

**LEASE NO. GS-11P-LMD12610**Standard Lease  
GSA FORM L201C (October 2012)

This Lease is made and entered into between

**PGMC IV, LLC**

(Lessor), whose principal place of business is 6525 Belcrest Road, Suite 500, Hyattsville, Maryland, 20782, and whose interest in the Property described herein is that of Fee Owner, and

**THE UNITED STATES OF AMERICA**

(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:

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

**3311 Toledo Road, Hyattsville, Maryland, 20782-2064**

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 be used for such purposes as determined by the Government.

**LEASE TERM**

To Have and To Hold the said Premises with its appurtenances for the term beginning upon acceptance of the Premises as required by this Lease and continuing for a period of

**15 YEARS FIRM**

subject to termination and renewal rights as may be hereinafter set forth. The commencement date of this Lease, along with any applicable termination and renewal rights, shall be more specifically set forth in a Lease Amendment upon substantial completion and acceptance of the Space by the Government.

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 delivery of the fully executed Lease to the Lessor.

**FOR THE LESSOR:**Name: Susan B. LevinTitle: Senior V.P.Entity Name: M IV, a Maryland corporationMember of PGMC IV, LLC  
Date: 12.20.13**FOR THE GOVERNMENT:**

Robert Federico

Lease Contracting Officer

General Services Administration, Public Buildings Service

Date: 1/29/2014**WITNESSED FOR THE LESSOR BY:**Name: M. Scott HeltonTitle: CEODate: 12/20/13

The information collection requirements contained in this Solicitation/Contract, that are not required by the regulation, have been approved by the Office of Management and Budget pursuant to the Paperwork Reduction Act and assigned the OMB Control No. 3090-0163.

## SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

### 1.01 THE PREMISES (JUN 2012)

The Premises are described as follows:

A. Office and Related Space: 104,000 rentable square feet (RSF), yielding 95,900 ANSI/BOMA Office Area (ABOA) square feet (SF) of office and related Space located on the 2<sup>nd</sup> through 5<sup>th</sup> floor(s) and known as Suite(s) 200, 300, 400 and 500, of the Building, as depicted on the floor plan(s) attached hereto as Exhibit A.

B. Common Area Factor: The Common Area Factor (CAF) is established as 8.4463 percent. This factor, which represents the conversion from ABOA to rentable square feet, rounded to the nearest whole percentage, shall be used for purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

### 1.02 EXPRESS APPURTENANT RIGHTS (JUN 2012)

The Government shall have the non-exclusive right to the use of Appurtenant Areas, and shall have the right to post Rules and Regulations Governing Conduct on Federal Property, Title 41, CFR, Part 102-74, Subpart C within such areas. The Government will coordinate with Lessor to ensure signage is consistent with Lessor's standards. Appurtenant to the Premises and included in the Lease are rights to use the following:

A. Parking: Sixteen (16) parking spaces as depicted on the plan attached hereto as Exhibit B, reserved for the exclusive use of the Government, of which sixteen (16) shall be structured/inside parking spaces, and zero (0) shall be surface/outside parking spaces. In addition, the Lessor shall provide such additional parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property.

B. Antennas, 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 (SEP 2012)

A. The Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates:

	FIRM TERM (YEARS 1-10)	FIRM TERM (YEARS 11-15)
	ANNUAL RENT	ANNUAL RENT
SHELL RENT <sup>1</sup>	\$ 1,355,120.77	\$ 1,646,573.49
TENANT IMPROVEMENTS RENT <sup>2</sup>	\$ 425,355.18	\$ 425,355.18
OPERATING COSTS <sup>3</sup>	\$ 791,440.00	\$ 791,440.00
BUILDING SPECIFIC AMORTIZED CAPITAL <sup>4</sup>	\$ 227,511.33	\$ 227,511.33
PARKING <sup>5</sup>	\$ 0.00	\$ 0.00
TOTAL ANNUAL RENT	\$ 2,799,427.28	\$ 3,090,880.00

<sup>1</sup>Shell rent (Years 1-10) calculation: \$13.03001 per RSF (rounded) multiplied by 104,000 RSF; Shell rent (Years 11-15) calculation: \$15.83244 per RSF (rounded) multiplied by 104,000 RSF.

<sup>2</sup>The Tenant Improvement Allowance of \$4,482,366.00 is amortized at a rate of 5.0 percent per annum over 15 years.

<sup>3</sup>Operating Costs rent calculation: \$7.61 per RSF multiplied by 104,000 RSF

<sup>4</sup>Building Specific Amortized Capital (BSAC) of \$2,397,500 is amortized at a rate of 5.0 percent per annum over 15 years

<sup>5</sup>Parking costs described under sub-paragraph G below.

In Instances where the Lessor amortizes either the TI or Building Specific Amortized Capital for a period exceeding the Firm Term of the Lease, should the Government terminate the Lease after the Firm Term or does not otherwise renew or extend the term beyond the Firm Term, the Government shall not be liable for any costs, including unamortized costs beyond the Firm Term.

B. Rent is subject to adjustment based upon a mutual on-site measurement of the Space upon acceptance, not to exceed 95,900 ABOA SF based upon the methodology outlined under the "Payment" clause of GSA Form 3517.

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

D. Rent is subject to adjustment based on the final Building Specific Amortized Capital (BSAC) cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease Award Date.

E. 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.

F. Rent shall be paid to 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 System for Award Management (SAM) account. If the payee is different from the Lessor, both payee and Lessor must be registered in SAM.

G. 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 the paragraph entitled "The Premises."

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 all services, utilities, maintenance required for the proper operation of the Property, the Building, and the Leased 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. In the event the Government is responsible for paying any costs directly to the utility provider, the Lessor shall ensure that such utilities are separately metered. The Lessor shall provide and install as part of shell rent, separate meters for utilities. Sub-meters are not acceptable. The Lessor shall furnish in writing to the LCO, prior to initiation of service by the Government, a record of the meter numbers and verification that the meters measure Government usage only. Proration is not permissible. In addition, an automatic control system shall be provided to assure compliance with heating and air conditioning requirements.

H. For parking spaces beyond the sixteen (16) parking spaces included in the rental consideration, parking for up to 400 vehicles shall be available at an initial rate of \$90.00 per parking space per month (Structure).

I. The Lessor has offered and shall provide six (6) months of free rent where the rent shall be abated in its entirety. The rent abatement shall begin in the first (1<sup>st</sup>) month of the rental payments.

#### 1.04 BROKER COMMISSION AND COMMISSION CREDIT (JUN 2012)

A. Jones Lang LaSalle Americas, Inc. (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 Americas, Inc. 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.

In addition to the commission credit, the Lessor has offered and shall provide six (6) months of free rent, where the rent for months one (1) through six (6) shall be abated in their entirety. The reduction in shell rent shall commence with the seventh (7<sup>th</sup>) month of the rental payments and continue until the credit has been fully recaptured in equal monthly installments over the shortest time practicable.

B. 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 (1<sup>st</sup>) month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

Month 1 Rental Payment \$233,285.607 minus Free Rent of [REDACTED] equals [REDACTED] adjusted 1<sup>st</sup> Month's Rent.\*

Month 2 Rental Payment \$233,285.607 minus Free Rent of [REDACTED] equals [REDACTED] adjusted 2<sup>nd</sup> Month's Rent.\*

Month 3 Rental Payment \$233,285.607 minus Free Rent of [REDACTED] equals [REDACTED] adjusted 3<sup>rd</sup> Month's Rent.\*

Month 4 Rental Payment \$233,285.607 minus Free Rent of [REDACTED] equals [REDACTED] adjusted 4<sup>th</sup> Month's Rent.\*

Month 5 Rental Payment \$233,285.607 minus Free Rent of [REDACTED] equals [REDACTED] adjusted 5<sup>th</sup> Month's Rent.\*

Month 6 Rental Payment \$233,285.607 minus Free Rent of [REDACTED] equals [REDACTED] adjusted 6<sup>th</sup> Month's Rent.\*

Month 7 Rental Payment \$233,285.607 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 7<sup>th</sup> Month's Rent.\*

Month 8 Rental Payment \$233,285.607 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 8<sup>th</sup> Month's Rent.\*

Month 9 Rental Payment \$233,285.607 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 9<sup>th</sup> Month's Rent.\*

\* Subject to change based on adjustments outlined under the paragraph "Rent and Other Consideration."

#### 1.05 ~~TERMINATION RIGHTS (AUG 2011)~~

#### 1.06 RENEWAL RIGHTS (AUG 2011)

### 1.07 DOCUMENTS INCORPORATED IN THE LEASE (SEP 2012)

The following documents are attached to and made part of the Lease:

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
FLOOR PLAN(S)	4	A
PARKING PLAN(S)	1	B
SECURITY REQUIREMENTS FOR LEVEL 3	7	C
UNIT PRICE LIST	3	D
GSA FORM 3517B, GENERAL CLAUSES	46	E
GSA FORM 3518, REPRESENTATIONS AND CERTIFICATIONS	10	F
GSA FORM 1217, LESSOR'S ANNUAL COST STATEMENT	1	G
GSA FORM 12000, PRE-LEASE FIRE PROTECTION AND LIFE SAFETY EVALUATION FOR AN OFFICE BUILDING (PART A)	2	H
DAVIS BACON WAGE RATES	8	I

### 1.08 TENANT IMPROVEMENT ALLOWANCE (AUG 2011)

The Tenant Improvement Allowance (TIA) for purposes of this Lease is \$46.74 per ABOA SF totaling \$4,482,366.00 in TIA available to the Government. The TIA is the amount that the Lessor shall make available for the Government to be used for TIs. This amount is amortized in the rent over the Firm Term of this Lease at an annual interest rate of 5.00 percent.

### 1.09 TENANT IMPROVEMENT RENTAL ADJUSTMENT (AUG 2011)

A. The Government, at its sole discretion, shall make all decisions as to the use of the TIA. The Government may use all or part of the TIA. The Government may return to the Lessor any unused portion of the TIA in exchange for a decrease in rent according to the agreed-upon amortization rate over the Firm Term.

B. The Government may elect to make lump sum payments for any or all work covered by the TIA. That part of the TIA 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 elect to pay lump sum for any part or all of the remaining unpaid amortized balance of the TIA. If the Government elects to make a lump sum payment for the TIA after occupancy, the payment of the TIA by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.

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 TI requirements;
2. Pay lump sum for the overage upon substantial completion in accordance with the "Acceptance of Space and Certificate of Occupancy" paragraph;
3. Negotiate an increase in the rent.

### 1.10 TENANT IMPROVEMENT FEE SCHEDULE (JUN 2012)

For pricing TI costs, the following rates shall apply for the initial build-out of the Space.

	INITIAL BUILD-OUT
ARCHITECT/ENGINEER FEES (% OF TI CONSTRUCTION COSTS)	7.0%
LESSOR'S PROJECT MANAGEMENT FEE (% OF TI CONSTRUCTION COSTS)	3.0%

### 1.11 BUILDING SPECIFIC AMORTIZED CAPITAL (SEP 2012)

For purposes of this Lease, the Building Specific Amortized Capital (BSAC) is \$25.00 per ABOA SF totaling \$2,397,500.00 in BSAC funding available to the Government. The Lessor will make the total BSAC amount available to the Government, which will use the funds for security related improvements. This amount is amortized in the rent over the Firm Term of this lease at an annual interest rate of 5.00 percent.

### 1.12 BUILDING SPECIFIC AMORTIZED CAPITAL RENTAL ADJUSTMENT (SEP 2012)

A. The Government, at its sole discretion, shall make all decisions about the use of the Building Specific Amortized Capital (BSAC). The Government may use all or part of the BSAC. The Government may return to the lessor any unused portion of the BSAC in exchange for a decrease in rent (where applicable) according to the agreed-upon amortization rate over the Firm Term.

B. The Government may elect to make lump-sum payments for any work covered by the BSAC. The part of the BSAC 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 elect to pay a lump sum for any part or all of the remaining unpaid amortized balance of the BSAC. If the Government elects to make a lump-sum payment for the BSAC after occupancy, the payment of the BSAC by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.

- C. If it is anticipated that the Government will spend more than the BSAC identified above, the Government shall have the right to either:
1. Reduce the security countermeasure requirements;
  2. Pay a lump sum for the amount overage upon substantial completion in accordance with the "Acceptance of Space and Certificate of Occupancy" paragraph; or
  3. Negotiate an increase in the rent.

**1.13 PERCENTAGE OF OCCUPANCY FOR TAX ADJUSTMENT (JUN 2012)**

As of the Lease Award Date, the Government's Percentage of Occupancy, as defined in the "Real Estate Tax Adjustment" paragraph of this Lease is **55.19** percent. The Percentage of Occupancy is derived by dividing the total Government Space of **104,000** RSF by the total Building space of **188,444** RSF.

**1.14 REAL ESTATE TAX BASE (JUN 2012)**

The Real Estate Tax Base shall be determined after the first full year of occupancy in accordance with the "Real Estate Tax Adjustment" paragraph (Section 2.07).

**1.15 OPERATING COST BASE (AUG 2011)**

The parties agree that for the purpose of applying the paragraph titled "Operating Costs Adjustment" that the Lessor's base rate for operating costs shall be **\$7.61** per RSF (**\$791,440** / annum).

**1.16 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES (JUN 2012)**

In accordance with the paragraph 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 **\$2.45** per ABOA SF of Space vacated by the Government.

**1.17 HOURLY OVERTIME HVAC RATES (AUG 2011)**

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

- **\$39.00** per hour per zone
- No. of zones: **4**
- **\$156.00** per hour for the entire Space.

**1.18 24-HOUR HVAC REQUIREMENT (APR 2011)**

The hourly overtime HVAC rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day. If 24-hour HVAC is required by the Government for any designated rooms or areas of the Premises, such services shall be provided by the Lessor at a rate to be determined based on actual market cost for the area receiving the 24-hour HVAC. Notwithstanding the foregoing, Lessor shall provide this service at no additional cost to the Government if the Lessor provides this service to other tenants in the Building at no additional charge.

**1.19 BUILDING IMPROVEMENTS (SEP 2012)**

The Lessor, at its sole cost and expense, shall correct the following Fire Protection and Life Safety deficiencies:

**Finding 1:** Incomplete automatic sprinkler system coverage in the following areas:

- a. 1<sup>st</sup> Floor, Auditorium, Middle Section; Sprinkler Spacing in room along south separation wall/curtain exceeds the allowable spacing permitted. Sprinklers were measured to be 8'-8" from movable partition.
- b. 1<sup>st</sup> Floor, Auditorium, Outside of South Exit from the Room; Concealed sprinkler cover plate is missing.
- c. 3<sup>rd</sup> Floor, Hallway Outside Room 3112; Concealed sprinkler cover plate is missing.
- d. Basement Level, Crawlspace Behind Elevator Shaft; area is not protected with automatic sprinklers. This area, although surrounded by rated concrete construction is evidently used for storage.

**Recommendation:** The following corrective actions are:

- a. Reposition adjacent row of sprinklers closer to the movable partition by one (1) ceiling tile (2 feet).
- b. Replace existing or provide new cover plate for concealed sprinkler.
- c. Replace existing or provide new cover plate for concealed sprinkler.
- d. Extend automatic sprinkler system into the crawlspace from adjacent storage room / janitorial storage room.

**Finding 2:** Stair C is not provided with a standpipe riser or hose valves per NFPA 14.

**Recommendation:** Current code requires standpipe hose valves in every exit stair. Recommend installing a hose valve at the top of Stair C (1<sup>st</sup> Floor since this stair only serves the 1<sup>st</sup> Floor and Basement Level on the North side of the Building).

**Finding 3:** The following fire rated doors that are required to be self-closing and self-latching either do not fully latch in the closed position or do not close altogether.

- a. 6<sup>th</sup> Floor, Stair A, Stairwell Door
- b. 6<sup>th</sup> Floor, Stair B, Stairwell Door
- c. 5<sup>th</sup> Floor, Stair A, Stairwell Door
- d. 5<sup>th</sup> Floor, Stair B, Stairwell Door
- e. 4<sup>th</sup> Floor, Stair A, Stairwell Door
- f. 4<sup>th</sup> Floor, Stair B, Stairwell Door
- g. 3<sup>rd</sup> Floor, Stair A, Stairwell Door
- h. 3<sup>rd</sup> Floor, Stair B, Stairwell Door
- i. 2<sup>nd</sup> Floor, Stair A, Stairwell Door
- j. 2<sup>nd</sup> Floor, Stair B, Stairwell Door; Door hardware does not operate smoothly (sticks)
- k. 1<sup>st</sup> Floor, Cross-Corridor Doors Leading from Stair B to the South Exterior Exit; automatic door closer arms are disconnected on both leaves of the door which prevents the door from fully closing
- l. 1<sup>st</sup> Floor, Cross-Corridor Doors Separating Mail Room / Loading Dock Area from the Corridor that Leads from Stair B to the South Exterior Exit; automatic door closer arms are disconnected on both leaves of the door which prevents the door from fully closing
- m. Basement Level, Stair A; Stairwell door does not close (stuck on doorstep)

**Recommendation:** For items a. through j. (above), adjust the swing of the door as needed to achieve full latching upon closure. Additionally, for item k. provide adjustments as necessary to eliminate the condition where the door is hung on the floor mounted door stop inside the stairwell. For item l. lubricate or replace the existing door hardware such that the handle returns to the normal position after use. For items i. and m. reattach the arms on the door closure devices such that the doors automatically return to the fully closed position.

**Finding 4:** Basement Level, Storage Room adjacent to Fire Pump Room; This room was evidently added after-the-fact and was constructed with combustible building materials. Additionally, the shelving along the South wall is constructed using combustible building materials.

**Recommendation:** The applicable building code does not permit the use of wood materials used in the manner observed in a public building with a Construction Type IB (per the current IBC). Recommend replacing this wood construction with non-combustible materials.

**Finding 5:** Basement Level, Fire Pump Room (South Wall); Unsealed pipe penetration observed.

**Recommendation:** Ensure that all penetrations through the walls required to be fire rated are provided with a UL Listed appropriately rated through penetration fire stop system.

**Finding 6:** 1<sup>st</sup> Floor, Fire Command Center (Interior / East Wall); Unsealed cable tray penetration observed.

**Recommendation:** Ensure that all penetrations through the walls required to be fire rated are provided with a UL Listed appropriately rated through penetration fire stop system.

#### 1.20 HUBZONE SMALL BUSINESS CONCERNS ADDITIONAL PERFORMANCE REQUIREMENTS (MAR 2012)

If the Lessor is a qualified HUBZone small business concern (SBC) that did not waive the price evaluation preference then as required by 13 C.F.R. 126.700, the HUBZone SBC must spend at least 50% of the cost of the contract incurred for personnel on its own employees or employees of other qualified HUBZone SBC's and must meet the performance of the work requirements for subcontracting in 13 C.F.R. § 125.6(c). If the Lessor is a HUBZone joint venture, the aggregate of the qualified HUBZone SBC's to the joint venture, not each concern separately, must perform the applicable percentage of work required by this clause.