisfaction of the City, before October 1, 1995.

Item Description	Planned Start Date	Expected Completion Date	Date Completed
1. New E.P.D.M. roof on building.	7/1/95	9/1/95	
1.a.Repair (waterproof) skylight	7/15/95	9/15/95	
2. Repair defects in concrete floor.	8/1/95	8/31/95	
4 areas	7/8/95	7/9/95	7/9/95
7 areas	7/15/95	7/16/95	7/16/95
3. Repaint interior of building.			
23 Interview rooms	5/9/95	5/12/95	5/15/95
Balance of building	7/15/95	8/15/95	
4. Install handrails at Mt. Ida entrance.	8/1/95	8/31/95	
5. Renovate restrooms:	8/1/95	9/15/95	
Replace vanity tops, faucets, soap dispensers, paper holders and stall partitions.			
6. Repair damaged venetian blinds.	7/1/95	7/31/95	7/7/95
record room blind on order	7/8/95		
all others complete			
7. Replace damaged ceiling tiles.	8/1/95	8/31/95	
Comment: Requires 75 "Nubby" tiles and 14 common tiles.			
8. Repair all garage leak catch-pans.	8/1/95	8/31/95	
9. Repair windows	7/1/95	7/31/95	
1 broken window frame			
Repair screens (all but 4)	7/1/95	7/31/95	7/15/95
4 on order			
10. Inspect & service fire alarm and sprinkler systems.	7/18/95	7/18/95	7/18/95
11. Other items to be inspected prior to 9/30/95:			
Air filters shall be clean		8/31/95	
Building shall be clean		9/15/95	
Parking lots & garage shall be clean		9/15/95	
Re-stripe parking areas		8/31/95	
Planting & mulch in good condition		8/31/95	
Electrical systems in operating condition		9/15/95	

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Exhibit D

List of Tenant's Improvements

[Should not include any personal property]

EXHIBIT D

LISTING OF TENANT IMPROVEMENTS:

1. Security System
2. Venetian Blinds
3. Carpet
4. Shower and lockers
5. Reception counters
6. Ceiling tile
7. Masking sound system
8. Mail Boxes and associated millwork
9. Doors, 53 each birch doors with hardware and jambs
10. Door control system, 3 each, with electric Strikes
11. Movable partitions
12. Employee lounge sink, counter, refrigerator, freezer, and microwave
13. Kitchen to include sink, counter, cabinets and appliances
14. Bicycle racks.
15. Parking gate controls and upgrade.
16. Electrical wiring above base building (\$16,668)
17. Drywall partitions above base building (\$50,652)
18. Kitchen plumbing and electrical rough-in
19. Telephone system (AT&T System 75)
20. Glass block walls
21. All telephone and data cabling
22. All signage, indoor and outdoor
23. Awning over rear door
24. Atrium sun screening
25. Mt. Ida Door bell
26. All furniture including systems furnishings
27. Push button coded locks