

LEASE AGREEMENT

BETWEEN

THE DISTRICT OF COLUMBIA

AS, LANDLORD

AND

ASSOCIATES FOR RENEWAL IN EDUCATION, INC.,

AS, TENANT

DATE: JUNE 15, 2010

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GROUND LEASE AGREEMENT

This Lease Agreement (the "**Lease**") is made this 15th day of June, 2010, by and between the **DISTRICT OF COLUMBIA**, a municipal corporation by and through its Department of Real Estate Services ("**Landlord**"), and **ASSOCIATES FOR RENEWAL, INC.**, a District of Columbia not for profit corporation ("**Tenant**").

IN CONSIDERATION of the payments of rents and other charges provided for herein and the covenants and conditions hereinafter set forth, Landlord and Tenant hereby covenant and agree as follows:

ARTICLE I.

REFERENCE PROVISIONS, DEFINITIONS AND EXHIBITS

As used in the Lease, the following terms shall have the meanings set forth in Sections 1.01 and 1.02 below.

Section 1.01. Reference Provisions.

A. **Leased Premises**: That certain real property located at 45 P Street, NW in Washington, DC, commonly known as the Slater School, and more particularly described by the legal description attached hereto as **Exhibit "A"** together with all buildings and improvements now or hereafter erected, constructed or placed thereon, including an approximately 18,549 square foot existing building (the "**Building**"). The "**Leased Premises**" for all purposes of this Lease shall be deemed to include the Building, the underlying land described in **Exhibit "A"** (the "**Land**") and all improvements situated thereon.

B. **Date of Lease**: The date first set forth on page 1 above. On such date, all rights and obligations of the parties under this Lease shall commence.

C. **Term**: Subject to the provisions of Addendum I hereto with respect to Tenant's Option to Extend, five (5) Lease Years.

D. **Lease Commencement Date**: The Date of Lease.

E. **Rent Commencement Date**: The Date of Lease.

F. **Termination Date**: The last day of the Term, or any earlier date on which this Lease is terminated in accordance with the provisions hereof.

G. **Minimum Rent**: It is the express understanding and agreement of Landlord and Tenant that the Rent due and payable hereunder shall be absolutely net to Landlord, so that, except as otherwise set forth herein, this Lease shall yield to Landlord the Minimum Rent specified below, and that all costs, expenses and obligations of every kind and nature whatsoever relating to the Leased Premises shall be paid by Tenant (including real estate and possessory taxes assessed against the Leased Premises, water and sewer use fees, insurance premiums and utility expenses, and any and all costs of operating, maintaining and repairing all or any portion of the Leased Premises).

Notwithstanding the foregoing or anything to the contrary contained elsewhere in this Lease, in the event that Tenant makes or causes to be made any Alterations to the Leased Premises which are "**Capital**" in nature, then provided that Tenant is not in Default of this Lease and Landlord and Tenant have agreed as to the scope, schedule and budget of such work, commencing on the first (1st) day of the first (1st) calendar month following the date of Substantial Completion of such Capital Alterations, Tenant shall be entitled to apply the hard and soft costs therefor as a credit against Minimum Rent as it comes due and payable ("**Rent Credit**") during the remaining Term of this Lease. The term "**Capital**" as used in this paragraph shall

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mean Leasehold Improvements of the kind to be considered a capital improvement under generally accepted accounting principles and specifically excludes the costs of purchasing and/or installing Tenant's Property.

Notwithstanding the foregoing or anything to the contrary contained elsewhere in this Lease, Tenant shall not be entitled to a Rent Credit, on any day during the Term which a Default by Tenant exists under the Lease.

The Minimum Rent for the first (1st) Lease Year shall be \$75,000.00 per annum payable in monthly installments of \$6,250.00. At the commencement of the second (2nd) Lease Year, and at the commencement of each and every year thereafter during the initial Term, the then current Minimum Rent shall be increased by two percent (2%).

H. **Permitted Use:** The Leased Premises shall be used primarily for the operation of a day care and after school center, and incidentally for performing social services and civil activities, adult training and education and related office and administrative use and for no other purpose.

I. **Rent Payments:** The rent payments due herein shall be made payable to Landlord at: **(insert Landlord's payment address)**

J. **Notice Addresses:**

FOR THE LANDLORD:	District of Columbia Department of Real Estate Services
	2000 14 th Street, NW
	8 th Floor
	Washington, DC 20009
	Attention: Director
With copy to:	Office of the Attorney General for the District of Columbia
	1100 15th Street, N.W., Suite 800
	Washington, D.C. 20005
	Attention: Deputy of Commercial Division

FOR TENANT: To the Leased Premises

K. **Addenda and Exhibits:** The addenda and exhibits listed below are attached to the Lease and are hereby incorporated in and made a part of the Lease. Any conflict or ambiguity between the Exhibits and the Lease, as amended by the Addenda, shall be resolved in favor of the Lease, as so amended.

Exhibit A	Legal Description of the Leased Premises
Addendum I	Option to Extend
Addendum II	Landlord's Right to Terminate

Section 1.02. **Definitions.**

A. **Additional Rent:** All sums payable by Tenant to Landlord under the Lease, other than Minimum Rent.

B. **Business Day:** Monday through Friday, other than (i) holidays recognized by the District of Columbia or the federal government, (ii) days on which the District of Columbia or federal government closes for business as a result of severe inclement weather or a declared emergency and (iii) days on which public schools are closed in the District of Columbia.

C. **Completion or Completed:** (i) The completion of any specified work done by or on behalf of Tenant in substantial conformance with the final plans and specifications approved by Landlord and in accordance with all applicable Laws as certified by Tenant's architect; (ii) the close-out of all construction contracts for such work; (iii) the payment of all costs of constructing or performing such work, and receipt by Tenant of fully executed and notarized valid releases of liens from the general contractor and all manufacturers, suppliers, subcontractors, and all other Persons furnishing supplies or labor in connection with such work, and (iv) the receipt by Tenant of the certificate of occupancy therefor, if applicable.

D. **Excused Periods:** Periods during which the failure of Tenant to conduct the operations of its business in the Leased Premises for the Permitted Use: (x) resulted from alterations or renovations being diligently performed in and to the Leased Premises in accordance with the terms of this Lease or (y) was caused by damage or destruction, eminent domain proceedings or actions, or Force Majeure.

E. **Force Majeure:** Those items referenced in Section 17.13 below.

F. **Governmental Authority:** Any and all federal or District of Columbia governmental or quasi-governmental board, agency, court, authority, department or body having jurisdiction over any or all of the Leased Premises.

G. **Green Building Requirements:** All requirements of Title 6, Chapter 14A of the District of Columbia Code entitled "**Green Building Requirements**".

H. **Hazardous Material Laws:** All federal, state and local laws, statutes, ordinances and regulations including the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), the Resource Conservation & Recovery Act (42 U.S.C. Section 6901 et seq.), the Safe Drinking Water Act (42 U.S.C. Section 3000 [f] et seq.), the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), the Clean Air Act (42 U.S.C. Section 7401 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.), and comparable state laws relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal or transportation of any oil, flammable materials, explosives, asbestos, urea formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes which are or become regulated as hazardous or toxic under

any federal, state or local laws, statutes, ordinances or regulations (collectively, “**Hazardous Materials**”).

I. **Interest**: A rate per annum of the lesser of (i) twelve percent (12%) or (ii) the maximum permitted by law.

J. **Laws**: (i) Any judgment, order, injunction, decree, regulation or ruling of any Governmental Authority, and (ii) all federal and District of Columbia laws, statutes, codes, ordinances, regulations, rules, licenses, permits, variances, governmental orders, including Hazardous Material Laws and Green Building Requirements which relate to or are applicable to the Leased Premises or the use, occupancy or control thereof or the conduct of any business conducted thereon, including those relating to the making, or requiring the making, of any additions, changes, repairs or improvements, structural or otherwise, to or of the Leased Premises, or any portion thereof.

K. **Landlord’s Indemnitees**: Landlord, and the officers, directors, agents and employees of, Landlord.

L. **Lease Year**: The first “**Lease Year**” shall commence on the Rent Commencement Date and terminate on the last day of the twelfth (12th) full calendar month after such Rent Commencement Date. Each subsequent “**Lease Year**” shall commence on the date immediately following the last day of the preceding Lease Year and shall continue for a period of twelve (12) full calendar months, except that the last Lease Year of the Term shall terminate on the date this Lease expires or is otherwise terminated.

M. **Partial Lease Year**: Any period during the Term which is less than a full Lease Year.

N. **Person**: An individual, firm, partnership, association, corporation, limited liability company or any other entity.

O. **Punch List Items**: Such minor or uncompleted construction items which, when considered as a whole, do not adversely affect Tenant’s ability to conduct its normal business operations in the Leased Premise for the Permitted Use and such other items that are otherwise of the scope and nature as the term “**Punch List**” is commonly understood in the Washington, D.C. construction industry.

P. **Rent**: Minimum Rent plus Additional Rent.

Q. **Substantial Completion**: The completion of specified work at the Leased Premises to the extent that only Punch List Items of such work shall not be complete.

R. **Tax Year**: The period designated as the tax year by the District of Columbia.

S. **Taxes**: Any and all real estate taxes and assessments (whether general or special) that are levied or assessed by any lawful authority on the Leased Premises and on all improvements thereon including without limitation all ad valorem, possessory and other taxes, assessments, business improvement district fees, water and sewer rents and charges, hook-up and tap-in fees (if any), use and occupancy taxes, development and impact fees, license and permit fees, vault space rent, leasehold taxes or taxes based upon the receipt of rent to the extent that such taxes are customarily paid by commercial tenants in the District of Columbia (including gross receipts or sales taxes applicable to the receipt of rent) and any and all other charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, which are assessed, levied,

confirmed, imposed, charged, or become or could become a lien upon the Leased Premises during the Term of this Lease.

ARTICLE II.

LEASED PREMISES

Landlord hereby demises and leases to Tenant, and Tenant hereby rents and leases from Landlord, the Leased Premises hereinafter described subject to all matters affecting title to the Leased Premises as of the Date of Lease and subject to the terms and conditions hereinafter set forth.

ARTICLE III.

TERM

Section 3.01. Term.

The Term shall commence on the Lease Commencement Date and expire on the Termination Date.

Section 3.02. End of Term.

Subject to the provisions of Addendum I hereto with respect to Tenant's Option to Extend, this Lease shall terminate on the Termination Date without the necessity of notice from either Landlord or Tenant. Upon the Termination Date, Tenant shall quit and surrender to Landlord the Leased Premises, broom-clean, in good order and condition, ordinary wear and tear and damage by casualty and condemnation excepted; and shall surrender to Landlord all keys to or for the Leased Premises.

Section 3.03. Holding Over.

If Tenant fails to vacate the Leased Premises on the Termination Date, Landlord shall have the benefit of all provisions of law respecting the speedy recovery of possession of the Leased Premises (whether by summary proceedings or otherwise). In addition to and not in limitation of the foregoing, occupancy subsequent to the Termination Date ("**Holdover Occupancy**") shall be a tenancy at will. Holdover Occupancy shall be subject to all terms, covenants, and conditions of the Lease (including those requiring payment of Additional Rent), except that the Minimum Rent for each day that Tenant holds over ("**Holdover Minimum Rent**") shall be equal to one and one-half (1-1/2) times the per diem Minimum Rent payable in the last Lease Year (exclusive of any Rent Credit).

ARTICLE IV.

USE AND OPERATION OF THE LEASED PREMISES

Section 4.01. Continuous Operation by Tenant and Opening Covenant.

A. Tenant shall (i) open the Leased Premises for the Permitted Use on or before the Lease Commencement Date; (ii) employ reputable business standards and practices; and (iv) except for Excused Periods, operate the entire Leased Premises for the Permitted Use continuously and uninterruptedly during the Term during all Business Days.

B. If Tenant violates this Section 4.01, then Tenant shall pay to Landlord, upon demand, in addition to other Rent and not as a penalty, liquidated damages in an amount equal to fifty percent (50%) of the Minimum Rent per day for each and every day (exclusive of any Rent Credit) that such violation continues.

Payment of such sums is intended to be only a partial and temporary remedy for Landlord during the continuance of such violation, and shall not relieve Tenant of any obligation under the Lease, excuse any default or waive Landlord's other remedies therefore. Tenant acknowledges and agrees that if it breaches Section 4.01.A., Landlord shall be deprived of an important right under this Lease, and as a result thereof will suffer damages in an amount which is not readily ascertainable, and that the foregoing is a reasonable and equitable determination of the actual damages Landlord shall suffer as a result of Tenant's breach.

Section 4.02. Use.

Tenant shall use the Leased Premises solely for the Permitted Use and Tenant shall not use the Leased Premises or permit the Leased Premises to be used, for any other purpose whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion. Tenant shall, at Tenant's sole cost and expense, comply with all Laws affecting the Leased Premises including the making of any and all Alterations or other improvements to the Leased Premises as are or maybe required by Laws. In no event shall Tenant use, occupy, alter or perform any activities within the Leased Premises in a manner or for purposes which are prohibited by zoning or similar laws or regulations, or declarations, covenants, conditions, limitations, easements or restrictions now or hereafter of record which are applicable to the Leased Premises. Tenant acknowledges and agrees it is solely responsible for determining if the Permitted Use complies with the applicable zoning regulations, and that Landlord makes no representation (explicit or implied) concerning such zoning regulations or the suitability of the Leased Premises for the Permitted Use.

Section 4.03. Signs.

A. Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, install any exterior signs on the Leased Premises or any interior signs which can be seen from the exterior of the Premises ("**Signs**"). In the event that any Signs are installed on the Leased Premises, same shall be in compliance with all applicable Laws. Tenant, at Tenant's sole cost and expense, shall obtain all permits and licenses required in connection with any Signs and shall be fully responsible for the installation and maintenance thereof.

B. Tenant shall submit to Landlord reasonably detailed drawings of all proposed Signs for review and approval by Landlord prior to installation or utilization of the Signs, which approval shall not be unreasonably withheld provided Tenant's Sign drawings are in compliance with all applicable Laws.

C. Tenant shall maintain all Signs in first class condition, operating order and repair at all times. Tenant shall repair any Signs that have been materially damaged within ten (10) Business Days after such damage occurs. If Tenant fails to repair any of its Signs as specified above, and such failure continues for a period of five (5) Business Days following receipt of notice thereof from Landlord, Landlord shall have the right to make such repairs at Tenant's sole cost and expense.

ARTICLE V.

RENT

Section 5.01. Rent Payable.

A. Tenant shall pay all Rent to Landlord, without prior notice or demand and except as otherwise set forth herein without offset, deduction or counterclaim whatsoever, in the amounts, at the rates and times set forth herein,

and at such place as is provided in Section 1.01, or at such other place as Landlord may from time to time designate by notice to Tenant.

B. If Tenant fails to make any payment of Rent within ten (10) Business Days from the date that such Rent is due, Tenant shall pay Landlord an amount equal to three percent (3%) of the amount due. Payment of such late charge shall not excuse or waive the late payment of Rent. Tenant acknowledges and agrees that such late charge is a reasonable estimate of the damages as a result of Tenant's violations of this Section 5.01.B. and that it would be impracticable or extremely difficult to determine Landlord's actual damages.

C. Any payment by Tenant of less than the total Rent due shall be treated as a payment on account. Acceptance of any check bearing an endorsement, or accompanied by a letter stating, that such amount constitutes "payment in full" (or terms of similar import) shall not be an accord and satisfaction or a novation, and such statement shall be given no effect. Landlord may accept any check without prejudice to any rights or remedies which Landlord may have against Tenant.

D. For any portion of a calendar month at the beginning of the Term, Tenant shall pay in advance the pro-rated amount of the Rent for each day included in such portion of the month.

Section 5.02. Payment of Minimum Rent.

Subject to the provisions of Section 1.01.H with respect to any Rent Credit, if applicable, Tenant shall pay Landlord the Minimum Rent in equal monthly installments, in advance, commencing on the Rent Commencement Date, and on the first day of each calendar month thereafter throughout the Term.

Section 5.03. Taxes.

A. Tenant shall provide to Landlord official receipts or other evidence reasonably satisfactory to Landlord evidencing the payment of all Taxes for which Tenant is liable pursuant to this Lease.

Section 5.04. Payment of Taxes.

A. Commencing on the Rent Commencement Date, Tenant covenants and agrees to pay, upon the same first becoming due and payable, before any penalty, fine, interest or cost would become payable thereon for non-payment, any and all Taxes applicable to or assessed against the Leased Premises (which is deemed to include the Land and all improvements situated thereon). Tenant shall timely pay all such Taxes to be paid by it directly to the appropriate Governmental Authority.

B. Notwithstanding the foregoing, Tenant shall not be responsible for any Taxes charged against or imposed on all or any portion of the Leased Premises which accrued prior to the Rent Commencement Date. All Taxes for the Tax Year in which the Term of this Lease commences, as well as during the Tax Year in which the Term expires, shall be apportioned so that the Tenant shall pay its proportionate share of the Taxes which are accrued or are payable in the Tax Year in which the Term commences and in the Tax year in which the Term expires, and Landlord shall pay its proportionate share of all Taxes which accrued prior to the Rent Commencement Date or accrued subsequent to the Termination Date. Any sum payable by Tenant, as provided in this Section 5.03 which would not otherwise be due until after the Termination Date (but attributable to the period of time preceding such Termination Date), shall be paid by Tenant to Landlord on or before the Termination Date.

C. Where any Taxes are permitted by applicable Law to be paid in installments, Tenant may pay Taxes in installments as and when such installments become due; provided, however, that the amount of all installments of any such Taxes which are in respect of the period prior to the Termination Date, even if such Taxes due and payable after the Termination Date shall not be apportioned (except as provided in Section 5.04.B hereof).

D. If any Taxes are to be paid by Tenant, Tenant, may, at Tenant's sole cost and expense, contest in good faith and diligently any Taxes to the extent permitted by applicable Law; provided that Tenant shall pay all such Taxes prior to the imposition of any penalties, fees or other liabilities in connection therewith if required to do so by applicable law in order to contest same or shall have furnished a good and sufficient bond or surety reasonably satisfactory to Landlord or, at Tenant's option, deposited with Landlord the amount of the item so contested (or, where permitted by law, paid the same under protest), together with such additional sums as may reasonably be required to cover interest or penalties accrued or to accrue on any such item or items.

E. In addition, in the event that Tenant believes that it may avail itself of any exemption from any Tax or other imposition, it may so do, provided, however, that Tenant's assertion of any such exemption thereof shall not result in any requirement that Landlord pay any monies, it being the intention hereof that this Lease shall pass through all Taxes (if any) to Tenant.

Section 5.05. **Taxes on Tenant's Personal Property.**

Tenant shall pay all governmental taxes, charges, fees and assessments applicable to Tenant's Property and Tenant's Rent obligation before they become delinquent.

ARTICLE VI.

NET LEASE

Section 6.01. **Triple Net Lease.**

This is a triple net lease and Landlord shall not be required to provide or pay for any services or do any act or thing with respect to the Leased Premises or the appurtenances thereto, except as may be specifically provided herein, and the Rent shall be paid to Landlord without any claim on the part of Tenant for diminution, set off or abatement, and nothing shall suspend, abate or reduce any Rent to be paid hereunder, except as otherwise specifically provided in this Lease.

ARTICLE VII.

UTILITIES

Section 7.01. **Utility Charges.**

A. Tenant shall pay for all water, gas, electricity, telephone, sewer, heat, steam, fuel, and all other services and utilities of every kind and nature supplied to the Leased Premises from and after the Rent Commencement Date. Tenant shall be solely responsible for the connection, hook-up, and tap-ins to utility lines, and arrangements for utility service, including the payment of all impact fees, deposits, fees and all other charges and costs incurred in connection therewith.

ARTICLE VIII.

INDEMNITY AND INSURANCE

Section 8.01. **Indemnity.**

A. Except as otherwise provided in this Section, Tenant agrees, to the fullest extent permitted by law, to indemnify, hold harmless and defend Landlord's Indemnitees from and against any and all claims, losses, actions, damages, liabilities and expenses, including reasonable attorneys' fees, that arise from or are in connection with (i) Tenant's possession, use, occupancy, management, repair, maintenance or control of all or any part of the Leased Premises, the making or removal of alterations or improvements to the Leased Premises and the performance of all related construction work, or that relate in any manner to the business conducted by Tenant in the Leased Premises, (ii) any willful or negligent act or omission of Tenant or its agents, employees or contractors in the Leased Premises, (iii) any injury or death to individuals or damage to any property sustained within the Leased Premises, or (iv) a Default by Tenant under this Lease. Landlord may, at its option, require Tenant to assume Landlord's defense in any action covered by this Section 8.01.A. through counsel reasonably satisfactory to Landlord. Tenant shall not be obligated to indemnify Landlord's Indemnitees against loss, liability, damage, cost or expense arising out of the willful or negligent acts or omissions of Landlord's Indemnitees. The terms and provisions of this Section 8.01 shall survive the termination of this Lease, in respect of matters arising from acts, omissions or neglect occurring prior thereto for the period afforded to Landlord's Indemnitees under the applicable statute of limitations.

B. Notwithstanding the foregoing, the indemnifications and defense obligations by Tenant under this Lease shall not cover, and Tenant shall not be liable for, any consequential damages, indirect losses, loss of value, temporary loss of business, lost profits, or lost opportunity damages at or arising from the Leased Premises suffered by Landlord's Indemnitees (excluding Rent and Additional Rent due hereunder).

Section 8.02. Landlord Not Responsible for Acts of Others.

From and after the Lease Commencement Date, Tenant is and shall be in exclusive control and possession of the Leased Premises, and Landlord shall not in any event whatsoever be liable for any injury or damage to any property or to any person happening on or about the Leased Premises, or for any injury or damage to any property of any tenant, lessee, business invitee, guest, or licensee of Tenant. Landlord's Indemnitees shall not be liable for, and Tenant waives all claims for, loss or damage to Tenant's business or injury or damage to Person or property sustained by Tenant, or any Person claiming by, through or under Tenant, resulting from any accident or occurrence in, on, or about the Leased Premises, including claims for loss, theft, injury or damage resulting from: (i) any equipment or appurtenances being or becoming out of repair; (ii) wind, weather, earthquake or other act of God; (iii) any defect in or failure to operate any sprinkler, HVAC equipment, electric wiring, gas, water or steam pipe, stair, railing or walk; (iv) broken glass; (v) the backing up of any sewer pipe or downspout; (vi) the escape of gas, steam or water; (vii) water, snow or ice being upon the Leased Premises or coming into the Leased Premises; (viii) the falling of any fixture, plaster, tile, stucco or other material; and (ix) any act, omission or negligence of other tenants, guests, invitees, licensees of Tenant or of the Leased Premises or any other Persons including occupants of adjoining or contiguous buildings, owners of adjacent or contiguous property, or the public, unless any such loss, theft, injury or damage arises out of the willful or negligent acts or omissions of Landlord's Indemnitees.

Section 8.03. Tenant's Insurance.

Tenant, at its sole cost and expense, shall keep the Leased Premises, including the Building, the Leasehold Improvements and all fixtures, machinery and equipment located thereon insured for the mutual benefit of Landlord and Tenant during the Term against loss or damage by fire, windstorm, mold, hazard, theft, vandalism, malicious mischief and sprinkler leakage, and such other insurable risks as Landlord may reasonably specify from time to time for no less

than an amount equal to their replacement cost, without deduction for depreciation, which replacement cost shall be determined, at Tenant's sole cost, at annual intervals by one or more of the insurers or by an architect, contractor, or appraiser selected by Tenant and approved by Landlord. Commencing on the Lease Commencement Date and at all times thereafter, Tenant shall carry and maintain, at its sole cost and expense:

A. Commercial General Liability Insurance (ISO form or equivalent) naming Tenant as the named insured and Landlord as an additional insured, protecting Tenant and the additional insured against liability for bodily injury, death and property damage occurring upon or in the Leased Premises, with a minimum combined single limit of One Million Dollars (\$1,000,000.00) and a general aggregate limit of Five Million Dollars (\$5,000,000.00).

B. "All Risks" or "Special Form" property insurance covering the Building and the Leasehold Improvements written for at least the full replacement cost with a deductible of not more than One Thousand Dollars (\$1,000.00).

C. Appropriate worker's compensation insurance, flood insurance (if the Leased Premises are determined to be within a flood hazard area) and such other policies of insurance covering other insurable perils which are customarily insured against in the case of comparable properties in the District of Columbia and in such amounts as may from time to time be reasonably required by Landlord or as may be required by Law.

D. Appropriate employer's liability insurance in an amount not less than Two Million Dollars (\$2,000,000.00) per occurrence/Five Million Thousand Dollars (\$5,000,000.00) aggregate.

E. Notwithstanding the foregoing or anything to the contrary contained elsewhere in this Lease, the amount of such coverage shall be subject to Landlord's review every two (2) years for the Term of this Lease. In the event Landlord, in its reasonable discretion, deems the coverage required under this Section insufficient after any such two-year review, Tenant shall increase the amount or type of coverage required hereby by Landlord.

F. Landlord hereby agrees the foregoing insurance may be provided by Tenant pursuant to a base policy with One Million Dollar (\$1,000,000.00) limitations, together with an umbrella policy of Five Million Dollars (\$5,000,000.00).

Section 8.04. Tenant's Contractor's Insurance.

Tenant shall cause any contractor performing work on the Leased Premises to obtain, carry and maintain, at no expense to Landlord: (i) worker's compensation insurance and employer's liability insurance as required by the District of Columbia; (ii) builder's risk insurance with a deductible no greater than Ten Thousand Dollars (\$10,000.00), in the amount of the full replacement cost of the Building and Tenant's Work; (iii) Commercial General Liability Insurance providing on an occurrence basis a minimum combined single limit of Two Million Dollars (\$2,000,000.00) per occurrence (and Four Million Dollars (\$4,000,000.00) general aggregate, if applicable); and (iv) business automobile liability insurance including the ownership, maintenance and operation of the automotive equipment, owned, hired and non-owned coverage with a combined single limit of not less than Two Million Dollars (\$2,000,000.00) for bodily injury and property damage. If the contractor fails to acquire such insurance, Tenant shall provide such insurance (except worker's compensation insurance and employer's liability) at its sole cost and expense.

Section 8.05. Policy Requirements.

Any company writing any insurance which Tenant is required to maintain or cause to be maintained under Sections 8.03 and 8.04 as well as any other insurance pertaining to the Leased Premises or the operation of Tenant's business therein (all such insurance being referred to as "**Tenant's Insurance**") shall at all times be licensed and qualified to do business in the District of Columbia and shall have received an A or better (and be in a financial size category of class VII or higher) rating by the latest edition of A.M. Best's Insurance Rating Service. All of Tenant's Insurance may be carried under a blanket policy covering the Leased Premises and any other location of Tenant, if (i) the coverage afforded Landlord and any designees of Landlord shall not be reduced or otherwise adversely affected, and (ii) such blanket policy allocates to the properties and liabilities to be insured under this Article VIII an amount not less than the amount of insurance required to be covered pursuant to this Article VIII, so that the proceeds of such insurance shall not be less than the proceeds that would be available if Tenant were insured under a unitary policy. All policies of Tenant's Insurance shall contain endorsements requiring the insurer(s) to give to all additional insureds at least thirty (30) days' advance notice of any material reduction, cancellation, termination or non-renewal of said insurance. Tenant shall be solely responsible for payment of premiums for all of Tenant's Insurance. Tenant shall deliver to Landlord at least fifteen (15) days prior to the time Tenant's Insurance is first required to be carried by Tenant, and upon renewals at least fifteen (15) days prior to the expiration of the term of any such insurance policy, a certificate of insurance of all policies procured by Tenant in compliance with its obligations under the Lease. The limits of Tenant's Insurance shall not limit Tenant's liability under the Lease, at law, or in equity. If Tenant fails to deposit a certificate of insurance with Landlord for a period of three (3) days after notice from Landlord, Landlord may acquire such insurance, and Tenant shall pay Landlord the amount of the premium applicable thereto within five (5) days following notice from Landlord.

Section 8.06. **Intentionally Deleted.**

Section 8.07. **Waiver of Right of Recovery.**

A. Notwithstanding anything in the Lease to the contrary, Tenant hereby waives and releases Landlord's Indemnitees of and from any and all rights of recovery, claims, or causes of action, whether by subrogation or otherwise, against Landlord's Indemnitees, for any loss or damage that may occur to the Leased Premises, Tenant's Property or to Leasehold Improvements (regardless of cause or origin, including negligence of any of Landlord's Indemnitees), which loss or damage is insured against or is required to be insured against hereunder. Tenant agrees immediately to give to each insurance company, written notice of the terms of the waivers of subrogation contained in this paragraph, and to have the insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverage by reason thereof.

ARTICLE IX.

CONSTRUCTION AND ALTERATIONS

Section 9.01. **Condition of Leased Premises.**

Upon the Lease Commencement Date, Tenant acknowledges that: (i) Tenant has inspected the Leased Premises; (ii) Tenant accepts the Leased Premises, and all improvements, betterments and equipment "AS IS", with no representation or warranty by Landlord, express or implied, as to the condition or suitability of the Leased Premises for Tenant's purpose; and (iii) Landlord has no obligation to construct, improve, maintain or repair the Leased Premises, except as specifically set forth in this Lease.

Section 9.02. **Intentionally Deleted.**

Section 9.03. Alterations.

Tenant shall not make or cause to be made any alterations, additions, renovations, improvements or installations in or to the Leased Premises (hereinafter singularly referred to as an "**Alteration**" and collectively as "**Alterations**") without Landlord's prior consent, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing or anything to the contrary contained elsewhere in this Lease, Tenant may make or cause to be made any Alteration without Landlord's consent provided that such Alteration does not (a) alter, impair or modify the structure or base Building systems, (b) materially change the square footage of the Leased Premises, total volume or height of the Building, (c) modify in any material respect the basic character and function of the Building, (d) modify the external appearance of the Building (exclusive of Signs which are governed by Section 4.03 hereof), or (e) cost in excess of \$100,000.00 individually or in the aggregate in any 12 month period.

Section 9.04. Work Requirements.

A. All work performed by Tenant in the Leased Premises including Tenant's Work shall be performed: (i) promptly, in a good and workmanlike manner with new first-class materials and once commenced, diligently pursued to Completion; (ii) by duly qualified or licensed Persons; and (iii) in accordance with (a) plans and specifications approved in writing in advance by Landlord (as to both design and materials) which approval shall not be unreasonably withheld, conditioned or delayed, and (b) all applicable Laws. Upon completion of any work, Tenant shall deliver to Landlord a reproducible copy of any "as built" drawings of such work as well as all permits, approvals and other documents issued by any appropriate Governmental Authority in connection with such work.

B. No Alteration which requires Landlord's consent shall be made until all plans and specifications for any such Alteration have been approved or deemed approved by Landlord. Landlord shall have thirty (30) days from its receipt of all such plans and specifications to review the same and to send its written comments regarding the same to Tenant. Within ten (10) Business Days after receipt of Landlord's notice of changes (if any), Tenant shall cause all such changes to be made, and Tenant shall resubmit the revised plans and specifications for Landlord's review. Within thirty (30) days after receipt of the revised plans and specifications, Landlord shall review and approve or state what changes Landlord requires to be made. The revisions and resubmission shall continue until Landlord shall have approved Tenant's plans and specifications. Within ten (10) Business Days after Landlord has approved of Tenant's preliminary plans and specifications, Tenant shall deliver to Landlord Tenant's final plans and specifications for Landlord's review and approval. Any failure of Landlord to respond within such thirty (30) day period shall be deemed Landlord's disapproval. Landlord's approval of the final plans and specifications shall be evidenced by Landlord and Tenant initialing two (2) complete sets of final plans and specifications (the "**Plans**"), whereupon one fully executed set shall be left with the Landlord.

C. The approval by Landlord of the Plans, if given, shall not (i) imply Landlord's approval of the structural or engineering designs as to quality or fitness of any material or device used; (ii) imply that the plans and specifications are in accordance with the Law (it being agreed that such compliance is solely Tenant's responsibility); (iii) relieve Tenant of the responsibility to construct structurally sound improvements which are free of defects; (iv) impose any liability on Landlord to Tenant or any third party; or (v) serve as a waiver or forfeiture of any right of Landlord.

D. In the event any Alteration requires Landlord's consent, the general contractor and all sub-contractors providing goods, materials, labor or services over \$50,000 in or to the Leased Premises, shall be approved by Landlord

prior to commencement of construction of said Alterations, which approval shall not be unreasonably withheld, conditioned or delayed.

Section 9.05. **Ownership of Improvements.**

All present and future alterations, additions, renovations, improvements and installations made to the Leased Premises ("**Leasehold Improvements**") shall be deemed to be the property of Tenant when made and, upon Tenant's vacation or abandonment of the Leased Premises to be the property of Landlord, and, shall remain upon and be surrendered with the Leased Premises in good order, condition and repair. All movable goods, inventory, office furniture, equipment, trade fixtures (including exterior Signs) and other movable personal property belonging to Tenant that are not permanently affixed to the Leased Premises shall remain Tenant's property ("**Tenant's Property**") and shall be removable by Tenant at any time, provided that Tenant (i) is not in Default under this Lease, and (ii) shall repair any damage to the Leased Premises caused by the removal of any of Tenant's Property. Notwithstanding anything to the contrary contained herein, Landlord hereby expressly waives any lien, whether statutory or otherwise, in Tenant's Property for non-payment of Rent, default by Tenant, or any other reason whatsoever.

Section 9.06. **Removal of Tenant's Property.**

Tenant shall remove all of Tenant's Property prior to the Termination Date or the termination of Tenant's right to possession of the Leased Premises. Tenant shall repair any damage to the Leased Premises caused by such removal. If Tenant fails to timely remove said items, they shall be considered as abandoned and shall become the property of Landlord, or Landlord may have them removed and disposed of at the Tenant's cost and expense.

Section 9.07. **Mechanic's Liens.**

No mechanic's or other lien shall be allowed against the Leased Premises as a result of Tenant's Work, Alterations or other work done by or on behalf of Tenant at or to the Leased Premises. Tenant shall give Landlord written notice (i) not less than seven (7) Business Days prior to commencement of any Alterations in, on or about the Leased Premises that Tenant intends to commence such work, and (ii) within two (2) Business Days after the commencement of any such work that such work has commenced. Landlord shall have the right to record and post notices of non-responsibility in or on the Leased Premises.

Tenant shall promptly pay all persons furnishing labor, materials or services with respect to any work performed by Tenant on the Leased Premises. If any mechanic's or other lien shall be filed against the Leased Premises by reason of work, labor, services or materials performed or furnished, or alleged to have been performed or furnished, to or for the benefit of Tenant, Tenant shall cause the same to be discharged of record or bonded to the satisfaction of Landlord within ten (10) days subsequent to the filing thereof. If Tenant fails to discharge or bond any such lien, Landlord, in addition to all other rights or remedies provided in this Lease, may bond said lien or claim (or pay off said lien or claim if it cannot with reasonable effort be bonded) without inquiring into the validity thereof, and all expenses incurred by Landlord in so discharging said lien, including reasonable attorneys' fees, shall be paid by Tenant to Landlord as Additional Rent on thirty (30) days' demand.

ARTICLE X.

REPAIRS, MAINTENANCE, AND LANDLORD'S ACCESS

Section 10.01. **Repairs by Landlord.**

Notwithstanding any other provisions of this Lease, in no event shall Landlord be responsible for any construction, maintenance or repair of the Leased Premises, including the Leasehold Improvements, the Building, and/ or any of Tenant's Property.

Section 10.02. **Repairs and Maintenance by Tenant.**

A. Throughout the Term Tenant shall maintain the Leased Premises including the Building, the Leasehold Improvements, all Alterations and all of Tenant's Property in good order, condition and repair and in compliance with all Laws. Tenant shall not cause or permit any waste, damage or injury to the Leased Premises. Tenant agrees to maintain with a reputable contractor a regular service and maintenance contract on the HVAC equipment and system serving the Leased Premises, with routine inspections and servicing as recommended by the HVAC manufacturer. Furthermore, Tenant shall also initiate and carry out a program of regular maintenance and repair of the Leased Premises so as to keep the same in an attractive and good condition, which is at least as good as that of comparable schools in the District of Columbia, throughout the Term.

B. Tenant shall install and maintain such fire extinguishers and other life-safety and fire protection devices in the Building as may be required by any Governmental Authority having jurisdiction over, or by the underwriters issuing insurance for, the Leased Premises. Tenant agrees to routine inspections of fire protection devices by contractors reasonably acceptable to Landlord. If any Governmental Authority requires the installation, modification, or alteration of the sprinkler system, or other fire and life-safety equipment, then Tenant, at Tenant's sole cost and expense, shall promptly install such system or changes therein.

C. Tenant shall keep the sidewalks adjoining the Leased Premises free from ice and snow and shall not permit the accumulation of garbage, trash or other waste in or around the Leased Premises.

Section 10.03. **Inspections, Access and Emergency Repairs by Landlord.**

Upon reasonable prior notice and without materially adversely affecting Tenant's business within the Leased Premises, Tenant shall permit Landlord or its designee to enter all parts of the Leased Premises. In the event of an emergency, Landlord may enter the Leased Premises at any time and make such inspection and repairs as Landlord deems necessary, at the risk and for the account of Tenant.

ARTICLE XI.

CASUALTY

Section 11.01. **Fire or Other Casualty.**

Tenant shall give prompt notice to Landlord in case of fire or other casualty ("Casualty") to all or any part of the Leased Premises.

Section 11.02. **Right to Terminate.**

A. If the Leased Premises are damaged to the extent of more than twenty-five percent (25%) of the cost of replacement thereof; then, in such event, Landlord or Tenant, may terminate this Lease by giving the other party sixty (60) days' prior notice given within sixty (60) days after the date of the Casualty. The "cost of replacement" shall be determined by either (i) the company or companies insuring Tenant against the Casualty, or, (ii) by a qualified Person reasonably selected by Landlord to determine such "cost of replacement".

B. If the Casualty shall render the Leased Premises untenable, in whole or in part, all Rent shall abate proportionately during the period of such untenability, computed on the basis of the ratio which the amount of square footage of the Leased Premises rendered untenable bears to the total square footage of the Leased Premises. Such abatement shall terminate on the earliest of (i) thirty (30) days after the date any such repair and restoration work is Substantially Completed by Tenant, or (ii) the date Tenant reopens for business in the portion of the Leased Premises previously rendered untenable.

Section 11.03. **Tenant's Duty to Reconstruct.**

A. Provided this Lease is not terminated, Tenant shall promptly commence and diligently pursue to Completion (i) the repair of the Leased Premises to substantially the same condition as existed prior to the Casualty, and (ii) the redecorating and refixturing of the Building to a substantially similar condition as existed prior to the Casualty. Tenant shall reopen for business in the Building as soon as practicable after the occurrence of the Casualty.

B. In the event Landlord or Tenant elects to terminate this Lease in accordance with the provisions of Section 11.02 hereof, then Tenant shall pay to Landlord an amount equal to the insurance proceeds received by Tenant under the policy covering the Building carried by Tenant under Section 8.03.B.

C. If the Lease is not terminated, then in such event Tenant shall be entitled to retain all of the insurance proceeds received by Tenant under the policy covering the Building carried by Tenant under Section 8.03.B, and such proceeds shall be used by Tenant to restore and repair the Leased Premises pursuant to Section 11.03.A above.

ARTICLE XII.

CONDEMNATION

Section 12.01. **Taking of Leased Premises.**

A. If more than twenty-five percent (25%) of the the Building shall be appropriated or taken under the power of eminent domain, or conveyance shall be made in anticipation or in lieu thereof (“**Taking**”), either party may terminate this Lease as of the effective date of the Taking by giving notice to the other party of such election within thirty (30) days prior to the date of such Taking.

B. If there is a Taking of a portion of the Leased Premises, Tenant shall have the right to terminate the Lease at the same time and in the manner provided in Section 12.01.A if in Tenant’s reasonable judgment the portion of the Leased Premises remaining cannot be reasonably utilized for the operation of Tenant’s business.

C. If there is a Taking of a portion of the Building and this Lease shall not be terminated pursuant to Section 12.01.A, then (i) as of the effective date of the Taking, this Lease shall terminate only with respect to the portion of the Leased Premises taken; (ii) after the effective date of the Taking, the Rent shall be reduced by multiplying the same by a fraction, the numerator of which shall be the square footage taken and the denominator of which shall be the total square footage of the Building immediately prior to the Taking; and (iii) as soon as reasonably possible after the effective date of the Taking, Tenant, at its expense and to the extent feasible, shall restore the remaining portion of the Building to a complete unit of a similar condition as existed prior to the Taking.

Section 12.02. **Condemnation Award.**

Except as otherwise provided herein, all compensation awarded for a Taking of any part of the Leased Premises shall belong to Landlord. Tenant hereby assigns to Landlord all of its right, title and interest in any such award. Tenant shall have the right to collect and pursue any separate award as may be available under local procedure for moving expenses or Tenant's Property. If the Lease is terminated as a result of any Taking of the Leased Premises, Tenant shall also be entitled to make a claim for and recover from the condemning authority the unamortized cost of any Leasehold Improvements made by or on behalf of Tenant, amortized on a straight line basis over the initial Term of this Lease.

ARTICLE XIII.

INTENTIONALLY DELETED

ARTICLE XIV.

SUBORDINATION AND ATTORNMENT

Section 14.01. Subordination.

A. Tenant's rights under this Lease are subordinate to: (i) all present and future ground or underlying leases affecting all or any part of the Leased Premises; and (ii) any easement, license, mortgage, deed of trust or other security instrument now or hereafter affecting the Leased Premises (those documents referred to in (i) and (ii) above being collectively referred to as a "**Mortgage**" and the Person or Persons having the benefit of same being collectively referred to as a "**Mortgagee**"). Tenant's subordination provided in this Section 14.01 is self-operative with respect to any existing Mortgage and no further instrument of subordination shall be required. Notwithstanding the foregoing, Tenant shall, within five (5) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination of this Lease to any Mortgage. In addition, any Mortgagee may, at its option, unilaterally subordinate its Mortgage to this Lease. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

B. Notwithstanding anything to the contrary contained herein, Landlord hereby represents that as of the date of this Lease there is no existing ground or underlying lease, mortgage or deed of trust affecting all or any part of the Leased Premises. Furthermore, Tenant agrees that the Lease shall be subordinate to any future ground lease, mortgage or deed of trust placed against the Leased Premises, and that it will attorn to the future ground lessor or mortgagee, upon termination of the ground lease or foreclosure of the mortgage or deed of trust respectively only, provided that the ground lessor or mortgagee shall agree to honor and abide by the terms of the Lease and give Tenant a non-disturbance agreement providing in effect that Tenant's right to use and occupy the Leased Premises will not be deprived or in any way disturbed as a result of such termination or foreclosure so long as Tenant shall not be in Default under the Lease.

Section 14.02. Attornment.

If any Person succeeds to all or part of Landlord's interest in the Leased Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease or otherwise (such Person herein referred to as, "**Successor Landlord**"), then Tenant shall, without charge, attorn to such Successor Landlord and this Lease shall continue in accordance with its terms as a lease between Successor Landlord and Tenant upon all of the terms, conditions and

covenants set forth in this Lease, provided, however, that Successor Landlord shall not be bound by any advance payment of Rent or Additional Rent made by Tenant to Landlord except for Rent or Additional Rent applicable to the then-current month.

Section 14.03. **Estoppel Certificate.**

Each of Landlord and Tenant, within twenty (20) days after receiving notice from, and without charge or cost to, the other, shall certify by written instrument to the other or any other Person designated by Landlord or Tenant: (i) that this Lease is in full force and effect and unmodified (or if modified, stating the modification); (ii) the dates, if any, to which each component of the Rent due under this Lease has been paid; (iii) whether Landlord or Tenant has failed to perform any covenant, term or condition under this Lease, and the nature of Landlord's or Tenant's failure, if any; and (iv) such other relevant factual information as Landlord or Tenant may reasonably request.

Section 14.04. **Quiet Enjoyment.**

Landlord covenants that it has full right, power and authority to enter into this Lease and that Tenant, upon performing all of Tenant's obligations under this Lease and timely paying all Rent, shall peaceably and quietly have, hold and enjoy the Leased Premises during the Term without hindrance, ejection or molestation by any Person lawfully claiming by, through or under Landlord, subject, however, to all Mortgages, encumbrances, easements, and matters of record to which this Lease is or may become subject.

ARTICLE XV.

ASSIGNMENT AND SUBLETTING

Section 15.01. **Landlord's Consent Required.**

A. Except as otherwise provided herein, Tenant and any permitted Transferee shall not voluntarily or involuntarily, by operation of law or otherwise: (i) transfer, assign, mortgage, encumber, pledge, hypothecate, or assign all or any of its interest in this Lease, or (ii) sublet or permit the Leased Premises, or any part thereof, to be used by others including licensees, or (iii) issue new stock (or partnership shares or membership interests), create additional classes of stock (or partnership shares or membership interests), or sell, assign, hypothecate or otherwise transfer the outstanding voting stock (or partnership shares or membership interests) so as to result in a change in the present control of Tenant or any permitted Transferee, provided, however, that this subparagraph (iii) shall not be applicable to Tenant if it is a publicly owned corporation whose outstanding voting stock is listed on a national securities exchange (as defined in the Securities Exchange Act of 1934, as amended) or is traded actively in the over-the-counter market, or (iv) sell, assign or otherwise transfer all or substantially all of Tenant's or any permitted Transferee's assets; without the prior consent of Landlord, in each instance, which consent shall not be unreasonably withheld, conditioned or delayed. All of the foregoing transactions shall be referred to collectively or singularly as a "Transfer", and the Person to whom Tenant's interest is transferred shall be referred to as a "Transferee."

B. Any Transfer without Landlord's consent shall not be binding upon Landlord, and shall confer no rights upon any third Person. Each such unpermitted Transfer shall, without notice or grace period of any kind, constitute a Default by Tenant under this Lease. The acceptance by Landlord of the payment of Rent following any Transfer prohibited by this Article XV shall not be deemed to be a consent by Landlord to any such Transfer, an acceptance of the Transferee as a tenant, a release of Tenant from the performance of any covenants herein contained, or a waiver by Landlord of any remedy of Landlord under this Lease,

although amounts actually received shall be credited by Landlord against Tenant's Rent obligations. Consent by Landlord to any one Transfer shall not constitute a waiver of the requirement for consent to any other Transfer. No reference in this Lease to assignees, subtenants or licensees shall be deemed to be consent by Landlord to the occupancy of the Leased Premises by any such assignee, subtenant or licensee.

C. Landlord's consent to any Transfer shall not operate as a waiver of, or release of Tenant from, Tenant's covenants and obligations hereunder, nor shall the collection or acceptance of Rent or other performance from any Transferee have such effect. Rather, Tenant shall remain fully and primarily liable and obligated under this Lease for the entire Term in the event of any Transfer, and in the event of a Default by the Transferee, Landlord shall be free to pursue Tenant, the Transferee, or both, without prior notice or demand to either.

D. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under applicable law for Landlord to deny consent to any proposed Transfer if any of the following conditions are applicable:

- (i) Tenant is in Default under any terms or provisions of this Lease;
- (ii) The inability of Transferee to continue to operate the Leased Premises for the Permitted Uses;
- (iii) The Transfer is for less than the entire Leased Premises; and/or
- (iv) The Transfer mortgages, encumbers, pledges, or hypothecates all or any of Tenant's interest in this Lease.

E. Notwithstanding the foregoing, the following conditions shall apply to any proposed Transfer:

- (i) Each and every covenant, condition, or obligation imposed upon Tenant by this Lease and each and every right, remedy, or benefit afforded Landlord by this Lease shall not be impaired or diminished as a result of such Transfer;
- (ii) Tenant shall assign and pay to Landlord any and all net subrentals (following the deduction of Tenant's reasonable and actual, out-of-pocket third-party costs in connection with the successful procurement of the subtenant) payable by subtenants which are in excess of the Minimum Rent (without regard to any Rent Credit) provided herein (computed on a square footage basis);
- (iii) Tenant to which the Leased Premises were initially leased shall continue to remain liable under this Lease for the performance of all terms, including, but not limited to, payment of Rent due under this Lease;
- (iv) Transferee with respect to as assignment of the Lease must expressly assume in a written instrument delivered and reasonably acceptable to Landlord all the obligations of Tenant under the Lease and with respect to any sublease, the terms of the such sublease shall be subordinate to the terms and provisions of this Lease;

(v) Landlord shall furnish the appropriate documentation in connection with any such Transfer and be entitled to a reasonable administrative fee therefor, as set forth in Section 17.03; and

(vi) At least thirty (30) days prior to the effective date of such proposed Transfer, Landlord shall receive the following information in connection with such Transfer: the name of the proposed Transferee, a copy of the financial statement of the proposed Transferee and any guarantor, a copy of the proposed Transfer document or agreement and information regarding the proposed Transferee's business history and experience.

Landlord shall approve or disapprove of such proposed Transfer within thirty (30) days following receipt of Tenant's written notice of its intent to Transfer the Lease together with the required information set forth above.

Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under this Section 15.01 or otherwise has breached or acted unreasonably under this Article XV, their sole remedies shall be a declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant hereby waives all other remedies, including, without limitation, any right at law or in equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable laws, on behalf of the proposed Transferee.

F. Notwithstanding the foregoing, in the event that Tenant desires to Transfer all or part of the Leased Premises in a transaction where Landlord's consent is required under the terms of this Article XV, Landlord shall have the right to recapture the Leased Premises or such portion thereof and terminate the Lease with respect to all or such portion of the Leased Premises by giving written notice of such termination to Tenant within thirty (30) days after Tenant's notice of its intent to Transfer, together with the required information as set forth above, is delivered to Landlord ("Termination Notice"). If Landlord elects to exercise such termination right and delivers to Tenant a Termination Notice within such thirty (30) day period, then this Lease shall terminate effective as of the ninetieth (90th) day after Landlord's termination notice is received by Tenant; provided, however, Tenant may withdraw its Transfer request by written notice to Landlord within ten (10) days after Tenant's receipt of Landlord's Termination Notice in which event Landlord's Termination Notice shall be null and void and the Lease shall not be Transferred. If Landlord does not exercise such right to terminate this Lease, Tenant's proposed Transferee shall nonetheless be required to meet all of the conditions set forth above.

ARTICLE XVI.

DEFAULT AND REMEDIES

Section 16.01. Default.

Each of the following events shall constitute a default ("**Default**") by Tenant under this Lease: (i) if Tenant fails to pay any Rent (or any installment thereof) within ten (10) days after the same shall be due and payable and such failure continues for a period of five (5) days after written notice from Landlord (provided, however, if within any twelve (12) month period, Tenant fails to make any payment of Rent within ten (10) days after the same shall be due and payable and Landlord because of such failures shall have served upon Tenant within said twelve (12) month period two or more five (5) day written notices of Tenant's failure to pay Rent, Tenant shall be in Default under the Lease if it fails to pay any Rent within ten (10) days after the same shall be due and payable without the necessity of demand or notice); (ii) if Tenant breaches or fails to observe or perform any term,

condition or covenant of this Lease (other than those involving the payment of Rent or failure to continuously occupy and operate the Leased Premises as required, or as otherwise set forth in subsections (iii) (iv), (v) or (vi) below) and such breach or failure is not cured within thirty (30) days after Tenant's receipt of notice thereof, unless such condition cannot reasonably be cured within such thirty (30) days, in which case Tenant must commence such cure within said thirty (30) days and diligently pursue said cure to its completion (provided, however, if such breach or failure creates a hazard, public nuisance or dangerous situation, said thirty (30) day grace period shall be reduced to forty-eight (48) hours after Tenant's receipt of notice); (iii) if Tenant vacates, abandons or ceases to continuously operate the Leased Premises as required for sixty (60) consecutive days or for sixty (60) days in any Lease Year; (iv) if Tenant fails to carry and maintain the insurance required by this Lease; (v) if Tenant shall fail to observe or perform according to the provisions of **Article XIV** of this Lease, and such failure is not cured within two (2) Business Days after Tenant's receipt of notice thereof; or (vi) the Leased Premises are not being used for the Permitted Use.

Section 16.02. Remedies and Damages.

A. Upon the occurrence of any event of Default described in Section 16.01 and the expiration of any applicable notice and cure periods as provided therein, Landlord, without any notice or demand whatsoever, shall have all the rights and remedies provided in this Section 16.02, in addition to all other rights and remedies available under this Lease or provided at law or in equity.

B. Upon the occurrence of any event of Default described in this Section, Landlord may, upon notice to Tenant, terminate this Lease, or terminate Tenant's right to possession of the Leased Premises without terminating this Lease (as Landlord may elect). If the Lease or Tenant's right to possession under this Lease are at any time terminated under this Section, or otherwise, Tenant shall immediately surrender and deliver the Leased Premises peaceably to Landlord. If Tenant fails to do so, Landlord shall be entitled to re-enter in accordance with all applicable Laws, without process and without notice (any notice to quit or of re-entry being hereby expressly waived), using such force as may be reasonably necessary; and, alternatively, shall be entitled to the benefit of all provisions of law respecting the speedy recovery of possession of the Leased Premises (whether by summary proceedings or otherwise) any notice to quit or of re-entry being expressly waived.

C. Upon the occurrence of any event of Default described in this Section, Landlord may also perform, on behalf and at the expense of Tenant, any obligation of Tenant under this Lease which Tenant fails to perform, the cost of which (together with an administrative fee equal to twenty percent (20%) of such cost to cover Landlord's overhead in connection therewith) shall be paid by Tenant to Landlord within thirty (30) days after upon demand therefore. In performing any obligations of Tenant, Landlord shall incur no liability for any loss or damage that may accrue to Tenant, the Leased Premises or Tenant's Property by reason thereof, except if caused by Landlord's negligent, willful, wanton and malicious act or omission to act. The performance by Landlord of any such obligation shall not constitute a release or waiver of any of Tenant's obligations under this Lease.

D. Tenant shall not be entitled to any Rent Credit on any day during which a Default by Tenant exists under the Lease. Further, upon termination of this Lease or of Tenant's right to possession, Tenant shall lose the benefit of any Rent Credit and such Rent Credit shall immediately become null and void and Minimum Rent due and payable under the Lease shall thereafter be computed from the date of such termination as if such Rent Credit did not exist.

E. Upon termination of this Lease or of Tenant's right to possession under this Lease, Landlord may at any time and from time to time relet all or any

part of the Leased Premises for the account of Tenant or otherwise, at such rentals and upon such terms and conditions as Landlord shall deem appropriate. In the event that Landlord shall relet the Leased Premises, then rentals received by Landlord from such reletting shall be applied: first, to the payment of such reasonable expenses as Landlord may incur in recovering possession of the Leased Premises, including reasonable legal expenses and attorneys' fees, in placing the Leased Premises in good order and condition and in preparing or altering the same for re-rental; second, to the payment of such reasonable expenses, commissions and charges as may be incurred by or on behalf of Landlord in connection with the reletting of the Leased Premises; and third, to the fulfillment of the covenants of Tenant under the Lease, including the various covenants to pay Rent. Any reletting by Landlord shall not be construed as an election by Landlord to terminate this Lease unless notice of such intention is given by Landlord to Tenant. Notwithstanding any reletting without termination of this Lease, Landlord may at any time thereafter elect to terminate this Lease. In any event, Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished by reason of, any failure by Landlord to relet the Leased Premises or any failure by Landlord to collect any sums due upon such reletting.

F. If this Lease, or Tenant's right to possession of the Leased Premises, is terminated by Landlord pursuant to the provisions of this Section, Tenant nevertheless shall remain liable to Landlord for (a) any Rent, damages or other sums which may be due or sustained prior to such termination, (b) all reasonable costs, fees and expenses (including attorneys' fees, brokerage commissions, advertising costs, and expenses incurred in placing the Leased Premises in good order and condition) incurred by Landlord in pursuit of its remedies hereunder and in renting the Leased Premises to others from time to time; and (c) an amount equal to the Rent (excluding any Rent Credit) which would have become due from the date of such termination through the expiration of the Term (or what would have been the expiration of the Term but for any termination thereof), less the net avails of reletting, if any, which Landlord receives during such period from others to whom the Leased Premises may be rented, which amount shall be due and payable by Tenant to Landlord on the dates such Rent and other sums above specified are due under the Lease; any suit or action brought to collect any such damages for any month shall not in any manner prejudice the right of Landlord to collect any damages for any subsequent month by a similar proceeding.

Section 16.03. **Remedies Cumulative.**

No reference to any specific right or remedy in this Lease shall preclude Landlord from exercising any other right, from having any other remedy, or from maintaining any action to which it may otherwise be entitled under this Lease, at law or in equity.

Section 16.04. **Waiver.**

A. Landlord shall not be deemed to have waived any provision of this Lease, or the breach of any such provision, unless specifically waived by Landlord in a writing executed by an authorized officer of Landlord. No waiver of a breach shall be deemed to be a waiver of any subsequent breach of the same provision, or of the provision itself, or of any other provision.

B. Tenant hereby expressly waives any and all rights of redemption and any and all rights to relief from forfeiture which would otherwise be granted or available to Tenant.

C. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE DISTRICT OF COLUMBIA, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY DISTRICT OF COLUMBIA LAW, AND (III) IN THE

INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE LEASED PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF MINIMUM RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

ARTICLE XVII.

MISCELLANEOUS PROVISIONS

Section 17.01. Notices.

A. Whenever any demand, request, approval, consent or notice (singularly and collectively, "Notice") shall or may be given by one party to the other, such Notice shall be in writing and addressed to the parties at their respective addresses as set forth in Section 1.01 and served by (i) hand, (ii) a nationally recognized overnight express courier, or (iii) registered or certified mail return receipt requested. The date the Notice is received shall be the date of service of Notice. If an addressee refuses to accept delivery, however, then Notice shall be deemed to have been served on either (i) the date hand delivery is refused, (ii) the next business day after the Notice was sent in the case of attempted delivery by overnight courier, or (iii) five (5) business days after mailing the Notice in the case of registered or certified mail. Either party may, at any time, change its Notice address by giving the other party Notice, in accordance with the above, stating the change and setting forth the new address.

B. If any Mortgagee shall notify Tenant that it is the holder of a Mortgage affecting the Leased Premises, no Notice thereafter sent by Tenant to Landlord shall be effective unless and until a copy of the same shall also be sent to such Mortgagee, in the manner prescribed in this Section 17.01, to the address as such Mortgagee shall designate.

Section 17.02. Recording.

Landlord agrees Tenant may record at its sole cost and expense a memorandum of this Lease in form and substance mutually satisfactory to the parties hereto, provided Tenant at its sole cost and expense records a release of the memorandum upon the expiration or earlier termination of the Lease. This provision shall survive the termination of the Lease.

Section 17.03. Interest.

A. If (i) Tenant fails to make any payment under this Lease on or before the date which is ten (10) Business Days after the due date, (ii) Landlord performs any obligation of Tenant under this Lease, or (iii) Landlord incurs any costs or expenses as a result of Tenant's Default under this Lease, then Tenant shall pay, upon demand, Interest from the date such payment was due or from the date Landlord incurs such costs or expenses relating to the performance of any such obligation or Tenant's Default.

B. If Tenant requests Landlord to review and/or execute any documents in connection with this Lease, including any Transfer documents, any

Leasehold Mortgage and Landlord's subordination of its lien interest, Tenant shall pay to Landlord, upon demand, as an administrative fee for the review and/or execution thereof, all reasonable costs and expenses, including reasonable attorneys' fees (which shall include the cost of time expended by in-house counsel) incurred by Landlord and/or Landlord's agent.

Section 17.04. **Legal Expenses.**

A. If Landlord institutes any suit against Tenant in connection with the enforcement of Landlord's rights under this Lease, the violation of any term of this Lease, the declaration of Landlord's rights hereunder, or the protection of Landlord's interest under this Lease, and Landlord prevails in such suit, then Tenant shall reimburse Landlord for its reasonable expenses incurred as a result thereof including court costs and reasonable attorneys' fees. Notwithstanding the foregoing, if Landlord files any legal action for collection of Rent or any eviction proceedings, whether summary or otherwise, for the non-payment of Rent, and Tenant pays such Rent prior to the rendering of any judgment, then Landlord shall be entitled to collect, and Tenant shall pay, all court filing fees and the reasonable fees of Landlord's attorneys.

B. Notwithstanding the foregoing or anything to the contrary contained elsewhere in this Lease, in the event Landlord is represented by the Office of the Attorney General for the District of Columbia ("OAG"), reasonable attorneys' fees shall be calculated based on the then applicable hourly rates established in the most current *Laffey* matrix prepared by the Civil Division of the United States Attorney's Office for the District of Columbia and the number of hours employees of the OAG prepared for or participated in any such litigation. In the event the Laffey Matrix is no longer utilized by OAG, reasonable attorney's fees shall be calculated based on an equivalent amount that a private firm of comparable size to OAG in the Washington D.C. area would have charged for such representation based on the number of hours and level of seniority of OAG staff participating in any such litigation.

Section 17.05. **Successors and Assigns.**

This Lease and the covenants and conditions herein contained shall inure to the benefit of and be binding upon Landlord and Tenant, and their respective permitted successors and assigns. Upon any sale or other transfer by Landlord of its interest in the Leased Premises, Landlord shall be relieved of any obligations under this Lease occurring subsequent to such sale or other transfer.

Section 17.06. **Limitation on Right of Recovery Against Landlord.**

No director, officer, employee, representative or agent of Landlord shall be personally liable in respect of any covenant, condition or provision of this Lease nor shall Landlord be liable to Tenant for any consequential damages, indirect losses, loss of value, temporary loss of business, lost profits, or lost opportunity damages at or arising from the Leased Premises suffered by Tenant. If Landlord breaches or defaults in any of its obligations in this Lease, Tenant shall look solely to the equity of the Landlord in the Leased Premises for satisfaction of Tenant's remedies.

Section 17.07. **Anti Deficiency.**

The obligations of the District of Columbia to fulfill financial obligations pursuant to this Lease, or any subsequent agreement entered into pursuant to this Lease or referenced herein (to which the District is a party), are and shall remain subject to the provisions of (i) the federal Anti-Deficiency Act, 31 U.S.C. §§ 1341, 1342, 1349–1351, 1511–1519 (2004) (the "**Federal ADA**"), and D.C. Official Code §§ 1–206.03(e) and 47–105 (2001); (ii) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47–355.01 to .08 (2004 Supp.) (the "**D.C. ADA**") and (i) and (ii) collectively, as amended from time to time, the "**Anti-Deficiency Acts**"; and (iii)

Section 446 of the District of Columbia Home Rule Act, D.C. Official Code § 1-204.46 (2001).

Section 17.08. **Entire Agreement; No Representations; Modification.**

This Lease including the Exhibits and Addenda attached hereto is intended by the parties to be a final expression of their agreement and as a complete and exclusive statement of the terms thereof. All prior negotiations, considerations and representations between the parties (oral or written) are incorporated herein. No course of prior dealings between the parties or their officers, employees, agents or affiliates shall be relevant or admissible to supplement, explain or vary any of the terms of this Lease. No representations, understandings, agreements, warranties or promises with respect to the Leased Premises or the Building of which they are a part, or with respect to past, present or future tenancies, rents, expenses, operations, or any other matter, have been made or relied upon in the making of this Lease, other than those specifically set forth herein. This Lease may only be modified, or a term thereof waived, by a writing signed by an authorized officer of Landlord and Tenant expressly setting forth said modification or waiver.

Section 17.09. **Severability.**

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

Section 17.10. **Joint and Several Liability.**

If two or more Persons shall sign this Lease as Tenant, the liability of each such Person to pay the Rent and perform all other obligations hereunder shall be deemed to be joint and several, and all Notices, payments and agreements given or made by, with or to any one of such Persons shall be deemed to have been given or made by, with or to all of them. In like manner, if Tenant shall be a partnership or other legal entity, the partners or members of which are, by virtue of any applicable law, rule, or regulation, subject to personal liability, the liability of each such partner or member under this Lease shall be joint and several and each such partner or member shall be fully obligated hereunder and bound hereby as if each such partner or member had personally signed this Lease.

Section 17.11. **Broker's Commission.**

Tenant warrants and represents to Landlord that no broker, finder or agent has acted for or on its behalf in connection with the negotiation, execution or procurement of this Lease. Tenant each agrees to indemnify and hold Landlord harmless from and against all liabilities, obligations and damages arising, directly or indirectly, out of or in connection with a claim from a broker, finder or agent with respect to this Lease or the negotiation thereof, including costs and attorneys' fees incurred in the defense of any claim made by a broker alleging to have performed services on behalf Tenant.

Section 17.12. **Irrevocable Offer, No Option.**

The submission of this Lease by Landlord to Tenant for examination shall not constitute an offer to lease or a reservation of or option for the Leased Premises. Tenant's execution of this Lease shall be deemed an offer by Tenant, but this Lease shall become effective only upon execution thereof by both parties and delivery thereof to Tenant. Execution of this Lease or any other agreement between the parties is subject to authorization by the Council of the District of Columbia

pursuant to § 451 of the District Charter (D.C. Official Code § 1-204.51 (2001)) and/or D.C. Official Code § 10-1008 (2001), each as applicable (“**Council Approval**”)

Section 17.13. **Inability to Perform.**

Except for the payment of monetary obligations, if Landlord or Tenant is delayed or prevented from performing any of its obligations under this Lease by reason of acts of God, strike, labor troubles, or any similar cause whatsoever beyond their control, the period of such delay or such prevention shall be deemed added to the time herein provided for the performance of any such obligation by Landlord or Tenant.

Section 17.14. **Survival.**

Occurrence of the Termination Date shall not relieve Tenant from its obligations accruing prior to the expiration of the Term. All such obligations shall survive termination of the Lease.

Section 17.15. **Tenant’s Representations.**

A. Tenant hereby represents and warrants to Landlord as follows:

(1) (i) Tenant is a not for profit corporation duly organized, validly existing and in good standing under the laws of the District of Columbia, (ii) Tenant is duly qualified to conduct business in the District of Columbia, and (iii) Tenant has the power and authority to conduct the business in which it is currently engaged;

(2) Tenant (i) has the power and authority to execute, deliver and perform its obligations under this Lease, and (ii) has taken all necessary action to authorize the execution, delivery and performance of this Lease;

(3) To the best of Tenant’s knowledge, no consent or authorization of, or filing with, any Person (including any Governmental Authority), which has not been obtained is required in connection with the execution, delivery and performance of this Agreement by Tenant, except for: (i) any applicable zoning approvals, if any; and (ii) permits and approvals from Governmental Authorities required to construct and/or perform Tenant’s;

(4) This Lease has been duly executed and delivered by Tenant, and constitutes the legal, valid and binding obligation of Tenant, enforceable against Tenant in accordance with its terms;

(5) The execution, delivery and performance by Tenant of this Lease will not violate any applicable Laws or result in a breach of any contractual obligation to which Tenant is a party;

(6) Tenant’s execution, delivery and performance of this Lease and the transactions contemplated hereby shall not: (i) to the best of Tenant’s knowledge, violate any judgment, order, injunction, decree, regulation or ruling of any court or Governmental Authority with proper jurisdiction that is binding on Tenant; or (ii) result in a

breach or default under any provision of the organizational documents of Tenant;

(7) No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the best knowledge of Tenant, threatened by or against Tenant which, if adversely determined, individually or in the aggregate, could reasonably be expected to have a material adverse effect on Tenant and its ability to perform its obligations under this Lease; and

Section 17.16. **Construction of Certain Terms.**

The term "including" shall mean in all cases "including without limitation". Wherever Tenant is required to perform any act hereunder, such party shall do so at its sole cost and expense, unless expressly provided otherwise. All payments to Landlord, other than Minimum Rent, whether as reimbursement or otherwise, shall be deemed to be Additional Rent, regardless whether denominated "as **Additional Rent.**" The term "days" shall mean calendar days unless Business Days are specifically referenced.

Section 17.17. **Showing of Leased Premises.**

Subject to the provisions of Section 10.03 hereof, Landlord may enter upon the Leased Premises for purposes of showing the Leased Premises to tenants during the last twelve (12) months of the Term.

Section 17.18. **Relationship of Parties.**

This Lease shall not create any relationship between the parties other than that of Landlord and Tenant.

Section 17.19. **Rule Against Perpetuities.**

If Landlord fails to deliver the Leased Premises to Tenant within five (5) years from the Date of Lease, this Lease shall automatically terminate at the end of such period.

Section 17.20. **Choice of Law.**

This Lease shall be construed, and all disputes, claims, and questions arising hereunder shall be determined, in accordance with the laws of the District of Columbia.

Section 17.21. **Choice of Forum.**

Any action involving a dispute relating in any manner to the Lease, the relationship of Landlord/Tenant, the use or occupancy of the Leased Premises, and/or any claim of injury or damage shall be filed and adjudicated solely in the District of Columbia or any applicable federal courts of the jurisdiction in which the Leased Premises are located.

Section 17.22. **Time is of the Essence.**

Time is of the essence with respect to each and every obligation arising under this Lease.

Section 17.23. **False Claims.**

Notwithstanding anything to the contrary in this Lease, and without limitation of any kind, all demands for payment or reimbursement of any kind

under this Lease made by Tenant, if any, shall be subject to D.C. Official Code §§ 2-308.13 - 2-308.19 (2001) and the remedies available thereunder.

Section 17.24. **Hazardous Materials.**

A. Except for (i) ordinary and general office and school supplies typically used in the ordinary course of business, such as copier toner, liquid paper, glue and ink, and common household cleaning materials, and (ii) products which are necessary and customary in the conduct of Tenant's business in accordance with Tenant's Permitted Use, and (iii) products which are necessary and customary in connection with the construction, performance and installation of Tenant's Work and any Alterations, all of which shall be stored, used and disposed of in accordance with all Hazardous Material Laws, Tenant agrees not to cause or permit any Hazardous Materials to be brought upon, stored, used, handled, generated, released or disposed of, on, in, under or about the Leased Premises, by Tenant, its agents, employees, subtenants, assignees, contractors or invitees. Tenant shall not discharge Hazardous Materials or wastes into or through any sanitary sewer serving the Leased Premises.

B. Tenant shall immediately notify Landlord in writing (and provide Landlord with copies) when (and if) Tenant first becomes aware or receives notice of any proceedings, actions, claims, notices, demands, reports or asserted violations arising out of or in connection with the presence of Hazardous Materials, or any actual or alleged violations of any Hazardous Material Laws, at, on, under or near the Leased Premises.

C. In the event Hazardous Materials are discovered in, under or about the Leased Premises at any time due to any act or omission of Tenant (its agents, employees or contractors) which is (a) negligent, (b) unlawful, or (c) in violation of Tenant's obligations pursuant to the Lease, Tenant shall promptly, at its sole risk and expense, commence to perform, and diligently prosecute to completion, all work necessary or required to remove, treat, dispose of and clean up the Hazardous Materials and return the Leased Premises, and any adjacent property affected by such Hazardous Materials to the condition existing prior to the contamination by the Hazardous Materials. All such remediation shall be approved by Landlord and shall be performed to its satisfaction in accordance with all Hazardous Materials Laws.

E. Tenant shall defend, indemnify and hold harmless Landlord's Indemnitees, its successors and assigns, from and against any and all liabilities, actions, demands, penalties, losses, costs and expenses (including reasonable attorneys' fees, consultants' fees and remedial costs), suits, costs of any settlement or judgment and claims which may be paid, incurred or suffered by or asserted against any of Landlord's Indemnitees, its successors and assigns, as a result of the presence on or under the Leased Premises of Hazardous Materials, or the Release of Hazardous Materials, which such presence or Release is due to (a) any act or omission of Tenant (its agents, employees, contractors or invitees) or (b) in violation of Tenant's obligations pursuant to the Lease. Notwithstanding the foregoing, or anything to contrary contained elsewhere in this Lease, the foregoing indemnification shall not include the presence or Release of any Hazardous Materials in, on or under the Leased Premises prior to the Lease Commencement Date, unless due to a Tenant Release.

F. The term "**Tenant Release**" shall mean the Release of a Hazardous Materials to the extent caused by Tenant, its agents, contractors, subcontractors or employees in, at or under the Leased Premises after the Lease Commencement Date.

G. The term "**Release**" shall mean releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping of a Hazardous Materials, regardless of whether such event is the result of an intentional or unintentional act or omission.

Section 17.25 **First Source and CBE.**

In the event that Tenant makes or causes to be made any Capital Alterations or Leasehold Improvements to the Leased Premises Tenant shall, to the extent required by Laws, prior to commencing any such work:

A. Enter into a "**Certified Business Enterprise**" agreement with the District of Columbia governing the obligations of Tenant under the Small, Local and Disadvantaged Business Enterprise Development and Assistant Act of 2005 (D.C. Law 16-33; D.C. Official Code Section 2-218.01 et seq.); and

B. Enter into a "**First Source Agreement**" with the District of Columbia governing the obligations of Tenant under the First Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C. Official Code.

Section 17.26 **Nondiscrimination Covenants.**

A. Tenant shall not discriminate upon the basis of race, color, religion, sex, national origin, ethnicity, sexual orientation, or any other factor which would constitute a violation of the D.C. Human Rights Act or any other applicable Laws, or court order, in the sale, lease, or rental or in the use or occupancy of the Leased Premises.

B. Tenant shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, or any other factor which would constitute a violation of the D.C. Human Rights Act or other applicable Laws or court order.

C. Tenant will take affirmative action to ensure that employees are treated equally during employment, without regard to their race, color, religion, sex, or national origin, age, marital status, personal appearance, sexual orientation, family responsibilities, matriculation, political affiliation, or physical handicap. Such affirmative action shall include, but not be limited to, the following: (i) employment, upgrading, or transfer; (ii) recruitment or recruitment advertising; (iii) demotion, layoff, or termination; (iv) rates of pay or other forms of compensation; and (v) selection for training and apprenticeship. Tenant agrees to post in conspicuous places available to employees and applicants for employment notices to be provided by the District of Columbia or any agency thereof setting forth the provisions of this non-discrimination clause.


D. Tenant will, in all solicitations or advertisements for potential employees placed by or on behalf of Tenant, include the federal U.S. Equal Employment Opportunity Commission's logotype, statement, or slogan as a means of educating the public that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin or any other factor which would constitute a violation of the D.C. Human Rights Act or other applicable Laws or court order.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto intending to be legally bound hereby have executed this Lease under their respective hands and seals as of the day and year first above written.

LANDLORD:

DISTRICT OF COLUMBIA, a municipal corporation

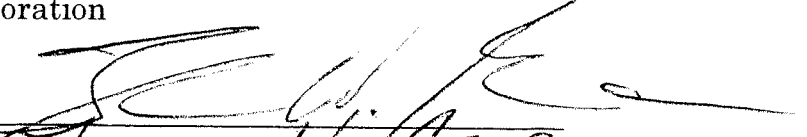
By: 

Name: Robin-Eve Jasper

Title: Director

TENANT:

ASSOCIATES FOR RENEWAL IN EDUCATION, INC., a not for profit District of Columbia corporation

By: 
Name: Thomas W. Gore
Title: President & Executive Director

Approved For Legal Sufficiency:

By: 

Name: Steven A. Sadel

Title: Assistant Attorney General

EXHIBIT A

LEGAL DESCRIPTION

That certain real property and all improvement situated thereon known as Square
0615 in Lot 0827

ADDENDUM I

OPTION TO EXTEND

Tenant shall have the option to extend the Term hereof for one (1) additional period of five (5) years (hereinafter "Option Period"), subject to the following terms and conditions:

a. Tenant may exercise such option by giving Landlord written notice, via certified mail-return receipt requested, of its intent to exercise said option, such notice to be received by Landlord at least twelve (12) months prior to the expiration of the original Term.

b. At the time of exercise, (i) Tenant is not in Default under any of its obligations under the Lease, and (ii) Tenant is operating a business in the Leased Premises in accordance with the Permitted Use.

c. All other terms and conditions of this Lease shall remain unchanged and apply during the Option Period except that the Minimum Rent shall be determined, based upon the "Fair Market Value" of the Leased Premises as of the commencement of the Option Period (as determined in accordance with appraisals as required by the Landrieu Act, to be obtained by Landlord at its expense).

d. If such option is not timely exercised, Tenant's right to renew shall expire and the Lease shall terminate at the end of the Term.

e. The determination of the Fair Market Value in accordance with the foregoing shall be final, binding and conclusive on Landlord and Tenant; provided, however, that if (i) the resulting Fair Market Value is less than the Minimum Rent in effect during the final Lease Year of the initial Term, then Landlord shall have the right to terminate this Lease effective as of the Termination Date and the renewal option set forth herein shall be null and void, such election to be made by Landlord in writing within thirty (30) days after Tenant's receipt of the Fair Market Value determinate in accordance with this Addendum or (ii) if the resulting Fair Market Value is more than one hundred and ten percent (110%) of the Minimum Rent in effect during the final Lease Year of the initial Term, then Tenant shall have the right to terminate this Lease effective as of the Termination Date and the renewal option set forth herein shall be null and void, such election to be made by Tenant in writing within thirty (30) days after Tenant's receipt of the Fair Market Value determinate in accordance with this Addendum.

ADDENDUM II

LANDLORD'S RIGHT TO TERMINATE

Notwithstanding anything to contrary contained elsewhere in the Lease, during the initial Term of the Lease, Landlord shall have the right to terminate and cancel the Lease at anytime upon twelve (12) months prior written notice to Tenant; provided, however, if Tenant makes or causes to be made any Alterations to the Leased Premises which are “**Capital**” in nature, the cost of which is in excess of \$500,000.00 and Landlord and Tenant have agreed as to the scope, schedule and budget of such work, Landlord shall waive its right to terminate the Lease under this Addendum II upon the closing by Tenant of any financing for the construction of such Capital Alterations for the Leased Premises.

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this “**First Amendment**”) is executed on August 30, 2016 and made effective as of the 15th day of June, 2015 (the “**First Amendment Effective Date**”) by and between the **DISTRICT OF COLUMBIA**, a municipal corporation, by and through its Department of General Services (“**District**” or “**Landlord**”), and **ASSOCIATES FOR RENEWAL IN EDUCATION, INC.**, a District of Columbia not for profit corporation (“**Tenant**”). Landlord and Tenant are each referred to hereinafter as a “**Party**” and collectively referred to as the “**Parties**”.

WITNESSETH:

WHEREAS, District and Tenant entered into a Ground Lease Agreement dated June 15, 2010 (the “**Original Lease**”, and as amended by this First Amendment, the “**Lease**”), pursuant to which Tenant leases from the District the Leased Premises commonly known as the Slater School located at 45 P Street, N.W, Washington, D.C., and

WHEREAS, as the Term of the Original Lease expired on June 14, 2015, subject to Tenant’s Option to Extend (as defined in the Original Lease), the Parties desire to amend the Original Lease to reflect Tenant’s exercise of the Option to Extend, to provide Tenant with rent abatement for capital alterations performed by Tenant at the Leased Premises, and to make other modifications to the Original Lease as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Incorporation of Recitals, Exhibits, and Definitions.** The foregoing recitals are true and correct and are incorporated herein by reference. All exhibits annexed hereto are incorporated herein. Any capitalized terms used, but not defined, in this First Amendment shall have the meanings ascribed to them in the Original Lease. Except as expressly provided in this First Amendment, the Original Lease shall remain in full force and effect. All references in the Original Lease to “this Lease” or “the Lease” shall mean the Original Lease, as amended by this First Amendment.

2. **Term.** The Term of the Lease is hereby extended for a period of five (5) years commencing on June 15, 2015 and ending on June 14, 2020, subject to Addendum II as set forth in Section 8 of this First Amendment, (the “**First Extended Term**”). Any provision in the Lease, whether express or implied, which provides or could be construed as providing Tenant any additional right to further extend the Term past the expiration date of the First Extended Term set forth in the preceding sentence, including but not limited to Addendum I of the Original Lease, shall no longer be applicable or of any force or effect.

3. **Minimum Rent.** The second, third, and fourth paragraphs of Section 1.01(G) of the Original Lease are hereby deleted and replaced with the following paragraph:

“The Minimum Rent per annum for the first Lease Year of the First Extended Term shall be Sixty Thousand and 00/100 Dollars (\$60,000.00), payable in equal

monthly installments of Five Thousand and 00/100 Dollars (\$5,000.00) and paid pursuant to Article V of this Lease. At the commencement of the second Lease Year of the First Extended Term, and on every anniversary thereof during the First Extended Term, the then current Minimum Rent shall be increased by two percent (2%). The Parties agree and acknowledge that Tenant has paid all amounts due under the Original Lease in full as of the First Amendment Effective Date.”

4. **Rent Abatement.** The following Section is hereby added to the Original Lease as Section 5.06:

“Section 5.06. **Rent Abatement.**

A. Subject to the provisions of this Section 5.06, commencing on the First Amendment Effective Date and continuing through the end of the First Extended Term, Tenant shall be entitled to a credit against Minimum Rent as the same becomes due and payable, on a dollar-for-dollar basis, in the amount of Tenant’s Construction Costs (defined below). If Tenant makes or causes to be made any Capital Alterations (as defined in Section 9.02.A below) to the Leased Premises on or after the First Amendment Effective Date, Tenant shall be entitled to a credit against Minimum Rent (a “**Rent Abatement**”) in an aggregate amount equal to the lesser of (a) Tenant’s actual Construction Costs (as defined below), and (b) Three Hundred Thousand and 00/100 Dollars (\$300,000.00), pursuant and subject to the following provisions:

(i) Tenant must submit a written request to Landlord to apply for a Rent Abatement;

(ii) Tenant may apply for a Rent Abatement only once during any Lease Year of the First Extended Term and shall not submit more than a total of three (3) requests during the First Extended Term;

(iii) no Default by Tenant under this Lease exists at the time any request is submitted to Landlord for a Rent Abatement;

(iv) each request must be for at least Fifty Thousand and 00/100 Dollars (\$50,000.00) in Construction Costs;

(v) Landlord shall have approved in writing the Scope, Schedule and Budget for the applicable Capital Alterations pursuant to the provisions of, and as such terms are defined in, Section 9.02.B below; and

(vi) the actual amount of the Rent Abatement shall be based on and determined after the Final Accounting (as defined in Section 9.02.B below).

“**Construction Costs**” shall mean the actual construction costs (including both hard and soft costs) incurred by Tenant in performing Tenant’s Capital Alterations to the Leased Premises, but specifically excluding (x) the costs of purchasing and/or installing Tenant’s Property (defined in Section 9.05) incurred by Tenant in performing the applicable Capital Alterations, and (y) costs arising from or in connection with any damages to the Leased Premises caused by Tenant.

B. Notwithstanding anything to the contrary in this Lease, Tenant is not entitled to the Rent Abatement for any period that a Default by Tenant under this Lease exists and the Rent Abatement shall be suspended for such period. If Rent Abatement has been applied for any period that a Default by Tenant exists, then any such amount shall be subject to recapture by Landlord and automatically payable by Tenant to Landlord without demand. Upon the occurrence of a Default by Tenant, Landlord shall also have the right to recapture the full amount of any Rent Abatement applied toward Minimum Rent ("**Abatement Recapture**"). Any Abatement Recapture shall be automatically due and payable on the first day of a Default by Tenant. Notwithstanding the foregoing, upon Tenant's cure of a Default and Landlord's receipt of a written request by Tenant, Landlord shall credit against Minimum Rent, as the same becomes due, an amount equal to any Abatement Recapture paid by Tenant to Landlord."

5. **Alterations.**

(a) Section 9.02, 9.03, 9.04 and 9.05 of the Original Lease are hereby deleted in their entirety and replaced with the following:

"Section 9.02. **Capital Alterations.**

A. During the First Extended Term, Tenant may, at its election subject to this Section 9.02, carry out Alterations (as defined in Section 9.03 below) which are considered capital improvements or capital expenditures under generally accepted accounting principles, but excluding Tenant's Property ("**Capital Alterations**"). Any Capital Alterations shall be performed by Tenant substantially in accordance with detailed plans and specifications, to be prepared by Tenant's architect and provided to Landlord in one (1) printed set of plans (and the related electronic files) (any such plans and specifications being "**Plans and Specifications**"), all of which shall be submitted to Landlord, at least one (1) calendar month prior to the commencement of such Capital Alterations, for Landlord's written approval (as to both design and materials), which approval shall not be unreasonably withheld, conditioned or delayed.

B. Prior to commencement of any Capital Alterations, Tenant shall submit to Landlord for its consent, which consent shall not be unreasonably withheld, conditioned or delayed, a proposed scope of work setting forth in detail the work to be performed ("**Scope**"), together with an estimated schedule ("**Schedule**") and estimated budget ("**Budget**"), which Scope, Schedule and Budget after approval by both Parties may be modified at any time or times only with Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Upon completion of any Capital Alterations, Tenant shall prepare and provide to Landlord a final accounting of Construction Costs (as defined in Section 5.06) for the Capital Alterations, based upon paid invoices and other evidence of the costs and expenses incurred by Tenant with respect thereto ("**Final Accounting**"). The Parties acknowledge that Landlord

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has reviewed and approved the Scope, Schedule and Budget for the Capital Alterations described therein, attached hereto as **Exhibit A**.

C. Subject to Force Majeure and other similar causes beyond Tenant's reasonable control, Tenant shall perform and complete the Capital Alterations in accordance with the timelines and dates set forth in the applicable Schedule.

D. Capital Alterations, including the review and approval process for the Plans and Specifications and the other documents and materials described in subsections A and B above, shall be performed and governed by the process set forth in Section 9.04 of this Lease.

E. Within sixty (60) days after Completion of Capital Alterations, the following items must be submitted to Landlord by or on behalf of Tenant:

(i) A notice from Tenant, or its general contractor, certifying in writing to Landlord that one hundred percent (100%) of the Capital Alterations, as specified in the applicable final Plans and Specifications as approved by Landlord, is Completed;

(ii) An affidavit of Tenant's chief fiscal officer stating the total Construction Costs for the Capital Alterations;

(iii) Final unconditional releases of liens executed by all applicable suppliers, materialmen, contractors and subcontractors or sufficient bonds to cover the same;

(iv) An affidavit listing (a) the names of all contractors, subcontractors, suppliers and materialmen who provided or supplied, labor, services, goods and materials to the Leased Premises, and (b) that all listed contractors, subcontractors, suppliers and materialmen have been paid in full for the labor, services, goods and materials provided or supplied to the Leased Premises as of the date of the affidavit; and

(v) A permanent or temporary certificate of occupancy for the Leased Premises, if applicable.

Section 9.03 **Alterations**.

Except as otherwise provided herein, including Completion of Capital Alterations made pursuant to Section 9.02, Tenant shall not make or cause to be made any alterations, additions, renovations, improvements or installations in or to the Leased Premises (hereinafter singularly referred to as an "**Alteration**" and collectively as "**Alterations**") without Landlord's prior consent, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing or anything to the contrary contained elsewhere in this Lease, Tenant may make or cause to be made any Alteration without Landlord's consent

provided that such Alteration does not (i) materially alter, impair or modify the structure or base Building systems, (ii) materially change the floor area, total volume or height of the Building, (iii) modify in any material respect the basic character and function of the Building, (iv) materially modify the external appearance of the Building, (v) increase the overall square footage of enclosed building space on the Leased Premises or (vi) cost in excess of One Million Dollars (\$1,000,000.00), individually or in the aggregate in any 12 month period. Notwithstanding the foregoing, Tenant shall have the right, at any time and from time to time, as often and frequently as Tenant wishes, to make Alterations to the interior of the Building that are cosmetic in nature, including without limitation, painting and floor coverings, as Tenant in Tenant's sole and absolute discretion shall deem necessary or desirable, without the necessity of notifying Landlord thereof or securing Landlord's permission or consent therefor. In the event of an emergency which threatens life, safety or property, Tenant shall have the right to make all necessary repairs and/or Alterations without Landlord's consent which are reasonably required to abate the emergency. Notwithstanding the foregoing or anything to the contrary contained elsewhere in this Lease, Tenant shall not install any fencing on the Leased Premises without Landlord's prior consent, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 9.04 **Work Requirements.**

A. All work performed by Tenant in the Leased Premises, including without limitation Capital Alterations, shall be performed: (i) promptly and once commenced diligently pursued to timely Completion as set forth in the Schedule; (ii) in a good and workmanlike manner, with new materials; (iii) by duly qualified, insured and licensed (and bonded (if required by Laws) Persons; and (iv) in accordance with (a) if the work requires Landlord's consent pursuant to this Lease and to the extent applicable, Plans and Specifications approved by Landlord, and (b) all applicable Laws. Upon completion of any Alterations, including Capital Alterations, Tenant shall deliver to Landlord' a reproducible copy of any "as built" drawings of such work as well as copies of all permits, approvals and other documents issued by any governmental agency in connection with such work. If Tenant fails to comply with the requirements under this Section (beyond any applicable notice and cure period), then Tenant shall be in Default.

B. No Alteration which requires Landlord's consent, including for Capital Alterations, shall be made until all Plans and Specifications for any such Alteration have been approved or deemed approved by Landlord as hereinafter provided, such consent not to be unreasonably withheld, conditioned or delayed. Landlord shall have fifteen (15) Business Days from its receipt of all Plans and Specifications (or revisions to the Plans and Specifications) to review and advise Tenant of its approval or of any changes Landlord requires to be made. Within ten (10) Business Days after receipt of Landlord's notice of changes (if any), Tenant shall cause all such changes to be made, and Tenant shall resubmit the revised Plans and Specifications for Landlord's review. The revisions and

resubmission shall continue until Landlord shall have approved, or shall be deemed to have approved, Tenant's Plans and Specifications. In the event that Landlord has not responded to Tenant within such fifteen (15) Business Day period, then Tenant shall have the right to deliver a notice to Landlord containing the following language in bold font and capital letters: **THIS NOTICE IS DELIVERED PURSUANT TO SECTION 9.04 OF YOUR LEASE FOR LEASED PREMISES AT 45 P STREET, NW, WASHINGTON, DC 20001. IF YOU FAIL TO APPROVE OR DISAPPROVE OR SEND COMMENTS TO THOSE CERTAIN PLANS AND SPECIFICATIONS DELIVERED TO YOU ON _____ FOR WORK TO BE DONE AT 45 P STREET, NW, WASHINGTON, DC 20001 WITHIN FIVE (5) BUSINESS DAYS OF LANDLORD'S RECEIPT OF THIS NOTICE, LANDLORD WILL BE DEEMED TO HAVE APPROVED SUCH PLANS AND SPECIFICATIONS.** If Landlord fails to respond within five (5) Business Days after receipt of such notice from Tenant, then Landlord shall be deemed to have approved such Plans and Specifications for the applicable work. Landlord's approval of the final Plans and Specifications shall be evidenced by (i) Landlord and Tenant initialing two (2) complete sets of final Plans and Specifications, (ii) Landlord otherwise confirming in writing that the Plans and Specifications are final; or (iii) the expiration of the time periods set forth above, in which Landlord shall have been deemed to have granted its approval, whereupon one fully executed set shall be left with the Landlord.

C. The approval by Landlord of the Plans and Specifications, if given, shall not (i) imply Landlord's approval of the structural or engineering designs as to quality or fitness of any material or device used; (ii) imply that the Plans and Specifications are in accordance with applicable Law (it being agreed that such compliance is solely Tenant's responsibility); (iii) relieve Tenant of the responsibility to construct structurally sound improvements which are free of defects; (iv) impose any liability on Landlord or any third party; or (v) serve as a waiver or forfeiture of any right of Landlord.

Section 9.05 Ownership of Improvements.

Upon Tenant's vacation or abandonment of the Leased Premises, all present and future Alterations, including Capital Alterations, located on or hereafter made to the Leased Premises (collectively, "**Leasehold Improvements**") shall be deemed to be the property of Landlord, and shall remain upon and be surrendered with the Leased Premises in good order, condition and repair. All movable property, including movable goods, inventory, office furniture, equipment, trade fixtures (including, without limitation, exterior Signs, white boards, and curtains) and any other movable personal property belonging to Tenant that are not permanently affixed to the Leased Premises (the "**Tenant's Property**") shall remain Tenant's property and shall be removable by Tenant at any time, provided that Tenant (i) is not in Default under this Lease, and

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(ii) shall repair any damage to the Leased Premises caused by the removal of any of such Tenant's Property."

6. **Insurance.** (a) Section 8.03 of the Original Lease is hereby deleted in its entirety and replaced with the following:

"Tenant, at its sole cost and expense, shall keep the Leased Premises, the Building and all improvements, trade fixtures, machinery, equipment and personal property located thereon insured, and will name Landlord as an additional insured thereunder during the Term against loss or damage by fire, windstorm, hazard, theft, vandalism, malicious mischief and sprinkler leakage, and such other insurable risks as Landlord may reasonably specify from time to time for no less than an amount equal to their replacement cost, without deduction for depreciation which replacement cost shall be determined, at Tenant's sole cost, at annual intervals by one or more of the insurers or by an architect, contractor, or appraiser selected by Tenant and reasonably approved by Landlord. Commencing on the First Amendment Effective Date and at all times thereafter, Tenant shall carry and maintain, at its sole cost and expense:

A. Commercial General Liability Insurance (ISO form or equivalent) naming Tenant as the named insured and Landlord as an additional insured, protecting Tenant and the additional insured against liability for bodily injury, death and property damage occurring upon or in the Leased Premises, with a minimum combined single limit of Two Million Dollars (\$2,000,000.00) and a general aggregate limit of Five Million Dollars (\$5,000,000.00).

B. "Special Form" property insurance covering the Building, the Leasehold Improvements and Tenant's Property written for at least the full replacement cost with a deductible of not more than Five Thousand Dollars (\$5,000.00).

C. Child Molestation/Sexual Misconduct liability insurance in the aggregate amount of not less than \$3,000,000.00.

D. Workmen's compensation insurance (in statutorily required amounts and policy forms).

E. Flood insurance (if the Leased Premises are determined to be within a flood hazard area) and such other policies of insurance covering other insurable perils which are customarily insured against in the case of comparable properties in the District of Columbia and in such amounts as may from time to time be reasonably required by Landlord or as may be required by law.

F. Appropriate employer's liability insurance in an amount not less than One Million Dollars (\$1,000,000.00) per accident; One Million Dollars (\$1,000,000.00) per employee; One Million Dollars (\$1,000,000.00) policy limit.

G. Notwithstanding the foregoing or anything to the contrary contained elsewhere in this Lease, the amount of such coverage shall be subject to Landlord's annual review. In the event Landlord, in its reasonable judgment, deems the coverage

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required under this Section 8.03 insufficient based on standard practice in connection with comparable properties and with comparable tenants in the District of Columbia after any such annual review, Tenant shall increase the amount or type of coverage required hereby by Landlord, provided such increase shall be commercially reasonable.”

(b) Section 8.04 of the Original Lease is hereby deleted in its entirety and replaced with the following,

“Tenant’s Contractor’s Insurance.

Tenant shall carry, or cause any contractor performing work on the Leased Premises to obtain, carry and maintain, at no expense to Landlord: (i) worker’s compensation insurance and employer’s liability insurance as required by the District of Columbia; (ii) builder’s risk insurance with a deductible no greater than Fifty Thousand Dollars (\$50,000.00), in the amount of the full replacement cost of the Building and the Leasehold Improvements; (iii) Commercial General Liability Insurance providing on an occurrence basis a minimum combined single limit of Two Million Dollars (\$2,000,000.00) per occurrence (and Five Million Dollars (\$5,000,000.00) general aggregate, if applicable); and (iv) business automobile liability insurance including the ownership, maintenance and operation of the automotive equipment, owned, hired and non-owned coverage with a combined single limit of not less than One Million Dollars (\$1,000,000.00) for bodily injury and property damage. If the contractor fails to acquire such insurance, Tenant shall provide such insurance (except worker’s compensation insurance and employer’s liability) at its sole cost and expense.

7. **Landlord’s Notice Address.** Section 1.01.J of the Original Lease is hereby amended to provide that the Landlord’s address for notices is as follows:

LANDLORD:

District of Columbia Department of General Services
2000 14th Street, N.W., 8th Floor
Washington, D.C. 20009
Attention: Director

and

District of Columbia Department of General Services
2000 14th Street, N.W., 8th Floor
Washington, D.C. 20009
Attention: General Counsel

In the event of an alleged Landlord default, with a copy to:

Office of the Attorney General for the District of Columbia
441 4th Street, N.W., Suite 1010 South

Washington, D.C. 20001
Attention: Deputy of the Commercial Division

8. **Landlord's Right to Terminate.** The provisions of Addendum II to the Original Lease is hereby deleted and replaced with the following: Notwithstanding anything to the contrary contained elsewhere in this Lease, Landlord shall have the right to terminate and cancel this Lease at any time upon twelve (12) months' prior written notice to Tenant; provided, however, that if Tenant makes or causes to be made any Capital Alterations during the First Extended Term, the total Construction Cost of which is in excess of \$500,000.00 and Landlord and Tenant have agreed as to the Scope, Schedule, and Budget of such work, Landlord shall waive its right to terminate this Lease under this Addendum II upon the closing by Tenant of any financing for the construction of such Capital Alterations to the Leased Premises.

9. **Waiver.** No failure or delay by a Party to insist upon the strict performance of any term, condition or covenant of the Lease, or to exercise any right, power or remedy hereunder shall constitute a waiver of the same or any other term of the Lease or preclude such Party from enforcing or exercising the same or any such other term, conditions, covenant, right, power or remedy at any later time.

10. **Brokers.** Tenant represents and warrants that it is not represented by any agent or broker and that there are no brokerage commissions or finders' fees of any kind due in connection with this First Amendment. In addition to any other indemnity provided under the Original Lease, Tenant shall indemnify the District and defend and save the District and all of its officers, agents and servants harmless from and against any and all claims, liabilities, or demands for payment made by any broker or agent claiming through Tenant, with respect to this First Amendment.

11. **Governing Law.** This First Amendment shall be construed and governed by the laws of the District of Columbia.

12. **Miscellaneous.** In the event of any conflict between any terms of this First Amendment and of the Original Lease, the terms of this First Amendment shall control. This First Amendment may not be amended, modified or otherwise changed in any respect whatsoever except by a writing duly executed by authorized representatives of Landlord and Tenant. Each Party acknowledges that it has read this First Amendment, fully understands all of this First Amendment's terms and conditions, and executes this First Amendment freely, voluntarily and with full knowledge of its significance. Each Party has had the opportunity to receive the advice of counsel prior to the execution hereof. This First Amendment shall be binding upon and inure to the benefit of the parties, their respective heirs, legal representatives, successors and permitted assigns.

13. **Counterparts.** This First Amendment may be executed in counterparts and in facsimile or e-mail PDF transmission, and all such counterparts together shall constitute but one original of this First Amendment. Each counterpart shall be equally admissible in evidence, and each such counterpart shall fully bind each Party who has executed it.

14. **Agreement to Perform Necessary Acts.** Each Party agrees that upon demand, it shall promptly perform all further acts and execute, acknowledge, and deliver all further instructions, instruments and documents which may be reasonably necessary or useful to carry out the provisions of this First Amendment subject to the restrictions imposed by applicable laws and regulations, and in the case of Tenant, at no cost or expense to Tenant.

15. **Captions and Headings.** The titles or headings of the various paragraphs hereof are intended solely for convenience of reference and are not intended and shall not be deemed to modify, explain or place any construction upon any of the provisions of this First Amendment.

16. **Authority.**

a. **Landlord's Representations.** By executing this First Amendment, Landlord represents to Tenant that: (i) Landlord is authorized to enter into, execute, and deliver this First Amendment and perform its obligations hereunder; (ii) this First Amendment is effective and enforceable against Landlord in accordance with its terms and limitations as set forth herein; (iii) the person signing this First Amendment on Landlord's behalf is duly authorized to execute same; and (iv) no other signatures or approvals are necessary in order to make all of the representations of the Landlord contained in this Section true and correct, in all material respects.

b. **Tenant's Representations.** By executing this First Amendment, Tenant represents to Landlord that: (i) Tenant is authorized to enter into, execute and deliver this First Amendment and perform its obligations hereunder; (ii) this First Amendment is effective and enforceable against Tenant in accordance with its terms and limitations as set forth herein; (iii) the person signing this First Amendment on Tenant's behalf is duly authorized to execute the same; (iv) no other signatures or approvals are necessary in order to make all of the representations of Tenant contained in this Section true and correct, in all material respects; (v) Tenant is in good standing in the District of Columbia; and (vi) to Tenant's best knowledge, Tenant is in compliance with all District of Columbia laws and regulations applicable to Tenant, including but not limited to laws and regulations pertaining to the District of Columbia Office of Tax and Revenue and the District of Columbia Department of Employment Services.

17. **Anti-Deficiency Acts.** (a) Whether expressly or impliedly qualified or limited in any Section of the Lease, the obligations of the District to fulfill any financial obligation pursuant to the Lease or any subsequent agreement entered into pursuant to the Lease, or referenced herein, to which the District is a party (each, an "**Other Agreement**") are and shall remain subject to the provisions of: (i) the federal Anti-Deficiency Act, 31 U.S.C. §§ 1341, 1342, 1349-1351 and 1511-1519 (2004), and D.C. Official Code §§ 1-206.03(e) and 47-105 (2001); (ii) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47-355.01 – 355.08 (2006 Supp.) ((i) and (ii) collectively, as may be amended from time to time, the "**Anti-Deficiency Acts**"); and (iii) § 446 of the District of Columbia Home Rule Act, D.C. Official Code § 1-204.46 (2006 Supp.), as may be amended from time to time, to the extent applicable to the Lease or any Other Agreement (collectively, "**Any Agreement**"). To the extent required by the Anti-Deficiency Acts, nothing in Any Agreement shall create an obligation of the District in anticipation of an appropriation by the United States Congress ("**Congress**") for such purpose, and the District's legal liability for the payment of any financial obligation or any component

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thereof under Any Agreement shall not arise or obtain in advance of the lawful availability of appropriated funds for the applicable fiscal year as approved by Congress and the District of Columbia (references to the "District of Columbia" in this Section shall refer to the District of Columbia as a sovereign entity, and not as a landlord). During the term of the Lease, the District of Columbia agency authorized and delegated by the Mayor of the District of Columbia to administer the Lease shall, for each corresponding District of Columbia fiscal period, include in the then-current services funding level package (or then applicable agency submission) a request sufficient to fund the District's known financial obligations under the Lease for such fiscal period. Tenant confirms that it has read and familiarized itself with the Anti-Deficiency Acts and has full knowledge of such laws and the impact on the District's financial obligations hereunder.

(b) If no appropriation is made by the District of Columbia or Congress to pay any financial obligation under Any Agreement for any period after the District of Columbia fiscal year for which appropriations have been made, and in the event appropriated funds for such purposes are not otherwise lawfully available, the District shall not be liable to make any payment under Any Agreement upon the expiration of any then-existing appropriation. In such case, the District shall promptly notify Tenant and the Lease shall immediately terminate upon the expiration of any then-existing appropriation as if such expiration were the expiration date of the Lease, and the Tenant shall immediately vacate the Premises.

(c) Notwithstanding the foregoing, no officer, employee, director, member or other natural person or agent of the District (or of the District of Columbia) shall have any personal liability in connection with the breach of the provisions of this Section or in the event of a default by the District under Any Agreement.

(d) Any Agreement shall not constitute an indebtedness of the District of Columbia nor shall it constitute an obligation for which the District of Columbia is obligated to levy or pledge any form of taxation or for which the District of Columbia has levied or pledged any form of taxation. No agent of the District is authorized to obligate or expend any amount under Any Agreement unless such amount has been appropriated by Act of Congress and is lawfully available.

Signature Pages Follow

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IN WITNESS WHEREOF, Landlord and Tenant have executed this First Amendment as of the First Amendment Effective Date.

TENANT:

ASSOCIATES FOR RENEWAL IN EDUCATION, INC., a District of Columbia not for profit corporation

By: 


Printed Name: Dayna Nokes-Minor

Its: President and CEO

Landlord's Signature Page Follows

LANDLORD:

DISTRICT OF COLUMBIA, a municipal corporation, by
and through its Department of General Services

By: 
Greer Johnson Gillis, PE, Interim Director

The Form of this First Amendment Approved as to Legal Sufficiency for the District of
Columbia by:

Office of the General Counsel for the Department of General Services

By: 
Assistant General Counsel

Exhibit A Follows

EXHIBIT A

2015 Scope, Schedule and Budget

Associates for Renewal in Education Inc.

Date: August 22, 2016

Property: 45 P Street NW Washington DC 20001

Lessee / Tenants: Associates for Renewal in Education Inc.

Budget for services: Estimated at \$114,347.00

- Phase 1 \$63,832.00 - Windows
- Phase 2 \$33,550.00 - Second floor bathroom
- Phase 3 \$12,755.00 - Outside Fence

Timeline / Key Dates:

- October 24, 2016 project site preparation
Each side of building windows completed per quarter.
- August 25, 2017 project completion
- May 2017 project site preparation,
Bathroom renovation
- July 2017 project completion
- November 2017
Fence renovation

Scope of Work:

October 24, 2016

Building Window replacement and installation

General Description

Shall replace all defected windows, frames, and transforms on second, third and fourth floors on all sides of 45 P Street, Slater school building.

Specifications

1. All window units (81) furnishing and installation are Eclipse all vinyl white /white replacement window.
2. Windows installation include foam filled chambers
3. Include single strength low e-glass & 5/8 GBG grilles
4. White hardware and screens to match exterior.

5. Installation includes removing old wood double hung pad existing openings, adding aluminum cap exterior to match windows and provide prime interior stops,
6. Haul away all debris.
7. Manufacturer - Eclipse 8000 series and Eclipse all vinyl 8000 series transforms.

Scope of Work

May 2017

Bathroom Installation for second floor before and after care

General Description

Shall design and install a bathroom for the school children and staff to use. The bathroom shall be off of the existing kitchen as the plumbing and related waste and supply lines are already located in that area. The subfloor will need to be removed with new below joist plumbing installed. All electrical and plumbing shall be supplied in conformance with the code. The finish product will be completed to a turn-key condition for use for the purpose intended with no additional change orders.

Specifications

1. Shall construct a fire rated partition wall to separate the new bathroom from the existing kitchen.
2. Shall reroute all of the kitchen and new bathroom plumbing and electrical work in conformance with the new design and the issued building permits.
3. Shall remove the existing finish floor and sub-floor in the new bathroom area in order to install below floor waste plumbing in conformance with the new design.
4. Shall open the existing walls as required and install all related waste and supply lines for the plumbing and electrical details.
5. Shall install Durock cement board on all of the floor areas and wall areas that receive new tile as part of the finished design.
6. Shall install all new wallboard and trim finishes in conformance with the existing building architecture.
7. Shall install all Owner Provided Materials ("OPM") stated in the contract.
8. Shall complete all aspects of the work for the use of the purpose intended with no additional change orders.

Other Provisions

Debris: associated with the execution of this agreement shall be removed from the residence and hauled away by PCS in a timely manner. Furthermore, the job site shall be kept in a clean and orderly condition.

All Workmanship: shall be performed to a quality standard that would be recognized as correct by the manufacturers of the products and/or an industry recognized expert.

Material and Labor Warranties for the project are as follows: All material warranties shall be provided by the manufacturers of the products specified in this agreement. All labor warranties shall be **3 years** from the completion of the contract.

Permits & Inspections: PCS shall obtain the required building permits at the sole direction of the property owner. PCS can not legally obtain a building permit unless acting as an agent for the property owner. PCS shall call for and obtain all inspections required by law based on the permit type that is issued. It shall be the legal responsibility of the property owner to direct that the applicable building permit will be obtained.

Scope of Work

November 2017

Fence replacement and reconstruction

General Description

Furnish and install 226 linear feet of 8' high black vinyl coated chain link fence with one 8' high by 12' wide and two 8' high by 4' swing gates. Estimate includes removal and disposal of 226 linear feet of fence.

Specifications

1. Chain link fabric - 2" mesh x 9 gauge. 148 thermally fused vinyl coated steel
2. Terminal Posts - 3" ODSS-40 vinyl coated steel
3. Terminal Post Footers -12" diameter by 36" deep concrete footers or 8"x8" x 3/8" steel plate.
4. Line Post - 2 1/2" OD SS020 vinyl coated steel
5. Line Post footers - 10" diameter by 30" deep concrete footers or 8x8x3/8" steel plate
6. Top rail - 1 5/8" OD SS 20 vinyl coated steel
7. Tension Wire - 7 gauge vinyl coated steel at bottom of fence
8. Terminal Post Bracing - 1 5/8" OD SS-20 vinyl coated steel brace rail
9. Labor Warranty - One Year
10. Material Warranty - One Year

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE (this “**Second Amendment**”) is executed on April 16, 2018 (the “**Second Amendment Effective Date**”) by and between the **DISTRICT OF COLUMBIA**, a municipal corporation, by and through its Department of General Services (“**District**” or “**Landlord**”), and **ASSOCIATES FOR RENEWAL IN EDUCATION, INC.**, a District of Columbia not for profit corporation (“**Tenant**”). Landlord and Tenant are each referred to hereinafter as a “**Party**” and collectively referred to as the “**Parties**”.

WITNESSETH:

WHEREAS, District and Tenant entered into a Ground Lease Agreement dated June 15, 2010, which was amended by the First Amendment to Lease dated August 30, 2016 (collectively the “**Original Lease**”, and as amended by this Second Amendment, the “**Lease**”), pursuant to which Tenant leases from the District the Leased Premises commonly known as the Slater School located at 45 P Street, N.W, Washington, D.C., and

WHEREAS, the Parties desire to amend the Lease as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Incorporation of Recitals, Exhibits, and Definitions.** The foregoing recitals are true and correct and are incorporated herein by reference. All exhibits annexed hereto are incorporated herein. Any capitalized terms used, but not defined, in this Second Amendment shall have the meanings ascribed to them in the Lease. Except as expressly provided in this Second Amendment, the Lease shall remain in full force and effect.

2. **Term.** The Term of the Lease is hereby extended for a period of ten (10) years commencing on June 15, 2020 and ending on June 14, 2030, subject to Addendum II of the Original Lease (the “**Second Extended Term**”).

3. **Minimum Rent.** The Minimum Rent per annum for the first Lease Year of the Second Extended Term shall be Sixty-Six Thousand Two Hundred Forty Four Dollars and Eighty Four Cents (\$66,244.84), payable in equal monthly installments of Five Thousand Five Hundred Twenty Dollars and Forty Cents (\$5,520.40) and paid pursuant to Article V of the Lease. At the commencement of the second Lease Year of the Second Extended Term, and on every anniversary thereof during the Second Extended Term, the then current Minimum Rent shall be increased by two percent (2%).

4. **Rent Abatement.** Section 5.06(A) of the Lease is hereby deleted and is amended as follows:

“Section 5.06. **Rent Abatement.**

A. Subject to the provisions of this Section 5.06, commencing on the Second Amendment Effective Date and continuing through the end of the Second Extended Term, Tenant shall be entitled to a credit against Minimum Rent as the same becomes due and payable, on a dollar-for-dollar basis, in the amount of Tenant's Construction Costs (defined below). If Tenant makes or causes to be made any Capital Alterations (as defined in Section 9.02.A below) to the Leased Premises on or after the Second Amendment Effective Date, Tenant shall be entitled to a credit against Minimum Rent (a "**Rent Abatement**") in an aggregate amount of Tenant's actual Construction Costs (as defined below), pursuant and subject to the following provisions:

- (i) Tenant must submit a written request to Landlord to apply for a Rent Abatement;
- (ii) Tenant may apply for a Rent Abatement only once during any Lease Year of the Second Extended Term and shall not submit more than a total of three (3) requests during the Second Extended Term;
- (iii) no Default by Tenant under this Lease exists at the time any request is submitted to Landlord for a Rent Abatement;
- (iv) each request must be for at least Fifty Thousand and 00/100 Dollars (\$50,000.00) in Construction Costs;
- (v) Landlord shall have approved in writing the Scope, Schedule and Budget for the applicable Capital Alterations pursuant to the provisions of, and as such terms are defined in, Section 9.02.B below; and
- (vi) the actual amount of the Rent Abatement shall be based on and determined after the Final Accounting (as defined in Section 9.02.B below).

"**Construction Costs**" shall mean the actual construction costs (including both hard and soft costs) incurred by Tenant in performing Tenant's Capital Alterations to the Leased Premises, but specifically excluding (x) the costs of purchasing and/or installing Tenant's Property (defined in Section 9.05) incurred by Tenant in performing the applicable Capital Alterations, and (y) costs arising from or in connection with any damages to the Leased Premises caused by Tenant.

5. **Miscellaneous.** In the event of any conflict between any terms of this Second Amendment and of the Lease, the terms of this Second Amendment shall control. This Second Amendment may not be amended, modified or otherwise changed in any respect whatsoever except by a writing duly executed by authorized representatives of Landlord and Tenant. Each Party acknowledges that it has read this Second Amendment, fully understands all of this Second Amendment's terms and conditions, and executes this Second Amendment freely, voluntarily and with full knowledge of its significance. Each Party has had the opportunity to receive the advice of counsel prior to the execution hereof. This Second Amendment shall be binding upon and inure to the benefit of the parties, their respective heirs, legal representatives, successors and permitted assigns.

6. **Counterparts.** This Second Amendment may be executed in counterparts and in facsimile or e-mail PDF transmission, and all such counterparts together shall constitute but one

original of this Second Amendment. Each counterpart shall be equally admissible in evidence, and each such counterpart shall fully bind each Party who has executed it.

7. **Captions and Headings.** The titles or headings of the various paragraphs hereof are intended solely for convenience of reference and are not intended and shall not be deemed to modify, explain or place any construction upon any of the provisions of this Second Amendment.

8. **Authority.**

a. **Landlord's Representations.** By executing this Second Amendment, Landlord represents to Tenant that: (i) Landlord is authorized to enter into, execute, and deliver this Second Amendment and perform its obligations hereunder; (ii) this Second Amendment is effective and enforceable against Landlord in accordance with its terms and limitations as set forth herein; (iii) the person signing this Second Amendment on Landlord's behalf is duly authorized to execute same; and (iv) no other signatures or approvals are necessary in order to make all of the representations of the Landlord contained in this Section true and correct, in all material respects.

b. **Tenant's Representations.** By executing this Second Amendment, Tenant represents to Landlord that: (i) Tenant is authorized to enter into, execute and deliver this Second Amendment and perform its obligations hereunder; (ii) this Second Amendment is effective and enforceable against Tenant in accordance with its terms and limitations as set forth herein; (iii) the person signing this Second Amendment on Tenant's behalf is duly authorized to execute the same; (iv) no other signatures or approvals are necessary in order to make all of the representations of Tenant contained in this Section true and correct, in all material respects; (v) Tenant is in good standing in the District of Columbia; and (vi) to Tenant's best knowledge, Tenant is in compliance with all District of Columbia laws and regulations applicable to Tenant, including but not limited to laws and regulations pertaining to the District of Columbia Office of Tax and Revenue and the District of Columbia Department of Employment Services.

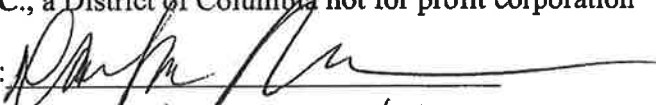
9. **Anti-Deficiency Acts.** The obligations of the Landlord to fulfill financial obligations pursuant to the Lease, or any subsequent agreement entered into pursuant to the Lease or referenced herein (to which the District is a party), are and shall remain subject to the provisions of (i) the federal Anti-Deficiency Act, 31 U.S.C. §§ 1341, 1342, 1349–1351, 1511–1519 (2004) (the “**Federal ADA**”), and D.C. Official Code §§ 1–206.03(e) and 47–105 (2001); (ii) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47–355.01 to .08 (2004 Supp.) (the “**D.C. ADA**”) and (i) and (ii) collectively, as amended from time to time, the “**Anti-Deficiency Acts**”; and (iii) Section 446 of the District of Columbia Home Rule Act, D.C. Official Code § 1–204.46 (2001).

Signature Pages Follow

IN WITNESS WHEREOF, Landlord and Tenant have executed this Second Amendment as of the Second Amendment Effective Date.

TENANT:

ASSOCIATES FOR RENEWAL IN EDUCATION, INC., a District of Columbia not for profit corporation

By: 

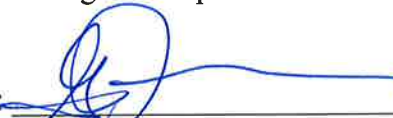
Printed Name: Dayna Nokes-Minor

Its: President and CEO

Landlord's Signature Page Follows

LANDLORD:

DISTRICT OF COLUMBIA, a municipal corporation, by
and through its Department of General Services

By: 
Greer Johnson Gillis, PE, Director

The Form of this Second Amendment Approved as to Legal Sufficiency for the District of
Columbia by:

Office of the General Counsel for the Department of General Services

By: 
Assistant General Counsel