

LEASE NO. GS-11B-12538

Standard Lease
GSA FORM L201C (05/11)

This Lease is made and entered into between

CESC One Democracy Plaza Limited Partnership

("the Lessor"), whose principal place of business is c/o Vornado/Charles E. Smith L.P., 2345 Crystal Drive, Suite 1000, Arlington, VA 22202-4801, and whose interest in the Property described herein is that of Owner of the Building, and

The United States of America

("the Government"), acting by and through the designated representative of the General Services Administration ("GSA"), upon the terms and conditions set forth herein.

Witnesseth: The parties hereto, for the consideration hereinafter mentioned, covenant and agree as follows:

The Lessor hereby leases to the Government the Premises described herein, being all or a portion of the Property located at

One Democracy Plaza, 6701 Democracy Plaza, Bethesda, MD 20817-1572

and more fully described in Section 1 and Exhibit A, together with rights to the use of parking and other areas as set forth herein.

To Have and To Hold the said Premises with their appurtenances for a Lease term commencing in accordance with Paragraph 7.03 and continuing for a period of

10 Years Firm Term,

subject to termination and renewal rights as may be hereinafter set forth, to be used for such purposes as determined by Paragraph 7.02. The commencement date of this Lease, shall also be the rent commencement date of this Lease and such date be established in accordance with Paragraph 7.03.

In Witness Whereof, the parties to this Lease evidence their agreement to all terms and conditions set forth herein by their signatures below, to be effective as of the date of this Lease to the Lessor.

FOR THE



Name: M

Title: Executive Director

Date: May 11, 2012



Date: 7/20/2012

WITNESSED BY:



Name: Michele M. Coleman

Title: Manager - Executive Office

Date: May 11, 2012

SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

1.01 THE PREMISES

The Premises are described as follows:

Office and Related Space: 126,626 rentable square feet (RSF), yielding 107,436 ANSI/BOMA Office Area (ABOA) square feet of office and related space (based upon a Common Area Factor of 1.1786%, located on the 1st floor (partial floor), 2nd floor (partial floor), 5th floor (partial floor), 6th floor (full floor), 7th floor (partial floor) and full floors 8th through 10th as depicted on the floor plan(s) attached hereto as Exhibit A and hereinafter referred to as the Leased Premises.

1.02 EXPRESS APPURTENANT RIGHTS

The Government shall have the non-exclusive right to the use of Appurtenant Areas, and shall have the right to post Government Rules and Regulations within such areas. The Government will coordinate with the Lessor to ensure signage is consistent with the Lessor's standards. Appurtenant to the Premises and included with the Lease are rights to use the following:

A. Parking: Three hundred and eighty-five (385) parking permits consisting of a) permits for two (2) reserved parking spaces which shall be located in the Building's exterior garage and which shall be for the exclusive use of the Government and are included in the rent, and b) three hundred and eighty-three (383) permits for unreserved parking which shall be located in the One Democracy Plaza exterior parking garage and/or surface parking lot in front of One Democracy Plaza and which shall be available to Tenant Agency employees and visitors on a non-exclusive basis upon payment of the applicable monthly or daily fees. Notwithstanding the above, the Lessor at its sole discretion shall have the right at any time to identify the location for the unreserved employee and visitor parking within the Democracy Plaza complex of buildings. Employee and visitor parking contracts will be procured directly by the Tenant Agency by a Service Agreement between the Lessor (or Lessor's parking contractor) and the Tenant Agency. Any service agreement between the Tenant Agency and the Lessor or Lessor's parking contractor shall not obligate the General Services Administration throughout the firm term or through any amendments, supplements, replacements, or renewal thereof.

B. Antennae, Satellite Dishes and Related Transmission Devices: Space located on the roof of the Building sufficient in size for the installation and placement of the telecommunications equipment as such may be described herein, together with the right to access the roof and use of, all building areas (e.g., chases, plenums) necessary for the use, operation and maintenance of such equipment at all times during the term of this Lease.

1.03 RENT AND OTHER CONSIDERATION

A. The Government shall pay the Lessor annual rent payable monthly in arrears. In accordance with Sections 2.06 and 2.08, the annual rent shall be subject to increases for real estate tax adjustment and operating cost escalations. The initial annual rent shall be at the following rates:

| | YEARS 1 - 10 | |
|----------------------------------|-----------------------|-----------------|
| | ANNUAL RENT | ANNUAL RATE/RSF |
| SHELL RENTAL RATE | \$2,823,508.43 | \$22.30 |
| TENANT IMPROVEMENTS RENTAL RATE* | \$ 154,922.71 | \$1.22 |
| OPERATING COSTS* | \$1,041,944.36 | \$8.23 |
| FULL SERVICE RATE | \$4,020,375.50 | \$31.75 |

*The Tenant Improvements Allowance is amortized at a rate of zero (0.00) percent per annum for ten (10) years.

B. Rent is subject to adjustment based upon a physical mutual measurement of the Space prior to lease commencement, not to exceed 107,436 ABOA sq. ft. based upon the methodology outlined under the "Payment" clause of GSA Form 3517. Pursuant to GSA Form 3517, Paragraph 28, the Government's rights to re-measure the Premises shall be limited to re-measuring the Premises prior to the Government's execution of this Lease.

~~C. Rent is subject to adjustment based upon the final Tenant Improvement cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease Award Date.~~

D. If the Government occupies the Premises for less than a full calendar month, then rent shall be prorated based on the actual number of days of occupancy for that month.

E. Rent shall be paid to the Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration.

F. The Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:

1. The leasehold interest in the Property described in "Paragraph 1.01 THE PREMISES" created herein;

2. All costs, expenses and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses;

3. Performance or satisfaction of all other obligations set forth in this Lease; and

4. All services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease.

1.04 BROKER COMMISSION AND COMMISSION CREDIT:

Jones Lang LaSalle ("Broker") is the authorized real estate broker representing GSA in connection with this lease transaction. The total amount of the Commission is [REDACTED] and is earned upon lease execution, payable according to the Commission Agreement signed between the two parties. Only [REDACTED] of the Commission, will be payable to Jones Lang LaSalle with the remaining [REDACTED], which is the "Commission Credit", to be credited to the shell rental portion of the annual rental payments due and owing to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue until the credit has been fully recaptured in equal monthly installments over the shortest time practicable.

Notwithstanding the "Rent and Other Consideration" paragraph of this Lease, the shell rental payments due and owing under this lease shall be reduced to recapture fully this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

Month 1 Rental Payment \$335,031.29 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 1st Month's Rent.

Month 2 Rental Payment \$335,031.29 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 2nd Month's Rent.

1.05 TERMINATION RIGHT

1.06 RENEWAL RIGHTS

1.07 DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference, as though fully set forth herein:

| DOCUMENT NAME | NO. OF PAGES | EXHIBIT |
|--|--------------|---------|
| AGENCY-SPECIFIC REQUIREMENTS: OFF-CAMPUS LEASED SPACE REPLACEMENT FOR MULTIPLE IC'S AT DEMOCRACY PLAZA I & II PROGRAM OF REQUIREMENTS DATED OCTOBER 23, 2009 | 242 | |
| GSA FORM 1217 LESSOR'S ANNUAL COST STATEMENT | 1 | |
| GSA FORM 3517B GENERAL CLAUSES | 48 | |
| GSA FORM 3518, REPRESENTATIONS AND CERTIFICATIONS | 10 | |
| SMALL BUSINESS SUBCONTRACTING PLAN | 13 | |
| FIRE / LIFE SAFETY RIDER | 2 | |
| SEISMIC CERTIFICATION | 8 | |
| EXHIBIT A - FLOOR PLAN(S) | 8 | |
| EXHIBIT B - NIH SUPPLEMENTAL HVAC EQUIPMENT LIST | 1 | |

1.08 TENANT IMPROVEMENT ALLOWANCE

The Tenant Improvement Allowance for purposes of this Lease is \$1,549,227.12, equating to \$14.42 per ABOA sq. ft. The Tenant Improvement Allowance is the amount that the Lessor shall make available for the Government to be used for the Tenant Improvements. This amount has been amortized in the rent over the firm term of this Lease at an interest rate of **zero (0)** percent per year.

1.09 TENANT IMPROVEMENT RENTAL ADJUSTMENT (APR 2011)

A. The Government, at its sole discretion, shall make all decisions as to the use of the TI Allowance. The Government may use all or part of the Tenant Improvement Allowance. The Government may return to the Lessor any unused portion of the Tenant Improvement Allowance in exchange for free rent.

B. The Government shall have the right to make lump sum payments for any or all work covered by the Tenant Improvement Allowance. That part of the Tenant Improvement Allowance amortized in the rent shall be reduced accordingly. At any time after occupancy and during the firm term of the Lease, the Government, at its sole discretion, may choose to pay lump sum for any part or all of the remaining unpaid amortized balance of the Tenant Improvement Allowance.

C. If it is anticipated that the Government will spend more than the allowance identified above, the Government shall have the right to either:

1. Reduce the Tenant Improvement requirements; or
2. Request that the Lessor perform the Government's requested tenant improvements or alterations. In the event of such request, then notwithstanding anything in this Lease or the Exhibits hereto to the contrary, the Lessor may decline to perform such work, in which event the Government shall have the right to contract directly with another party to perform the Government's requested improvements or alterations, subject to Lessor's normal rules for contractors performing work in the Building. The foregoing shall apply both to initial Tenant Improvements and any Alterations pursuant to Section 7.01 during the term of the lease.

D. The Lessor shall not be required to fund tenant improvements or alterations other than providing the tenant improvement allowance described in this lease.

1.10 TENANT IMPROVEMENT FEE SCHEDULE

For pricing tenant improvement costs the following rates shall be applicable to construction that is performed utilizing either the tenant improvement allowance or paid for by the Government through a lump sum payment. The following costs are for construction projects of 10,000 rsf or greater begun within twenty-four (24) months after award of this Lease by the Government. For construction projects less than 10,000 rsf, the architectural and engineering fees shall be negotiated. The architectural and engineering fees for construction projects of any size that begin more than twenty-four (24) months after award of this Lease by the Government shall be negotiated.

| | INITIAL BUILD-OUT |
|---|-------------------|
| GENERAL CONDITIONS (% OF CONSTRUCTION COSTS) | 4.00% |
| GENERAL CONTRACTOR'S FEE (% OF CONSTRUCTION COSTS) | 4.50% |
| ARCHITECT/ENGINEER FEES (PER ABOA SQ. FT.) | \$4.71 |
| LESSOR'S PROJECT MANAGEMENT FEE (% OF CONSTRUCTION COSTS) | 4.00% |

1.11 PERCENTAGE OF OCCUPANCY FOR TAX ADJUSTMENT, ESTABLISHMENT OF TAX BASE

As of the Lease Award Date, the Government's Percentage of Occupancy, as defined in the Real Estate Tax Adjustment clause of this lease is **58.72** percent. The percentage of occupancy is derived by dividing the total Government space of **126,626** RSF by the total building space of **215,637** rentable square feet.

The Real Estate Tax Base, as defined in the Real Estate Tax Adjustment clause of the Lease is **\$394,234.90**.

1.12 OPERATING COST BASE

The parties agree that for the purpose of applying the clause titled "Operating Costs Adjustment" that the Lessor's base rate for operating costs shall be **\$1,041,944.36**.

1.13 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES

In accordance with the section entitled "Adjustment for Vacant Premises" if the Government fails to occupy or vacates the entire or any portion of the Leased Premises prior to expiration of the term of the Lease, the operating costs paid by the Government as part of the rent shall be reduced by **\$1.18** per ABOA sq. ft. of space vacated by the Government.

1.14 NON-24/7 HVAC RATES

The following rates shall apply in the application of the clause titled "Overtime HVAC Usage:

\$29.43 per hour for one floor and **\$2.53** per hour for each additional floor requested. The foregoing rate does not include the services of an engineer or other on-site staff which is not required for the provision of overtime HVAC services. In the event the Government requires such staff on site during such overtime hours, the Government shall reimburse Lessor at the then-current hourly rate applicable to such overtime hours, with a four hour minimum charge applicable to such overtime labor. Beginning in the second year of the lease term, and every year thereafter the overtime rate shall be escalated by 5.00%.

1.15 24-HOUR HVAC REQUIREMENT (APR 2011)

The Overtime Usage rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day. The Government shall continue to pay for all electricity that was separately metered prior to the commencement of the term of this Lease, as shown on Exhibit B. One organization within the tenant agency, [REDACTED], has one (1) above-standard HVAC unit that has not been separately metered prior to the term of this Lease, but upon the Government's award of this Lease, the Government shall also be responsible for the cost of electricity consumed by this HVAC unit and the Government shall pay to install a submeter for this unit. The Government shall also pay for all electricity for additional above standard equipment installed in excess of what is currently in place, including but not limited to HVAC equipment to meet spot heating or cooling needs or extended hours of operation. Submeters shall be acceptable. Within thirty (30) days after award of this Lease by the Government, the parties shall mutually agree upon a schedule for reading the meters and the Government's payments for reimbursing the Lessor.

LESSOR:  GOVERNMENT: 

1.16 ADDITIONAL BUILDING IMPROVEMENTS

In addition to construction of the Tenant Improvements as required in this Lease, the Lessor shall be required to complete the following additional building improvements (e.g., Fire/Life Safety, Seismic, and Energy Efficiency) within nine (9) months after the date upon which the Government delivers to the Lessor a fully executed lease for space in the Premises:

- A. install [REDACTED] on the exterior windows in the leased premises
- B. correct the fire safety deficiencies as identified in the fire safety evaluation
- C. upgrade, on the floors on which the leased premises are located, the restrooms to meet ABAAS requirements