City of Chicago

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Office of the City Clerk

Document Tracking Sheet

Meeting Date:	3/18/2015
Sponsor(s):	Emanuel (Mayor)
Type:	Ordinance
Title:	Sublease agreement with National League of Cities for use of building space at 1301 Pennsylvania Ave in Washington D.C.
Committee(s) Assignment:	Committee on Housing and Real Estate

HSG

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

March 18, 2015

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Fleet and Facility Management, I transmit herewith ordinances authorizing the execution of lease agreements.

Your favorable consideration of these ordinances will be appreciated.

Very truly yours,

Rahm Emanuel

Mayor

ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1: On behalf of the City of Chicago as Tenant, the Commissioner of the Department of Fleet and Facility Management is authorized to execute a Sublease with the National League of Cities as Landlord for use of approximately 1,750 square feet of building space located at 1301 Pennsylvania Avenue in Washington D.C for Office space; such Sublease to be approved as to form and legality by the Corporation Counsel in substantially the following form:

AGREEMENT OF SUBLEASE

THIS AGREEMENT OF SUBLEASE ("Agreement of Sublease") is made and effective as of January 1, 2015, by and between **NATIONAL LEAGUE OF CITIES**, an Illinois not-for-profit corporation ("NLC"), and **CITY OF CHICAGO**, a municipal corporation and home rule unit of government under the laws of the State of Illinois ("City").

RECITALS

WHEREAS, NLC leases certain space located in the building located at 1301 Pennsylvania Avenue, N.W., Washington, D.C. (the "Building"), from the owner of the Building (Vector-Quadrangle II Associates; "Landlord") pursuant to an agreement dated July 31, 1978, and attached hereto as **Exhibit A** (such agreement, as amended from time to time, the "Prime Lease"); and

WHEREAS, on February 23, 2005, NLC and City executed a Sublease (the "2005 Sublease") governing City's use of approximately 3,266 square feet of office space located on the 4th floor of 1301 Pennsylvania Avenue, N.W., Washington D.C. (the "Prior Subleased Premises"); and

WHEREAS, effective as of January 1, 2010, NLC and City entered into a First Amendment to Agreement of Sublease (the "First Amendment") governing City's continued use of the Prior Subleased Premises upon expiration of the 2005 Sublease; and

WHEREAS, the term of the First Amendment was from January 1, 2010 through December 31, 2012, and City, pursuant to an extension option, renewed the term of the First Amendment from January 1, 2013 through December 31, 2014; and

WHEREAS, NLC and City entered into a Second Amendment to Agreement of Sublease effective as of May 1, 2012 (the "Second Amendment"); and

WHEREAS, pursuant to the Second Amendment, City relocated its offices from the Prior Subleased Premises to approximately 1,750 square feet of office space located on the 5th floor of the Building, as depicted on **Exhibit B** attached hereto and made a part hereof (the "New Subleased Premises"); and

WHEREAS, the Second Amendment governed the City's continued use of the New Subleased Premises; and

WHEREAS, the use of the New Subleased Premises is critical to City's delivery of services and City has determined that City's sublease of the New Subleased Premises through June 30, 2016, is useful, desirable, and necessary.

NOW THEREFORE, in consideration of the above recitals, and mutual promises, covenants, rights and obligations herein contained, and other good and valuable consideration,

the receipt and sufficiency of which are hereby acknowledged, NLC and City mutually agree as follows:

SECTION 1. GRANT

1.1 Grant. NLC shall sublease to City, and City shall sublease from NLC, the New Subleased Premises, as depicted on Exhibit B attached hereto. The sublease of the New Subleased Premises includes the right together with other occupants of the Building and members of the public to use the common public areas of the Building, and the rights afforded NLC under the Prime Lease as to the New Subleased Premises, but includes no other rights not specifically set forth herein.

SECTION 2. TERM

2.1 Term. The term of this Agreement of Sublease ("Term") shall commence on January 1, 2015 and shall end on June 30, 2016.

2.2 Effectiveness. This Agreement of Sublease shall not be effective until NLC complies with Section 13.02 "Assignment and Subletting" of the Prime Lease, including submission by NLC to Landlord of a fully executed Notice of Sublease in the form attached as **Exhibit C**.

SECTION 3. RENT AND SECURITY DEPOSIT

3.1 Rent. Commencing January 1, 2015, City shall pay to NLC rent for use of the New Subleased Premises in the amount of $4,500 per month. All rent then due is payable in advance on the first day of each month to NLC at the address set forth in Section 5.4.

3.2 Additions to Rent. City shall not pay to NLC any additions to the rent (set forth in Section 3.1).

3.3 Security Deposit. City has previously provided NLC with a security deposit in the amount of Eight Thousand Seven Hundred Twenty-Five and 66/100 Dollars ($8,725.66) (such amount, the "Security Deposit"). NLC represents that it has placed such Security Deposit in a separate, federally-insured, interest-bearing account, the interest from which shall accrue to City from the date of payment to NLC. The Security Deposit shall be considered as security for the payment and performance by City of all of City's obligations, covenants and agreements under this Agreement of Sublease. Within sixty (60) days after either the expiration of the Term or upon the earlier termination of this Agreement of Sublease, whichever shall be applicable, NLC shall (provided that City is not in default under the terms hereof) return the Security Deposit to City together with interest as aforesaid, less such portion thereof as NLC shall have appropriated to make good any default beyond any applicable cure period by City with respect to any of City's obligations, covenants and agreements under this Agreement of Sublease. In the event of any such default by City hereunder, NLC shall have the right but shall not be obligated, to apply all or any portion of the Security Deposit and interest thereon to cure such default, in which event City shall deposit with NLC the amount necessary to restore the Security Deposit to

its original amount. Nothing in this Section 3.3 shall prevent NLC from taking any other action, whether at law, equity or under this Agreement of Sublease, to secure and enforce NLC's rights and City's obligations under this Agreement of Sublease.

SECTION 4. PRIME LEASE

4.1 Incorporation of Prime Lease. This Agreement of Sublease is subject to and is made upon all the terms, covenants and conditions of the Prime Lease with the same force and effect as if the terms, covenants and conditions of the Prime Lease, as applicable and allocable to the New Subleased Premises, were fully set forth herein, except as otherwise provided herein. All the terms, covenants and conditions with which NLC is bound to comply under the Prime Lease, as applicable and allocable to the New Subleased Premises, shall, except as otherwise provided herein, be binding upon City hereunder; all the rights and privileges of NLC under the Prime Lease, as applicable and allocable to the New Subleased Premises shall, except as otherwise provided herein, inure to the benefit of City; and all obligations of Landlord and NLC under the Prime Lease except as may be otherwise provided herein, shall be binding upon NLC and City, respectively; provided, however, nothing in this Agreement of Sublease shall obligate NLC to furnish Building repairs or services of any kind (other than those set forth in Section 5.17) to City or the New Subleased Premises although NLC shall use its reasonable best efforts to cause Landlord to fulfill its obligations under the Prime Lease in this regard.

4.2 Prime Lease. City shall keep, observe and perform or cause to be kept, observed or performed, all those covenants of NLC under the Prime Lease applicable to and allocable to the New Subleased Premises, except the covenants obliging NLC to pay rent (including adjustments and additions thereto) or to provide indemnification and except as otherwise provided for herein. Set forth below are those articles, sections, sentences and exhibits contained in the Prime Lease that shall have no application to this Agreement of Sublease as between NLC and City: Article II; Article III (except NLC represents and warrants that the Lease Expiration Date is _____, 20__); Article IV (other than the last sentence of Section 4.01, beginning with the phrase "For purposes of this Article IV..."); Article V; Article VI (except to the extent referenced in Article III.B.2.); Article VII (and except for Section 7.08, subject to and contingent upon, written approval by Landlord permitting City the right to contest such taxes, and except to the extent referenced in Article III.C.); Article VIII (except to the extent referenced in Article III.D.); Article IX; Article X; Article XI; the first sentence of Section 12.03; Section 12.04 (other than the first sentence); Section 12.05 (other than the last sentence); Section 13.02 (other than the last sentence of Section 13.02(a), as amended by the tenth amendment to Lease dated March 31, 1987); Section 13.09 (to the extent it could be construed to obligate City to indemnify the Landlord for City's defaults, acts or omissions); Sections 15.01, 15.02, 15.03, 15.04, 15.05 (the first two sentences), 15.06, 15.14, 15.15, 15.17, 15.19, 15.21 and 15.22; and Exhibits A, A-1, B, B-1, B-2 and C.

SECTION 5. MISCELLANEOUS PROVISIONS

5.1 Prior Obligations. City and NLC acknowledge and agree that the City has occupied the New Subleased Premises by prior mutual agreement of the parties and that City has

made all payments as required under the 2005 Sublease, First Amendment and Second Amendment. NLC and City acknowledge and agree that the other party has performed all obligations under the 2005 Sublease, the First Amendment and the Second Amendment, and that neither party has any claims against the other with respect to such prior agreements.

5.2 No Brokers. City warrants to NLC that no broker, City representative, or other finder (a) introduced City to NLC, (b) assisted City in the negotiation of this Agreement of Sublease, or (c) dealt with City on City's behalf in connection with the New Subleased Premises or this Agreement of Sublease. Under no circumstances shall City be required to tender to any payments to any broker any funds due hereunder.

5.3 Counterparts. This Agreement of Sublease may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.4 Notice. All notices, demands and requests which may be or are required to be given demanded or requested by either party to the other shall be in writing. All notices, demands and requests by NLC to the City shall be delivered by national overnight courier or shall be sent by United States registered or certified mail, return receipt requested, postage prepaid addressed to the City as follows:

City of Chicago
Department of Fleet and Facility Management
Office of Real Estate Management
30 North LaSalle Street, Room 300
Chicago, Illinois 60602

With a copy to:

City of Chicago
Office of the Mayor
1302 Pennsylvania Avenue, N.W., 5th Floor
Washington, D.C. 20004
Attn.: Melissa Green

or at such other place as the City may from time to time designate by written notice to NLC and to the City at the New Subleased Premises. All notices, demands, and requests by the City to NLC shall be delivered by a national overnight courier or shall be sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to NLC as follows:

National League of Cities
1302 Pennsylvania Avenue, N.W., Suite 550
Washington, D.C. 20004

or at such other place as NLC may from time to time designate by written notice to the City. Any notice, demand or request which shall be served upon NLC by the City, or upon the City by NLC, in the manner aforesaid, shall be deemed to be sufficiently served or given for all purposes hereunder at the time such notice, demand or request shall be mailed.

5.5 Partial Invalidity. If any covenant, condition, provision, term or agreement of this Agreement of Sublease shall, to any extent, be held invalid or unenforceable, the remaining covenants, conditions, provisions, terms and agreements of this Agreement of Sublease shall not be affected thereby, but each covenant, condition, provision, term or agreement of this Agreement of Sublease shall be valid and in force to the fullest extent permitted by law.

5.6 Governing Law. This Agreement of Sublease shall be construed and be enforceable in accordance with the laws of the State of Illinois, without regard to conflict of laws principles.

5.7 Entire Agreement. All preliminary and contemporaneous negotiations are merged into and incorporated in this Agreement of Sublease. This Agreement of Sublease contains the entire agreement between the parties and shall not be modified or amended in any manner except by an instrument in writing executed by the parties hereto. There are no promises, terms, conditions, or obligations other than those contained herein, and this Agreement of Sublease supersedes all previous communications, representations, or agreements, either verbal or written, between the parties hereto.

5.8 Captions and Section Numbers. The captions and section numbers appearing in this Agreement of Sublease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections of this Agreement of Sublease nor in any way affect this Agreement of Sublease.

5.9 Binding Effect of Agreement of Sublease. The covenants, agreements, and obligations contained in this Agreement of Sublease shall extend to, bind, and inure to the benefit of the parties hereto and their legal representatives, heirs, successors, and assigns.

5.10 Time is of the Essence. Time is of the essence of this Agreement of Sublease and of each and every provision hereof.

5.11 No Principal/Agent or Partnership Relationship. Nothing contained in this Agreement of Sublease shall be deemed or construed by the parties hereto nor by any third party as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto.

5.12 Authorization to Execute Agreement of Sublease. The parties executing this Agreement of Sublease hereby represent and warrant that they are the duly authorized and acting representatives of NLC and City, respectively, and that by their execution of this Agreement of Sublease, it became the binding obligation of NLC and the City, respectively, subject to no contingencies or conditions except as specifically provided herein.

5.13 Termination of Agreement of Sublease. The City and NLC shall each have the right to terminate this Agreement of Sublease at any time by providing ninety (90) days prior written notice. Such early termination shall be without prepayment or penalty.

5.14 Force Majeure. When a period of time is provided in this Agreement of Sublease for either party to do or perform any act or thing, the party shall not be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, wars, governmental regulation or control, and other causes beyond the reasonable control of the party, and in any such event the time period shall be extended for the amount of time the party is so delayed.

5.15 Amendments. From time to time, the parties hereto may administratively amend this Agreement of Sublease with respect to any provisions reasonably related to the City's use of the New Subleased Premises and/or NLC's administration of said Agreement of Sublease. Provided, however, that such amendment(s) shall not serve to extend the Term or serve to otherwise materially alter the essential provisions contained herein. Such amendment(s) shall be in writing, shall establish the factual background necessitating such alteration, shall set forth the terms and conditions of such modification, and shall be duly executed by both NLC and the City. Such amendment(s) shall only take effect upon execution by both parties. Upon execution, such amendment(s) shall become a part of this Agreement of Sublease and all other provisions of this Agreement of Sublease shall otherwise remain in full force and effect.

5.16 No Construction against Preparer. This Agreement of Sublease shall not be interpreted in favor of either City or NLC. City and NLC acknowledge that both parties participated fully in the mutual drafting of this Agreement of Sublease.

5.17 As-Is; Painting and Cleaning. City accepts the New Subleased Premises "as-is"; provided, however NLC shall, at its expense, paint all the walls and professionally clean the carpet of the New Subleased Premises, and complete such painting and carpet cleaning not later than March 30, 2015. Except as provided in this Section 5.17, NLC shall not make, nor is NLC under any obligation to make, any structural or other alterations, decorations, additions or improvement in or to the New Subleased Premises.

5.18 City Alterations. In the event NLC gives its written consent to City's making alterations, decorations, additions or improvements, such written consent shall not be deemed to be an agreement or consent by NLC to subject NLC's interests in the New Subleased Premises, the Building or the land to any mechanic's or materialmen's liens which may be filed in respect of any such alterations, decorations, additions or improvements made by or on behalf of City.

5.19 Use of New Subleased Premises. City will use and occupy the New Subleased Premises solely for general office purposes and only in accordance with the uses permitted under applicable zoning and other municipal regulations; and, without the prior written consent of NLC, the New Subleased Premises shall not be used for any other purpose. City will not use or occupy the New Subleased Premises for any unlawful purpose, and will comply with all present and future laws, ordinances, regulations and orders of the United States of America, the District of Columbia, and any other public or quasi-public authority having jurisdiction over the New Subleased Premises. NLC will obtain and keep in full force and effect at all times during the

Term any certificates of occupancy necessary for City to occupy the New Subleased Premises. City represents and warrants that it has entered into this Agreement of Sublease solely for governmental and office purposes and warrants that it shall not use the New Subleased Premises for any residential purpose.

5.20 Assignment and Subletting. City shall not sublet the New Subleased Premises or assign this Agreement of Sublease. No assignment or transfer of this Agreement of Sublease shall be effected by operation of law, merger, consolidation, reorganization, or otherwise, without the prior written consent of NLC, which consent shall not be unreasonably withheld, conditioned or delayed.

5.21 Signs. No sign, advertisement or notice shall be inscribed, painted, affixed or otherwise displayed on any part of the exterior or interior of the Building, except on the directory and the doors of offices, and then only in such place, number, size, color and style as is harmonious with the designs of the Building and its furnishings and is approved by NLC. If any sign, advertisement or notice which does not conform to the foregoing is nevertheless exhibited by City, NLC shall have the right to remove the same and City shall be liable for any and all expenses incurred by NLC in said removal. At NLC's sole cost and expense, NLC shall provide, within a reasonable period of time, identifying information for City and the New Subleased Premises in the form of (i) Building's standard directory strips for the first and second floor lobby directories and (ii) a Building standard office sign.

5.22 Inspections. City will permit NLC, or its agents or other representatives, to enter the New Subleased Premises at reasonable times, without charge therefor to NLC and without diminution of the rent payable by City, to examine, inspect and protect the New Subleased Premises and the Building and to make such alterations and/or repairs as may be deemed necessary, or to exhibit the same to prospective subtenants during the last one hundred twenty (120) days of the Term.

5.23 Insurance and Indemnity. City represents and warrants, and NLC acknowledges, that City is self-insured. Subject to allocation of adequate appropriations and any other applicable legislative procedures, requirements, and approvals, City shall indemnify and hold harmless NLC and Landlord from and against any loss, damage or liability directly occasioned by or directly resulting from any default by City under this Agreement of Sublease or any willful or grossly negligent act on the part of City, its agents, employees or invitees or persons permitted in the Building and/or New Subleased Premises by City.

5.24 Parking. Subject to full compliance on the part of City with the rules and regulations of Landlord's contract garage operator, City shall have the right to park two (2) automobiles in the Building garage during the Term, and the rent for the parking will be at the then current prevailing market rate, which rate may change from time to time during the Term.

5.25 Quiet Enjoyment. NLC covenants that it has the right to make this Agreement of Sublease, and that if City shall pay the rent and perform all the covenants, terms, conditions and agreements of this Agreement of Sublease to be performed by City, City shall, during the Term, freely, peaceably and quietly occupy and enjoy the full possession of the New Subleased

Premises without molestation or hindrance by NLC or any party claiming through or under NLC or any third party.

5.26 Default by City. If City shall fail to pay any installment of rent, as provided for herein, or shall violate or fail to perform any of the other conditions, covenants or agreements herein made by City, and if such violation or failure shall continue for a period of (a) five (5) business days after written notice thereof to City by NLC, if such default is a monetary default or, (b) thirty (30) days after written notice thereof to City by NLC if such default is a non-monetary default, or if such default is of a nature that it cannot be completely remedied within said period of thirty (30) days and City does not diligently prosecute to completion all actions necessary to remedy such default, then and in any of said events this Agreement of Sublease shall, at the option of NLC exercisable by sending written notice to City, cease and terminate and such termination shall operate as a notice to quit – any notice to quit, or of NLC's intention to re-enter, being hereby expressly waived – and NLC may proceed to recover possession under and by virtue of the provisions of the laws of the District of Columbia, or such other proceedings including re-entry and possession, as may be applicable. If NLC elects to terminate this Agreement of Sublease, everything herein contained on the part of NLC to be done and performed shall cease without prejudice, provided, however, NLC shall have the right to recover from City all rental accrued up to the time of termination or recovery of possession by NLC, whichever is later, and NLC shall return to City any portion of the Security Deposit not applied to pay amounts due hereunder. Should this Agreement of Sublease be terminated before the expiration of the Term by reason of City's default, or if City shall abandon or vacate the New Subleased Premises before the expiration or termination of the Term, the New Subleased Premises may be relet by NLC, for such rent and upon such terms as are not unreasonable under the circumstances and, if the full rental hereinabove provided shall not be realized by NLC, City shall be liable for all damages sustained by NLC, including, without limitation, deficiency in rent, reasonable attorneys' fees, other collection costs and all expenses of placing the premises in a first-class rental condition. All rights and remedies under this Agreement of Sublease shall be cumulative and not exclusive of any other rights and remedies provided to NLC under applicable law.

5.27 No waiver. If under the provisions hereof NLC shall institute proceedings and a compromise or settlement thereof shall be made, the same shall not constitute a waiver of any other covenant herein contained or of any of NLC's other rights hereunder. No waiver unless in writing by NLC of any breach of any covenant, condition or agreement herein contained shall operate as a waiver of such covenant, condition or agreement, or of any subsequent breach thereof. No payment by City or receipt by NLC of a less amount than the monthly installments of rent stipulated shall be deemed to be other than on account of the earliest stipulated rent nor shall any endorsement or statement on any check or letter accompanying a check for payment of rent or any other amounts owed to NLC be deemed an accord and satisfaction and NLC may accept such check of payment without prejudice to NLC's rights to recover the balance of such rent or other amount owned or to pursue any other remedy provided in this Agreement of Sublease. No re-entry by NLC, and no acceptance by NLC of keys from City, shall be considered an acceptance of a surrender of this Agreement of Sublease.

5.28 Severability. If any provision of this Agreement of Sublease, or any paragraph, sentence, clause, phrase or word, or the application thereof is held invalid, the remainder of this Agreement of Sublease shall be construed as if such invalid part were never included and this Agreement of Sublease shall be and remain valid and enforceable to the fullest extent permitted by law.

SECTION 6. STANDARD DISCLOSURES AND AFFIRMATIONS

6.1 Business Relationships. NLC acknowledges (a) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (b) that it has read such provision and understands that pursuant to such Section 2-156-030 (b) it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as described in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship, and (c) notwithstanding anything to the contrary contained in this Agreement of Sublease, that a violation of Section 2-156-030 (b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement of Sublease shall be grounds for termination of this Agreement of Sublease and the transactions contemplated hereby. NLC hereby represents and warrants that no violation of Section 2-156-030 (b) has occurred with respect to this Agreement of Sublease or the transactions contemplated hereby.

6.2 Patriot Act Certification. NLC represents and warrants that neither NLC nor any Affiliate (as hereafter defined) thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable Laws: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. As used in this Section, an "Affiliate" shall be deemed to be a person or entity related to NLC that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with NLC, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

6.3 Prohibition on Certain Contributions-Mayoral Executive Order No. 2011-4. NLC agrees that NLC, any person or entity who directly or indirectly has an ownership or beneficial interest in NLC of more than 7.5 percent ("Owners"), spouses and domestic partners of such Owners, NLC's contractors (i.e., any person or entity in direct contractual privity with NLC regarding the subject matter of this Agreement of Sublease) ("Contractors"), any person or entity who directly or indirectly has an ownership or beneficial interest in any Contractor of more than 7.5 percent ("Sub-owners") and spouses and domestic partners of such Sub-owners

(NLC and all the other preceding classes of persons and entities are together the "Identified Parties"), shall not make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to his political fundraising committee (a) after execution of this Agreement of Sublease by NLC, (b) while this Agreement of Sublease or any Other Contract (as hereinafter defined) is executory, (c) during the term of this Agreement of Sublease or any Other Contract, or (d) during any period while an extension of this Agreement of Sublease or any Other Contract is being sought or negotiated. This provision shall not apply to contributions made prior to May 16, 2011, the effective date of Executive Order 2011-4.

NLC represents and warrants that from the later of (a) May 16, 2011, or (b) the date the City approached NLC, or the date NLC approached the City, as applicable, regarding the formulation of this Agreement of Sublease, no Identified Parties have made a contribution of any amount to the Mayor or to his political fundraising committee.

NLC agrees that it shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fundraising committee; (b) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor's political fundraising committee; or (c) bundle or solicit others to bundle contributions to the Mayor or to his political fundraising committee.

NLC agrees that the Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order No. 2011-4 or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order No. 2011-4.

Notwithstanding anything to the contrary contained herein, NLC agrees that a violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this Agreement of Sublease or violation of Mayoral Executive Order No. 2011-4 constitutes a breach and default under this Agreement of Sublease, and under any Other Contract for which no opportunity to cure will be granted, unless the City, in its sole discretion, elects to grant such an opportunity to cure. Such breach and default entitles the City to all remedies (including, without limitation, termination for default) under this Agreement of Sublease, and under any Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

If NLC intentionally violates this provision or Mayoral Executive Order No. 2011-4 prior to the effective date of this Agreement of Sublease, City may elect to decline to close the transaction contemplated by this Agreement of Sublease.

For purposes of this provision:

(a) "Bundle" means to collect contributions from more than one source, which contributions are then delivered by one person to the Mayor or to his political fundraising committee.

(b) "Other Contract" means any other agreement with the City to which NLC is a party that is (i) formed under the authority of Chapter 2-92 of the Municipal Code of Chicago; (ii) entered into for the purchase or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved or authorized by the City Council.

(c) "Contribution" means a "political contribution" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

(d) Individuals are "domestic partners" if they satisfy the following criteria:

(i) they are each other's sole domestic partner, responsible for each other's common welfare; and

(ii) neither party is married; and

(iii) the partners are not related by blood closer than would bar marriage in the State of Illinois; and

(iv) each partner is at least 18 years of age, and the partners are the same sex, and the partners reside at the same residence; and

(v) two of the following four conditions exist for the partners:

(1) The partners have been residing together for at least 12 months.

(2) The partners have common or joint ownership of a residence.

(3) The partners have at least two of the following arrangements:

(A) joint ownership of a motor vehicle;

(B) joint credit account;

(C) a joint checking account;

(D) a lease for a residence identifying both domestic partners as NLCs.

(4) Each partner identifies the other partner as a primary beneficiary in a will.

(e) "Political fundraising committee" means a "political fundraising committee" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

6.4 Waste Ordinance Provisions. In accordance with Section 11-4-1600(e) of the Municipal Code of Chicago, NLC warrants and represents that it, and to the best of its knowledge, its contractors and subcontractors, have not violated and are not in violation of any provisions of Section 7-28 or Section 11-4 of the Municipal Code (the "Waste Sections"). During the period while this Agreement of Sublease is executory, NLC's, any general contractor's or any subcontractor's violation of the Waste Sections, whether or not relating to the performance of this Agreement of Sublease, constitutes a breach of and an event of default under this Agreement of Sublease, for which the opportunity to cure, if curable, will be granted only at the sole designation of the Chief Procurement Officer. Such breach and default entitles the City to all remedies under the Agreement of Sublease, at law or in equity. This section does not limit NLC's, general contractor's and its subcontractors' duty to comply with all applicable federal, state, county and municipal laws, statutes, ordinances and executive orders, in effect now or later, and whether or not they appear in this Agreement of Sublease. Non-compliance with these

terms and conditions may be used by the City as grounds for the termination of this Agreement of Sublease, and may further affect the NLC's eligibility for future contract awards.

6.5 Failure to Maintain Eligibility to do Business with City. Failure by NLC or any controlling person (as defined in Section 1-23-010 of the Municipal Code of Chicago) thereof to maintain eligibility to do business with the City of Chicago as required by Section 1-23-030 of the Municipal Code of Chicago shall be grounds for termination of this Agreement of Sublease and the transactions contemplated thereby. NLC shall at all times comply with Section 2-154-020 of the Municipal Code of Chicago.

6.6 Cooperation with Office of Inspector General and Legislative Inspector General. It is the duty of NLC and any bidder, proposer, contractor, subcontractor, and every applicant for certification of eligibility for a City contract or program, and all officers, directors, agents, partners, and employees of any such grantee, subgrantee, bidder, proposer, contractor, subcontractor or such applicant to cooperate with the Legislative Inspector General in any investigation or hearing undertaken pursuant to Chapter 2-55 of the Municipal Code, and to cooperate with the Inspector General in any investigation or hearing undertaken pursuant to Chapter 2-56 of the Municipal Code. NLC represents and warrants that it understands and will abide by all provisions of Chapter 2-55 and Chapter 2-56 of the Municipal Code and that NLC will inform its contractors and subcontractors of this provision and require their compliance.

6.7 2014 Hiring Plan Prohibitions.

a. The City is subject to the June 16, 2014 "City of Chicago Hiring Plan", as amended (the "2014 City Hiring Plan") entered in Shakman v. Democratic Organization of Cook County, Case No 69 C 2145 (United States District Court for the Northern District of Illinois). Among other things, the 2014 City Hiring Plan prohibits the City from hiring persons as governmental employees in non-exempt positions on the basis of political reasons or factors.

b. NLC is aware that City policy prohibits City employees from directing any individual to apply for a position with NLC, either as an employee or as a subcontractor, and from directing NLC to hire an individual as an employee or as a subcontractor. Accordingly, NLC must follow its own hiring and contracting procedures, without being influenced by City employees. Any and all personnel provided by NLC under this Agreement of Sublease are employees or subcontractors of NLC, not employees of the City of Chicago. This Agreement of Sublease is not intended to and does not constitute, create, give rise to, or otherwise recognize an employer-employee relationship of any kind between the City and any personnel provided by NLC.

c. NLC will not condition, base, or knowingly prejudice or affect any term or aspect of the employment of any personnel provided under this Agreement of Sublease, or offer employment to any individual to provide services under this Agreement of Sublease, based upon or because of any political reason or factor, including, without limitation, any individual's political affiliation, membership in a political organization or party, political support or activity, political financial contributions, promises of such political support, activity or financial contributions, or such individual's political sponsorship or recommendation. For purposes of this Agreement of Sublease, a political organization or party is an identifiable group or entity that has

as its primary purpose the support of or opposition to candidates for elected public office. Individual political activities are the activities of individual persons in support of or in opposition to political organizations or parties or candidates for elected public office.

d. In the event of any communication to NLC by a City employee or City official in violation of paragraph b. above, or advocating a violation of paragraph c. above, NLC will, as soon as is reasonably practicable, report such communication to the Hiring Oversight Section of the City's Office of the Inspector General ("OIG Hiring Oversight"), and also to the head of the relevant City department utilizing services provided under this Agreement of Sublease. NLC will also cooperate with any inquiries by OIG Hiring Oversight.

6.8 Authority of City. City hereby represents and warrants to NLC that City has authority under its home rule powers to execute and deliver this Agreement of Sublease and to perform the terms and obligations contained herein.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the day and year first above written.

NATIONAL LEAGUE OF CITIES,
an Illinois not-for-profit corporation

By:_____

Name: _____

Its: _____

CITY OF CHICAGO,
an Illinois municipal corporation and home rule unit of government
BY: THE DEPARTMENT OF FLEET AND FACILITY MANAGEMENT

By:_____
Commissioner

APPROVED AS TO FORM AND LEGALITY:
BY: THE DEPARTMENT OF LAW

By: _____
Deputy Corporation Counsel
Real Estate Division

Exhibit A to Agreement of Sublease

Prime Lease

[Attached]

EXHIBIT A

1301 PENNSYLVANIA AVENUE, N. W.

LEASE

INDEX

ARTICLE VIII - OPERATING COSTS

ARTICLE IX - OPTION SPACE

ARTICLE X - EXPANSION SPACE

ARTICLE XI - PURCHASE OPTION

ARTICLE XV - GENERAL TERMS (Continued)

EXHIBITS

LEASE

THIS LEASE is made this 31st day of July, 1978 by 1301 ASSOCIATES, a District of Columbia limited partnership ("Landlord") and NATIONAL LEAGUE OF CITIES, an Illinois not for profit corporation ("Tenant").

ARTICLE I

DEMISED PREMISES

1.01 Demised Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the term and upon the conditions hereafter provided, that certain space ("Demised Premises") consisting of (a) approximately 76,240 rentable square feet of office space as measured by the Washington Board of Realtors Method of Measurement in effect on November 29, 1977, and as follows:

Floor	Floor Area
4 (entire)	18,420 square feet
5 "	19,450 " "
6 "	18,730 " "
7 "	19,640 " "

("Office Space") and (b) approximately 6,000 rentable square feet of service space located on the mezzanine level ("Service Space"), all in an office building ("Building") to be constructed substantially in accordance with the Architect's Plan and Outline Specifications set forth in Exhibit A hereto and to be situated at Lot 50, Square 254, the address for which Landlord intends to be 1301 Pennsylvania Avenue, N. W., Washington, D. C. The Demised Premises shall not include the

following and their enclosing walls if serving more than one floor of the Building: public stairways, fire towers, public elevator shafts, flues, vents, stacks, pipe shafts, and vertical vents and ducts.

ARTICLE II

IMPROVEMENTS AND CREDITS

2.01 Improvements and Credits. Landlord shall finish the Demised Premises and provide the credits as set forth in Exhibit B. Landlord shall not make, and is under no obligation to make, any structural or other alterations, decorations, additions or improvements in or to the Demised Premises, or to provide any other credits, except as set forth in Exhibit B.

ARTICLE III

TERM

3.01 Primary Term. The primary term ("Primary Term") of this Lease shall be for a period commencing on January 1, 1980 ("Lease Commencement Date") and expiring at midnight upon the expiration of thirty (30) years after the Lease Commencement Date ("Lease Expiration Date").

3.02 Date Adjustment. In the event that portion of the Demised Premises outlined in red on Exhibit A-1 ("NLC Space") is not substantially completed in accordance with the provisions of Exhibit B by the Lease Commencement Date

(a) for any reason or cause, other than any one or more of those delineated in Paragraph 8 of Exhibit B, then the Lease Commencement Date shall be the earlier of

(i) the date any part of the NLC Space is occupied by Tenant, or

(ii) the date which is thirty (30) days after Landlord has certified in writing to Tenant that all work on the NLC Space to be performed by Landlord pursuant to Exhibit B has been substantially completed, in which event Landlord shall not be liable or responsible for any claims, damages, or liabilities by reason of postponement of the Lease Commencement Date from the date specified in Section 3.01, nor shall the obligations of Tenant hereunder be affected, or

(b) as a result, in whole or in part, of any one or more of the reasons specified in Paragraph 8 of Exhibit B, then the Lease Commencement Date shall be the date Tenant is first obligated to pay rent pursuant to Paragraph 8 of Exhibit B.

3.03 Certificate. Within thirty (30) days after the Lease Commencement Date, Landlord and Tenant shall execute an appropriate document setting forth the dates of commencement and expiration of the term of this Lease.

3.04 Installation of Furnishings. During the thirty (30) day period immediately preceding the Lease Commencement Date, or the Occupancy Date as defined in Section 5.03, as the case may be, Tenant shall have the right to enter the Building to install equipment, furniture and decor in the NLC Space or the Non-NLC Space (as defined in Section 5.03), or portion thereof, as the case may be, so long as Tenant does not interfere with work being done by the Building general contractor. Notwithstanding the foregoing, if the Lease Commencement Date or Occupancy Date is determined pursuant to Section 3.02(a)(i) prior to the expiration of such thirty (30) day period, Tenant's liability for rent shall nevertheless commence on the Lease Commencement Date or Occupancy Date as so determined.

3.05 Lease Year Defined. For purposes of this Lease, the term "Lease Year" shall mean any period of twelve (12) consecutive months during the Primary Term or Renewal Term (as defined in Article IV) of this Lease that begins on the Lease Commencement Date or any anniversary thereof.

ARTICLE IV

RENEWAL TERM

4.01 Renewal Term. Provided that Tenant is not in default under this Lease at the time of exercise, Tenant shall have the right and option to renew the term of this Lease for one (1) additional five (5) year term ("Renewal Term"), beginning on the day after the Lease Expiration Date. Tenant shall exercise its option in respect of the Renewal Term by giving Landlord written notice no later than twenty-four (24) months prior to the Lease Expiration Date. In the event Tenant exercises its option to renew this Lease, all terms and conditions of this Lease in effect as of the Lease Expiration Date shall apply to the Renewal Term and the adjustments and additions to Base Rent provided for by Articles VI, VII and VIII hereof shall continue to apply as if the Primary Term shall have continued for an additional five Lease Years. For purposes of this Article IV and Articles IX, X, and XI, Tenant shall be "in default" hereunder only if any failure by it to pay any rent or additional rent specified in this Lease is not cured or remedied within five (5) business days after notice of such failure is given by Landlord to Tenant. (For all purposes of this Lease, a "business" day shall mean Mondays through Fridays excluding any holiday on which the offices of the federal government in Washington, D. C. are closed.)

ARTICLE V

RENT

5.01 Base Rent. Tenant shall pay as rent for the Demised Premises (a) [redacted] per rentable square foot per year for Office Space and (b) [redacted] per rentable square foot per year for Service Space amounting to the sum of [redacted] and subsequent monthly payments to be made on the first day of each and every calendar month during the term hereof, at the office of Quadrangle Development Corporation, 2030 M Street, N. W., Washington, D.C., 20036, or at such other address as Landlord may designate from time to time by written notice to Tenant, without demand and without deduction, set-off or counterclaim. If Landlord shall at any time or times accept said rent after it shall become due and payable, such acceptance shall not excuse delay upon subsequent occasion, or constitute, or be construed as, a waiver of any or all of Landlord's rights hereunder. Rent shall be made payable to Landlord or such other person, firm or corporation as Landlord may designate in writing.

5.02 Phase-In of Base Rent. Notwithstanding the provisions of Section 5.01, until the date of the first monthly installment of Base Rent due on or after the occurrence of both the Lease Commencement Date and the Occupancy Date (hereinafter defined) for the "Non-NLC Space" (being that portion of the Demised Premises other than the NLC Space), monthly installments of Base Rent shall be computed as follows:

(i) If the Lease Commencement Date shall have occurred on

or before the date on which such monthly installment is due, the monthly installment due shall be [redacted]

(ii) If the Occupancy Date for the Non-NLC Space shall have occurred on or before the date on which such monthly installment is due, the monthly installment due shall be [redacted]

(iii) If the Occupancy Date for the Non-NLC Space shall not have occurred on or before the date on which such monthly installment is due, but any part of the Non-NLC Space is occupied by Tenant or a subtenant on or before such date, the monthly installment due shall be the product of [redacted]

(iv) If the Occupancy Date for the Non-NLC Space shall not have occurred on or before the date on which such monthly installment is due, but at least thirty (30) days shall have elapsed from the date Landlord shall have certified to Tenant in writing that all work to be performed by Landlord in a portion of the Non-NLC Space which is to be occupied by one or more subtenants of Tenant has been substantially completed, the monthly installment due shall be the product o[redacted]

(v) If any such event (i.e., the Lease Commencement Date, Occupancy Date, occupancy of a portion of the Non-NLC Space or expiration of the thirty (30) day period referred to in subparagraph (iv) above) occurs on a date other than the first day of a calendar month, there shall be added to the next due monthly installment of Base Rent the pro rata portion of Base Rent attributable to the portion of the Demised Premises for that portion of the immediately

preceding calendar month from and after the occurrence of such event, deter- at the daily rate of 1/360th of the applicable annual Base Rent per rentable square foot specified in Section 5.01.

(vi) In the event more than one (1) of the foregoing subparagraphs is applicable, the monthly installment so due shall be the sum of the amounts determined pursuant to each applicable subparagraph.

The Occupancy Date for the Non-NLC Space shall be January 1, 1980; provided, however, if the work to be completed in the Non-NLC Space by Landlord pursuant to Exhibit B is not substantially completed on such date, the Occupancy Date shall be the date on which the Lease Commencement Date would have occurred pursuant to the provisions of Section 3.02 if the Non-NLC Space were the only space demised hereunder and the phrase "Non-NLC Space" was substituted for the phrase "NLC Space" each time the latter phrase appears in Section 3.02 and the provisions of subparagraph (a) of Section 3.02 were deleted and replaced by the phrase "(i) the date the Non-NLC Space is occupied". Any occupancy of Non-NLC Space by Tenant or subtenants of Tenant prior to the Lease Commencement Date shall be deemed to be in accordance with the terms and conditions of this Lease, notwithstanding the lack of occurrence of the Lease Commencement Date. In the event Tenant exercises its right to terminate this Lease pursuant to the provisions of Section 15.04 of this Lease, Tenant shall surrender and vacate, in the condition specified in Section 9.07 all the Demised Premises occupied by it, upon the giving of the notice required by Section 15.04.

(vii) Notwithstanding any of the foregoing, the first one-half (1/2) monthly installment of Base Rent to be paid July 31, 1979 pursuant to Section 5.01 shall be [redacted]

ARTICLE VI

CPI ADJUSTMENTS TO BASE RENT

6.01 CPI Adjustment. Base Rent shall be subject to adjustment for changes in the index known as "United States Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers," all items for the Washington, D.C. Standard Metropolitan Statistical Area (1967=100) ("CPI") or the successor index that most closely approximates the CPI. If the CPI shall be discontinued with no successor or comparable successor index, Landlord and Tenant shall attempt to agree upon a substitute index or formula, but if they are unable to so agree, then the matter shall be determined by arbitration in accordance with the rules of the American Arbitration Association then prevailing in the District of Columbia, and any decision or award resulting from such arbitation shall be final and binding upon Landlord and Tenant and judgment thereon may be entered in any court of competent jurisdiction.

6.02. Method of Adjustment. Base Rent shall not be adjusted to reflect changes in the CPI during the first five (5) Lease Years. As of the first day of the sixth Lease Year, and thereafter as of the first day of the eleventh, sixteenth, twenty-first and twenty-sixth Lease Years ("Adjustment Years"), Base Rent shall be adjusted to reflect changes in the CPI during the most recent five (5) year period immediately preceding each Adjustment Year in the manner set forth below:

(a) As of the first day of the sixth Lease Year, the Base Rent previously in effect shall be multiplied by a percentage equal to the product of ([redacted], the numerator of which shall be the difference between (x) the average CPI for the three (3) most recent calendar months ending prior to the Sixth Lease Year for which such data has been

published on or before the 45th day preceding such Lease Year and (y) the average CPI for the corresponding three (3) month period preceding the Lease Commencement Date ("Commencement CPI"), and the denominator of which shall be the Commencement CPI and the result shall be added to Base Rent.

(b) As of the first day of each of the following Adjustment Years the Base Rent in effect shall be multiplied by a percentage equal to the product of ([redacted], the numerator of which shall be the difference between (x) the average CPI for the three (3) most recent calendar months ending prior to such Adjustment Year for which such data has been published on or before the 45th day preceding such Adjustment Year and (y) the average CPI for the corresponding three (3) month period preceding the immediately preceding five (5) year period ("Beginning CPI"), and the denominator of which shall be the Beginning CPI and the result shall be added to Base Rent.

(c) Notwithstanding the provisions of subsections (a) and (b), above, in no event shall Base Rent be adjusted to a level below the Base Rent applicable to the preceding five (5) year period.

6.03 New Base Rent. After adjustment as provided for by Section 6.02, the adjusted Base Rent shall be Base Rent for all purposes.

6.04 Notice and Payment of New Base Rent. Notice of the annual amount of any adjustment provided for by this Article VI shall be communicated to Tenant on or before the thirtieth (30th) day preceding each Adjustment Year. One-twelfth (1/12th) of the annual amount of such adjustment shall thereafter be payable as an addition to the monthly installments of rent otherwise payable by Tenant commencing with the first day of the Adjustment Year.

ARTICLE VII

REAL ESTATE TAXES

7.01 Increases in Real Estate Taxes. During the term of this Lease, Tenant shall pay to Landlord the proportion which the total rentable square feet of space subject to this Lease bears to the total number of rentable square feet of space (including without limitation office, retail, storage, parking and tenant service space) in the Building of any increase during the term of this Lease in Real Estate Taxes (hereinafter defined) levied on the Building and the land upon which the Building is situated ("Land") over the Base Real Estate Taxes (hereinafter defined).

7.02 Base Real Estate Taxes Defined. For purposes hereof, the Base Real Estate Taxes are the Real Estate Taxes levied for the Base Year (as hereinafter defined in Section 8.03), adjusted to reflect the Landlord's estimate of the final tax assessment valuation of the Building and Land multiplied by the average real property tax rate in effect during the Base Year; provided, however, that if such average real estate property tax rate is in excess of a rate ("Base Rate") equivalent to Two Dollars and Twenty Cents ($2.20) per One Hundred Dollars ($100) of assessed value when assessed value is stated to equal one hundred per cent (100%) of market value, then the Base Real Estate Taxes for purposes of this Article VII shall be the product of the Base Rate and the final tax assessment valuation (or Landlord's estimate thereof) of the Building and Land at one hundred per cent (100%) of market value.

7.03 Method of Payment of Real Estate Tax Increases. Landlord shall submit to Tenant a statement of any Real Estate Tax increase contemplated

by Section 7.01 and Tenant shall pay to Landlord Tenant's percentage share of such tax increase for the real estate tax fiscal year of the District of Columbia (currently July 1 - June 30) or portion thereof for which such tax increase is effective and shall, commencing with the first monthly installment of rent which is due during such real estate tax fiscal year, or portion thereof, pay to Landlord, as additional monthly rent, together with such monthly installment of rent, an amount equal to one-twelfth (1/12) of Tenant's percentage share of such annualized increase in Real Estate Taxes to be applied to Tenant's obligation thereafter accruing under Section 7.01. Until the final tax assessment valuation of the Land and Building is received by Landlord, Landlord's estimate of such valuation shall be deemed to be the assessed valuation in effect for purposes of determining Tenant's percentage share of any increase in Real Estate Taxes due to increases in the real property tax rate. At such time that the final tax assessment valuation of the Building and the Land is received by Landlord, the Base Real Estate Taxes shall be recomputed and if upon such recomputation, (a) Tenant has paid , pursuant to Section 7.01, based on Landlord's estimate of Base Real Estate Taxes, an amount which is in excess of the amount Tenant would have been required to pay based on the actual Base Real Estate Taxes, then Tenant may deduct such overpayment from its next payment or payments of monthly rent, or (b) Tenant has paid, based on Landlord's estimate, an amount which is less than the amount Tenant would have been required to pay based on the actual Base Real Estate Taxes, then Tenant shall, within thirty (30) days after receiving Landlord's statement, pay any deficiency to Landlord.

7.04 Real Estate Taxes Defined. The term "Real Estate Taxes" means the total of all taxes and assessments, general and special, ordinary and extraordinary, foreseen or unforeseen, assessed, levied or imposed upon the

Building and the Land of which the Demised Premises are a part; provided, however, that in no event shall Tenant be liable hereunder for or be required to pay any gross receipts, income, profit, excise or franchise taxes.

7.05 Rent Taxes. Notwithstanding anything in this Lease to the contrary, if at any time during the Primary Term or Renewal Term, as the case may be, there shall be levied or assessed in substitution for or in addition to Real Estate Taxes, in whole or in part, a tax, assessment or governmental imposition (other than a gross receipts, profit, franchise, excise or income tax) on the rents received from the Demised Premises or the rents reserved hereunder ("Rent Tax") and such Rent Tax shall be imposed on Landlord, then such Rent Tax shall be deemed to be additional Real Estate Taxes, but only to the extent that such Rent Tax is in substitution for or in addition to Real Estate Taxes previously imposed.

7.06 Proration of Real Estate Tax Increases. If the Lease Expiration Date does not coincide with the last day of the real estate tax fiscal year, the portion of any increase in Real Estate Taxes payable by Tenant hereunder for the real estate tax fiscal year in which the Lease Expiration Date occurs shall be appropriately adjusted and prorated between Landlord and Tenant based upon the respective number of days in such real estate tax fiscal year prior to and after the Lease Expiration Date.

7.07 No Limitation on Real Estate Tax Increases. Notwithstanding anything in this Lease to the contrary, there shall be no limitation on Tenant's obligation to pay additional rent as provided in this Article VII in respect of its pro rata share of increases in Real Estate Taxes.

7.08 Contested Real Estate Taxes. Tenant may, at its sole expense,

contest any Real Estate Tax on the Building or the Land (in Tenant's name or in the name of Landlord, or both, as Landlord may deem appropriate), but only in the event Landlord does not contest such taxes, and in any such case Tenant's pro rata share of the disputed tax actually paid by Tenant pursuant to Section 7.01 and later refunded to Landlord upon a finding that the contested Real Estate Tax is invalid will be, in turn, refunded by Landlord to Tenant. Notwithstanding the institution of any such contest by Tenant, Tenant shall continue to pay its pro rata share of disputed real estate taxes pending the resolution of any such contest.

ARTICLE VIII

OPERATING COSTS

8.01 Office Space Operating Costs. In the case of Office Space, Tenant shall, for each calendar year after the Base Year (hereinafter defined), pay to Landlord as additional rent that proportion which the total rentable square feet of Office Space subject to this Lease bears to the total rentable square feet of office space above grade of the Building of the increase (if any) in the aggregate Operating Costs (hereinafter defined) for such calendar year over the Operating Costs for the Base Year (hereinafter defined).

8.02 Operating Costs defined. The Operating Costs are hereby defined as heat, cooling, utilities, insurance, char and janitorial service, security services, salaries, wages and other personnel costs of engineers, superintendents, watchmen and other Building employees, charges under all maintenance and service contracts for chillers, boilers, controls and/or elevators, exterior window cleaning and Building maintenance, management fees paid to the management agent of the Building pursuant to Section 15.05 and all maintenance, administrative and repair expenses and supplies which are currently deductible for Federal income tax purposes; provided, however, that Operating Costs shall not include (a) depreciation of the Building, (b) payments of principal and interest on any mortgages, deeds of trust or other encumbrances upon the Building, (c) painting, decorating or remodeling other tenant space other than public areas, and (d) compensation paid to officers or executives of Landlord or of its management agent and (e) the cost of providing to retail, storage and parking areas within the Building heat, cooling, utilities, char and janitorial services, supplies, maintenance and repairs.

8.03 Base Year Defined. The Base Year is hereby defined to be (a) the calendar year 1980, if the Lease Commencement Date occurs on or before June 30, 1980, or (b) the calendar year 1981, if the Lease Commencement Date occurs on or after July 1, 1980.

8.04 Method of Payment of Operating Cost Increases. At any time or times after the Base Year, Landlord may submit to Tenant a statement of Landlord's estimate of any increase in the aggregate of Operating Costs for the current calendar year over the Operating Costs for the Base Year, and within thirty (30) days after the delivery of such statement, Tenant shall begin paying to Landlord, as additional monthly rent, an amount equal to Tenant's percentage monthly share of such estimated increase in Operating Costs over the Operating Costs for the Base Year. After the expiration of each calendar year in which Tenant's monthly rent is increased pursuant to this Section 8.04, and the preparation of an annual statement of Operating Costs for such calendar year, Landlord shall submit to Tenant a statement showing the determination of the total increase in the Operating Costs for such calendar year over the Operating Costs for the Base Year and Tenant's proportionate share of such increase. Such statement shall be reasonable in detail and satisfactory in scope to Tenant and shall be prepared by a certified public accountant. Landlord shall grant Tenant the right to inspect, at reasonable times and upon reasonable notice, Landlord's pertinent books and records to verify the accuracy of any increase provided for by this Article VIII. If such statement shows that Tenant's monthly payments pursuant to this Section 8.04 exceeded its share of the Landlord's actual increase in aggregate Operating Costs for the preceding calendar year, then Tenant may deduct such overpayment from its next due payment or payments of monthly rent. If such statement shows that Tenant's share of Landlord's actual increase in aggregate Operating Costs exceeded Tenant's

monthly payment pursuant to this Section 8.04 for the preceding calendar year, then Tenant shall, within thirty (30) days after receiving such statement, pay such deficiency to Landlord.

8.05 Proration of Operating Cost Increases. In the event that the Lease Expiration Date, or expiration date of the Renewal Term, as the case may be, does not occur on December 31st, the amount payable by Tenant pursuant to this Article VIII with respect to its percentage share of any increase in aggregate Operating Costs for the calendar year within which this Lease expires shall be determined by multiplying the amount of such percentage share for the full calendar year by a fraction the numerator of which shall be the number of days during such calendar year prior to expiration of this Lease and the denominator of which shall be 365.

8.06 Occupancy Adjustment. For purposes of this Article VIII, Base Year Operating Costs shall be adjusted to reflect ninety-five percent (95%) occupancy in the case of any period of time during the Base Year in which occupancy is not at least ninety-five percent (95%).

8.07 Service Space Operating Costs. In the case of Service Space, Tenant shall pay its pro rata share (based on the proportion that the total rentable square feet of Service Space bears to the sum of (a) the total rentable square feet of office space above grade of the Building and (b) the total rentable square feet of Service Space) of increases in Operating Costs over Operating Costs for the Base Year in the same manner as is provided for in the case of Office Space; provided, however, that in the case of Service Space charges for electricity, exterior window cleaning and char and janitorial services shall not be included as Operating Costs.

8.08 Three Percent Limitation on Certain Operating Costs. For purposes of computing Tenant's share of increases in Operating Costs in a calendar year, amounts payable by Tenant pursuant to Section 8.01 shall be divided into two categories: (1) amounts attributable to increases in utility charges and fees paid to the management agent provided for in Section 15.05 and (ii) amounts ("Category (ii) Amounts") attributable to increases in all remaining Operating Costs. Notwithstanding anything in this Lease to the contrary, the Category (ii) Amounts payable by Tenant pursuant to Section 8.01 in respect of any calendar year (the "Current Year") shall not exceed the Category (ii) Amounts payable pursuant to Section 8.01 (as adjusted pursuant to this Section 8.08) in respect of the immediately preceding calendar year by more than three percent (3%) of Base Rent payable with respect to the Current Year. The following example will illustrate the application of this Section 8.08:

	Base Year	Calendar Year 2	Calendar Year 3	Calendar Year 4	Calendar Year 5
NLC Share of Category (ii) Amounts Prior to Application of Section 8.08	n/a	25	60	90	115
Increase over Immediately Preceding Year's Category (ii) Amounts	n/a	25	35	30	25
Limitation on Increase over Previous Year's Payment (Equal to 3% of Base Rent assumed for purposes of this example to be 1,000)	n/a	30	30	30	30
Amount Payable Pursuant to Section 8.01 on Account of Category (ii) Amounts After Application of Section 8.08	n/a	25	55	85	115

8.09 Certain Capital Repairs, Alterations and Additions. If the last date upon which Tenant may exercise its option to purchase the Property provided for by and defined in Article XI has passed and Tenant has not closed under the option, then Tenant may be required (in its capacity as a tenant under this Lease and not in its capacity as a limited partner of Landlord) to contribute to the cost of certain capital repairs, alterations or additions to the Building in addition to Operating Costs otherwise provided for by this Article VIII but only under the circumstances and to the extent provided below:

(a) If, because of applicable governmental order, rule or regulation, Landlord is required to make capital repairs, alterations or additions (other than capital repairs, alterations or additions required to be made on account of governmental orders, rules or regulations in respect to which Landlord is in violation on or before such last date) to the Building, Landlord shall secure bids from three contractors and thereafter provide Tenant with the applicable government order, rule or regulation and the estimated costs of repair, alteration or addition by the lowest responsive and responsible bidder.

(b) Upon receipt of such notice, Tenant shall have thirty (30) days in which to either (i) notify Landlord in writing of Tenant's intention to contribute to the cost of capital repairs, additions or alterations, or (ii) terminate this Lease and forfeit its ownership interest in Landlord, effective 180 days after written notice to Landlord of its decision under this subsection; provided, however, that Tenant shall have the option to terminate this Lease and forfeit its ownership interest in Landlord only if at the time Tenant receives such notice there are less than five (5) years remaining in the Primary Term. In the event Tenant fails to so notify Landlord prior to the expiration of the foregoing thirty (30) day period, Tenant shall be deemed to have elected to contribute to such costs.

(c) In the event Tenant elects or is required to contribute to the costs of capital repairs, alterations and additions, Tenant's pro rata share of such costs shall be determined by multiplying the total cost of such capital repairs, alterations or additions by the proportion that the number of rentable square feet of the Demised Premises bears to the total number of rentable square feet of space in the Building (as defined in Section 7.01) multiplied by the proportion that the nearest number of whole years remaining in the Primary Term, or Primary Term and the Renewal Term (in the event that Tenant has exercised its option to renew this Lease on or before the date Tenant is required to make the foregoing contributions) or Renewal Term, as the case may be, bears to the useful life of the capital repairs, alterations or additions.

(d) In the event Tenant's pro rata share of the foregoing costs is determined prior to the date Tenant exercises its right to renew this Lease, then within thirty (30) days after Tenant exercises its option to renew, Tenant shall pay to Landlord the difference between Tenant's pro rata share of such costs as originally computed prior to Tenant's exercise of its option to renew and the Tenant's pro rata share of such costs which would have been payable in accordance with the provisions of subsection (c) above had such option been exercised at the time of the original computation of Tenant's share pursuant to subsection (c). Tenant may, by notice to Landlord prior to the expiration of such thirty (30) day period, elect to pay such amount in equal monthly installments, plus reasonable interest thereon, added to the monthly rent due over the remaining months of the Primary Term and Renewal Term after the date of Tenant's exercise of its option to renew.

(e) In the event Tenant is required to contribute to the costs of such capital repairs, alterations or additions, its pro rata share of such costs may

be paid, at Tenant's election, in equal monthly installments, plus reasonable interest thereon, added to the monthly rent due over the remaining months of the Primary Term, or the Primary Term and the Renewal Term, or Renewal Term, as the case may be.

8.10 Special Addition to Rent in the Event of Interest Rate Adjustment. In the event that (a) the holder of the Note (hereinafter defined) exercises a right provided therein to increase the interest rate applicable to the Note and (b) Landlord thereafter either (i) refinances the Project (hereinafter defined), or (ii) agrees to accept such an increased interest rate under the Note; and (c) as a result of the actions contemplated by both subsections (a) and (b) of this Section 8.10, there is an increase in Landlord's annual debt service in respect of permanent financing for the Project, then Tenant shall pay Landlord, commencing on the date such increased debt service becomes effective, as an addition to monthly rent due hereunder, the lesser of ([redacted] per month per rentable square foot within the Demised Premises, or (y) the increase in Landlord's monthly debt service resulting from such refinancing or interest rate adjustment, multiplied by a fraction, the numerator of which shall be the total number of rentable square feet within the Demised Premises and the denominator of which shall be the total number of rentable square feet in the Building (office, retail, storage parking, and tenant service space); provided, however, that Tenant shall have no obligation under this Section 8.10 prior to, or in respect of any period prior to 180 months after the date of closing of initial permanent financing for the Project provided by the Northwestern Mutual Life Insurance Company. The special addition to rent provided for by this Section 8.10 shall not be deemed to be an adjustment to Base Rent.

8.11 Note Defined. For purposes of this Lease, the term

"Note" shall mean the first deed of trust note issued to Northwestern Mutual Life Insurance Company.

8.12 Project Defined. For purposes of this Lease, the term "Project" shall mean the program whereby Landlord shall construct, own, and operate and Tenant shall lease space in, the Building.

ARTICLE IX

OPTION SPACE

9.01 Option Space. Provided that Tenant is not in default under this Lease at the time of exercise, Tenant shall have the right and option, subject to the provisions of this Article IX, to lease space in the amounts and upon the dates provided below ("Option Space"). Any Option Space so leased shall become subject to the terms and conditions of this Lease then prevailing.

9.02 Option Schedule. Subject to a variance (which shall be at Landlord's option) of plus or minus twenty percent (20%) in the case of the amount of Option Space to be made available upon the fifth and fifteenth anniversary of the Lease Commencement Date, and plus or minus eight (8) months in the case of availability of all Option Space to be made available hereunder, the option schedule shall be as follows:

Lease term of Option Space to commence on:	Option Space
Fifth anniversary of Lease Commencement Date	One-half (1/2) of third floor
Tenth Anniversary of Lease Commencement Date	Remaining portion of third floor
Fifteenth Anniversary of Lease Commencement Date	One-half (1/2) of eighth floor
Twentieth Anniversary of Lease Commencement Date	Remaining portion of eighth Floor

9.03 Limitation on Option Rights. Tenant shall not be entitled to exercise an option scheduled for the tenth, fifteenth or twentieth anniversary of the Lease Commencement Date unless on the date such an option may last be exercised at least seventy percent (70%) of the Option Space required to be ~~made available by Landlord under the immediately preceding option exercised~~.

made available by Landlord under the immediately preceding option exercised by Tenant is occupied by Tenant or an Affiliate (as defined in Section 13.02) of Tenant.

9.04 Lease Amendment. Upon exercise of an option pursuant to this Article IX, Landlord and Tenant shall execute an appropriate amendment to this Lease, to take effect on the date the rent for such Option Space commences pursuant to the provisions hereof, to add the Option Space so acquired to the Demised Premises, which amendment shall include without limitation provisions that

(a) Base Rent shall be increased by an amount equal to the product of (i) the Base Rent per rentable square foot then being paid by Tenant for Office Space described in Article I and (ii) the number of rentable square feet in the Option Space leased by Tenant pursuant to the provisions of this Article IX;

(b) Tenant's pro rata share of increases in Real Estate Taxes over Base Real Estate Taxes and in aggregate Operating Costs over Operating Costs for the Base Year shall be appropriately increased to reflect the addition of the Option Space to the Demised Premises.

9.05 Later Rights Not Extinguished by Failure to Exercise. Failure of Tenant to exercise any option provided by this Article IX to lease any Option Space by the date provided by Section 9.06 for the exercise of such option shall not affect Tenant's right subsequently to be offered such space as Expansion Space, as defined in Article X, nor shall such failure affect its right to exercise subsequent options as provided pursuant to Section 9.02. Within thirty (30) days after the date on which rent in respect of any Option Space commences pursuant to this Article IX, Landlord and Tenant shall execute an appropriate document setting forth such date.

9.06 Notice and Exercise. Landlord shall give Tenant written notice of the date on which such Option Space shall become available at least seven (7) months prior to such date, which date shall be determined pursuant to Section 9.02. Should Tenant fail to accept in writing such Option Space on or before six (6) months prior to the date on which Landlord has specified in the foregoing notice that such Option Space will become available, Tenant's rights under the scheduled option shall be extinguished. Landlord shall permit Tenant to inspect any Option Space at reasonable times and upon reasonable notice, commencing on the date which is 210 days preceding the date Landlord specifies such Option Space will become available. In addition, Landlord shall furnish Tenant with then current copies of the plans and specifications for such Option Space not later than ten (10) days after Tenant exercises its option in respect of such Option Space and Tenant shall pay the costs of copying such plans within fifteen (15) days after Landlord delivers its statement therefor.

9.07 Condition of Option Space. If Tenant does not elect to have Landlord remodel Option Space in accordance with the provisions of Section 9.08, Landlord shall deliver all space leased by Tenant pursuant to this Article IX in "as is" condition, broom clean, with all Office Space Specifications shown in Exhibit C hereto in place and in good operating condition.

9.08 Remodeling of Option Space by Landlord. If Tenant shall exercise any of its rights to lease Option Space pursuant to this Article IX, and desire that Landlord shall remodel such space, Tenant shall furnish to Landlord at least ninety (90) days prior to the date Landlord specifies such Option Space will be available, at Tenant's sole cost and expense, final plans and specifications for any remodeling of such Option Space desired by Tenant for approval by Landlord. Landlord shall within fifteen (15) days after receipt of such plans

and specifications provide Tenant written notice either that such plans are approved or specifying the modifications thereto required by Landlord. To the extent changes in Tenant's plans and specifications are required in order to conform Tenant's plans and specifications to Landlord's required modifications, Tenant will resubmit such plans, as so modified and/or changed, within ten (10) days after receipt of Landlord's notice as aforesaid. Landlord shall cause such work to be bid upon by its contractors at the time Landlord approves such plans and specifications with a bid return date of not later than thirty (30) days; provided, however, Landlord shall have no liability to Tenant in the event no bids are returned within such thirty (30) day period. In the event Tenant accepts the bids, if any, put forward by Landlord's contractors, Tenant shall pay Landlord one-half (1/2) the cost (determined as hereinafter set forth) of all such remodeling work within ten (10) days after such acceptance and the balance thereof shall be due and payable on the date such work is substantially completed. In the event Tenant shall fail to accept the foregoing bids within the time period specified by Landlord or to make such payment within the foregoing ten (10) day period, Landlord shall have no responsibility for such remodeling work and shall deliver such option space to Tenant pursuant to the provisions of Section 9.07. The cost of such remodeling work shall be equal to the amounts billed to Landlord therefor plus seven percent (7%) of such amounts for Landlord's overhead and profit.

9.09 Commencement of Rent. (a) Tenant's obligation to pay rent in respect of Option Space leased pursuant to this Article IX shall commence on the date which is the earlier of (i) the date Landlord delivers such Option Space in the condition specified pursuant to Section 9.08 (if Tenant elects to have Landlord remodel the Option Space) or thirty (30) days after Landlord delivers such Option Space in the condition specified in Section 9.07 (if Tenant does not

elect to have Landlord remodel such Option Space), or (ii) the date Tenant takes possession; provided, however, that in the event Tenant elects to have Landlord remodel such Option Space pursuant to the provisions of Section 9.08, the date specified in clause (i), above, shall be deemed to have occurred thirty (30) days after the last remaining prior tenant or occupant of the Option Space vacates such space notwithstanding the fact that such remodeling has not been completed so long as such failure to complete such remodeling is not solely the result of Landlord's negligent or willful mismanagement. During the thirty (30) day period immediately preceding the date on which Tenant's obligation to pay rent shall begin, Tenant shall have the right to enter the Option Space to install equipment, furniture and decor, so long as such installation does not interfere with any remodeling work being done by Landlord pursuant to Section 9.08.

(b) In the event Tenant's obligation to pay rent for any Option Space does not commence on the first day of a calendar year, Tenant's additional share (on account of the addition of such Option Space to the Demised Premises) of any increase in Real Estate Taxes and/or Operating Costs attributable to the real estate tax fiscal year or calendar year in which the rent for such Option Space commences shall be appropriately prorated and adjusted between Landlord and Tenant based on the number of days in such real estate tax fiscal year (in the case of increases in Real Estate Taxes) or calendar year (in the case of Operating Costs) based on the number of days in such fiscal year or calendar year, as the case may be, prior to and after the date rent for such Option Space commences.

9.10 Holding Over by Previous Tenant. In the event the previous tenant or occupant of Option Space in respect of which Tenant has duly exercised an option provided hereunder holds over or otherwise refuses to surrender or

vacate such Option Space upon the scheduled availability date set forth in Landlord's notice provided for by Section 9.06, Landlord shall promptly take and diligently pursue, at Landlord's cost, whatever legal or other action the circumstances may reasonably require in order to make such Option Space available to Tenant, provided, however, that Landlord shall not be liable to Tenant for any such failure of a previous tenant or occupant to surrender or vacate such Option Space upon the scheduled availability date or for Landlord's failure successfully to cause such tenant or occupant to surrender or vacate such Option Space after having diligently pursued such legal and other actions available to it and the date on which Tenant is obligated to pay rent for such Option Space shall be postponed by the number of days required for Landlord to obtain and deliver to Tenant possession of such Option Space.

ARTICLE X

EXPANSION SPACE

10.01 Expansion Space. Provided that Tenant is not in default under this Lease at the time of exercise, Tenant shall have the right and option, after the first anniversary of the Lease Commencement Date, in addition to its rights to Option Space provided for by Article IX, to lease any part or all of the other office space that may from time to time become available in the Building (including any space scheduled to become Option Space in accordance with Article IX) and for which no other tenant has been granted any rights under its lease ("Expansion Space"). Except as otherwise provided in Section 10.03 with respect to Base Rent attributable to such Expansion Space, any Expansion Space so leased shall become subject to the terms and conditions of this Lease then prevailing.

10.02 Notice. Landlord shall give Tenant written notice no sooner than seven (7) months nor later than thirty (30) days before any Expansion Space provided for by this Article X is scheduled to become available. Subject to the provisions of Section 10.07, if Tenant shall fail to accept, in writing, any such Expansion Space so offered within fifteen (15) days of the date Landlord notifies Tenant that such Expansion Space is to become available, Landlord shall be free to offer such Expansion Space to others.

10.03 Lease Amendment. Upon exercise of an option pursuant to this Article X, Landlord and Tenant shall execute an appropriate amendment to this Lease, to take effect on the date the rent for such Expansion Space commences pursuant to the provisions hereof, to add the Expansion Space so acquired to the Demised Premises, which amendment shall include, without

limitation, provisions that

(a) Base Rent shall be increased by an amount equal to twelve (12) times the rent, including any adjustments applicable to the previous tenant for CPI and for operating cost and real estate tax increases, payable by the last tenant in possession of such Expansion Space in respect of the last month of such tenant's occupancy.

(b) Tenant's pro rata share of increases in Real Estate Taxes over Base Real Estate Taxes and in aggregate Operating Costs over Operating Costs for the Base Year shall be appropriately increased to reflect the addition of the Expansion Space to the Demised Premises; provided, however, that the limitation of Section 8.08 shall not apply in respect of increases in Operating Costs attributable to Expansion Space which is not occupied by Tenant or an Affiliate as defined in Section 13.02 for the duration of the period of such occupancy.

(c) Notwithstanding the provisions of subsections (a) and (b) above, beginning on the appropriate anniversary of the Lease Commencement Date when any Expansion Space leased by Tenant in accordance with this Article X on the third or eighth floors of the Building would have otherwise been required to be made available by Landlord as Option Space pursuant to Section 9.02, Base Rent for such space shall revert to the Base Rent that would prevail, at the time of reversion, had the space been taken in accordance with the option provided for by Article IX; provided, however, that the reversion provided for by this subsection shall not apply unless Tenant has duly exercised its option in accordance with Article IX in respect of any portion of such space not leased by Tenant under the terms of this Article X.

10.04 Expansion Space Not Accepted Remains Subject to Option. In the event Tenant does not accept (whether in whole or in part) Expansion Space

offered to it in accordance with this Article X, any such space or portion thereof not so accepted shall (a) continue to be subject to the provisions of this Article X when it next becomes available and (b) continue to be subject to the option provisions of Article IX, if applicable.

10.05 Holding Over by Previous Tenant. The provisions of Section 9.10 shall also apply in respect of Expansion Space.

10.06 Limitation on Expansion Space Rights. Tenant shall not be entitled to exercise any option granted pursuant to this Article X unless such Expansion Space shall be occupied by Tenant, an Affiliate or a Kindred Organization. For purposes of this Lease, the term "Kindred Organization" shall mean any entity whose primary purpose is to advance the interests, or improve upon the performance, of state and local governments, their officials or their services.

10.07 Other Procedures. In the event Tenant desires to lease only a portion ("Lesser Space") of the Expansion Space offered to Tenant pursuant to any notice given by Landlord in accordance with the provisions of Section 10.02, Tenant and Landlord shall attempt to reach agreement on the configuration, location and amount of such Lesser Space within the fifteen (15) day period specified in Section 10.02. In the event Landlord and Tenant shall fail to reach agreement prior to the expiration of such fifteen (15) day period, each, at their own respective costs, shall select (and notify the other of the identity of its selection) within five (5) business days after the expiration of such period, a leasing agent not affiliated with either party, qualified to determine the fair rental values of space within the Building and recognized for experience in leasing first-class office buildings in downtown Washington, D. C.

and Tenant shall, prior to the expiration of such five (5) day period, deliver to both agents a drawing clearly indicating the configuration, location, and amount of the Lesser Space Tenant desires to lease. Each leasing agent shall determine the amount ("Rental Value Differential"), if any, as of the close of the foregoing fifteen (15) day period, by which the average fair rental value per rentable square foot for the entire Expansion Space of which the Lesser Space is part exceeds the average fair rental value per rentable square foot of the remaining portion of such Expansion Space outside the Lesser Space. If the two leasing agents cannot agree within ten (10) days after the expiration of the fifteen (15) day period whether or not there exists such a Rental Value Differential, they shall attempt to agree upon a space plan most closely resembling Tenant's requirements which will not produce a Rental Value Differential. In the event such leasing agents have not delivered to Landlord and Tenant such a space plan within seven (7) days after the expiration of such ten (10) day period or Tenant has not notified Landlord in writing of its exercise of its option for the space described in such plan, if delivered, prior to the expiration of such seven (7) day period, Tenant shall have the right to exercise its option for all (but not less than all) the Expansion Space originally offered to Tenant by written notice to Landlord given not later than three (3) days after the expiration of such seven (7) day period. If Tenant shall fail to do so, Landlord shall be free to offer such Expansion Space to others.

10.08 Condition of Expansion Space. Landlord shall deliver Expansion Space in "as is" condition, broom clean, with all Office Space Specifications in place and in good operating condition. At such time, if at all, Expansion Space becomes Option Space leased by Tenant pursuant to Article IX, the provisions of Section 9.07 or 9.08, as the case may be, shall be applicable to such Expansion Space.

10.09 Commencement of Rent. Rent for any Expansion Space leased by Tenant hereunder shall commence on the date Landlord delivers possession of such space to Tenant.

ARTICLE XI

PURCHASE OPTION

11.01 Option Right. Tenant shall have the one-time right and option to purchase the Building and Land ("Property"), as follows:

11.02 Procedure. In the event Tenant intends to exercise the option provided by this Article XI, Tenant shall give written notice to Landlord of its intent to do so not earlier than March 1, 1994 and not later than September 1, 1994. Within forty-five (45) days of delivery of such notice of intent, Landlord and Tenant shall begin negotiations to determine whether they can agree upon the price to be paid by Tenant for the Property. If Landlord and Tenant have not reached such an agreement within such forty-five (45) day period, the price to be paid for the Property shall be the fair market value of the Property as of the date of valuation, determined as follows:

(a) Landlord and Tenant shall each select, within thirty (30) days after the expiration of the forty-five (45) day period provided above, thereafter, and at their own respective costs, an appraiser, each of whom shall be a member of the American Institute of Real Estate Appraisers.

(b) Landlord and Tenant shall require their respective appraisers to determine the fair market value of the Property within sixty (60) days after the expiration of the thirty (30) day period provided in subsection (a),

(c) If the two appraisers cannot agree within the time provided by subsection (b), above, they shall in turn select, within thirty (30) days, after the expiration of the sixty (60) day period provided in subsection (b),

above, and at a cost to be divided equally between Landlord and Tenant, a third appraiser, who shall also be a member of the American Institute of Real Estate Appraisers, and who shall within sixty (60) days of his appointment establish the fair market value of the Property which shall be binding on Landlord and Tenant; provided, however, if the fair market value put forward by the third appraiser is in excess of the higher of the two prior appraisals, or is less than the lower of the two prior appraisals, then the higher or the lower of the two prior appraisals, as the case may be, shall be the fair market value of the Property for purposes of this Article XI.

(d) In making their appraisal, the appraisers shall determine the fair market value of the Property in accordance with its highest and best use.

11.03 Election. Tenant shall have 180 days following establishment of the fair market value of the Property, whether by agreement or by appraisal, to exercise the option provided by this Article XI by giving written notice to Landlord. In the event Tenant shall elect to exercise its option, the notice of election shall be accompanied by a certified check in the amount of $250,000 as a deposit toward the purchase price of the Property. In the event Tenant (a) does not, prior to the end of such 180 day period, give notice that it elects to exercise the option and deliver the aforesaid check to Landlord or (b) is in default under this Lease at the time it delivers such notice, it shall be deemed to have relinquished all rights hereunder to purchase the Property.

11.04 Closing. In the event Tenant elects to exercise the option provided by this Article XI, Landlord and Tenant shall close not later than ninety (90) days after the date of delivery of the deposit and notice of election to exercise provided for by Section 11.03. At closing, Tenant shall pay in

current funds, a sum (the "Option Cash Amount") equal to the purchase price of the Property less the principal balance of any indebtedness secured by a deed of trust, mortgage or other encumbrance on the Property which Tenant either assumes or takes subject to at closing. Adjustments for rent, taxes, interest, utilities, insurance, fuel, supplies and similar fees, charges, expenses and costs pertaining to the operation of the Property shall be made as of the closing date. At closing, title to the Property shall be good and merchantable, insurable, and free of encumbrances (except for deeds of trust or other encumbrances which Tenant has agreed to assume or take subject to), subject, however, to easements, covenants and restrictions of record as of the date of Tenant's election to exercise its option pursuant to Section 11.03 and tenant leases. In the event the Note and the second promissory note in the amount of $750,000 payable to the Northwestern Mutual Life Insurance Company and secured by a first deed of trust (the "NML Trust") on the Property have not been paid in full prior to closing and Tenant elects not to assume the NML Trust, then Tenant shall pay at closing, in addition to the purchase price determined pursuant to the provisions of this Article XI, the prepayment penalty due as a result of the discharge of the NML Trust.

11.05 Acceleration of Option Right.

(a) Landlord, at Landlord's option, by written notice to Tenant given not earlier than March 1, 1991, and not later than January 1, 1994, shall have the right to accelerate the time period during which Tenant shall have the right and option to purchase the Property pursuant to this Article XI. In the event Landlord shall exercise its right, as aforesaid, then in lieu of the time period specified in Section 11.02 for Tenant's notification to Landlord of its intention to exercise its option, Tenant shall be required to given written notice to Landlord of its intent to exercise its option to purchase the Property not later than six (6) months

after the date of Landlord's notice to Tenant as provided pursuant to the provisions of the preceding sentence of this Section 11.05, and if Tenant shall do so, the provisions of this Article XI shall apply based on the applicable time period from the delivery of Tenant's notice of intent.

(b) Following the establishment of the fair market value of the Property, if Tenant shall elect to exercise its option, as accelerated pursuant to the provisions of this Section 11.05, and shall elect to assume or take subject to (if permissible under the appropriate financing documents) the prior indebtedness (hereinafter defined) (with Landlord discharging any encumbrances securing indebtedness which the holders thereof do not permit Tenant to either assume or take subject to), then Tenant, by written notice (which shall specify the portion of the Option Cash Amount to be deferred as hereinafter set forth) to Landlord given simultaneously with the notice of election specified in Section 11.03, may elect to defer up to eighty per cent (80%) of the Option Cash Amount. If such election is made, then Tenant shall deliver to Landlord at closing its purchase money promissory note for the deferred portion (not to exceed eighty per cent (80%) of the Option Cash Amount, with the remaining portion of the Option Cash Amount to be paid in current funds at closing. Notwithstanding the foregoing, if (a) Tenant elects as provided above to defer a portion of the Option Cash Amount and (b) the amount to be paid in current funds at closing pursuant to such election would preclude Landlord from returning the sale on the installment method for federal income tax purposes pursuant to Section 453(b) of the Internal Revenue Code of 1954, as amended (or any comparable provision of the federal income tax laws then in effect), then Landlord shall have the right exercisable by sending written notice ("Installment Sale Notice") to Tenant within thirty (30) days after the receipt of Tenant's election to defer to require that Tenant, at Tenant's option, either (i) decrease the amount to be paid in current

funds at closing to an amount which will enable the sale of the Property to qualify for installment reporting for federal income tax purposes and increase the purchase money promissory note by the same amount or (ii) pay the entire Option Cash Amount in current funds. Tenant shall make the foregoing election by sending written notice to Landlord given within thirty (30) days after Tenant's receipt of the Installment Sale Notice. The purchase money note shall bear interest at eight per cent (8%) per annum, payable, interest only, monthly on the first (1st) day of each month, with the unpaid principal balance, together with any accrued but unpaid interest thereon, due and payable on January 1, 1996. Such promissory note shall provide that it may be prepaid in whole or in part, at any time or times, except that only a prepayment in full shall be permitted during the calendar year in which closing of the purchase of the Property (as accelerated pursuant to the provisions of this Section 11.05) shall occur. Said promissory note shall be secured by a deed of trust (which shall be in a form satisfactory to counsel for Landlord) subordinate only to those deeds of trust, mortgages or other encumbrances on the Property securing the indebtedness ("Prior Indebtedness") of Landlord which Tenant is permitted to assume or take subject to. Trustees under the aforesaid deed of trust shall be named by Landlord. In addition to the foregoing deed of trust, Tenant shall execute at closing, as further security for its promissory note, an assignment of leases and the rents thereunder (subordinate to any such assignments made to secure the Prior Indebtedness) in form satisfactory to Landlord's counsel.

11.06 Credits Against Purchase Price Payments. In the event that Tenant shall have a partnership interest in Landlord on the date Tenant makes any payment in cash or in current funds required to be made at closing under the purchase option herein granted or pursuant to any promissory note given by Tenant at closing in accordance with the provisions of Section 11.05, and as a result of the foregoing payment in cash or current funds, Tenant would be entitled to re-

ceive a cash distribution pursuant to the applicable provisions of the partnership agreement of Landlord, then Tenant shall not receive such cash distribution, but instead shall be given a credit against the payment required to be made by Tenant in an amount equal to the amount of such distribution. Such credit shall be in full discharge of Landlord's obligation to make such distribution to Tenant under the applicable provisions of its partnership agreement.

11.07 Tenant Review of Third Party Leases. During the period commencing with Tenant's written notice pursuant to Section 11.02 of intent to exercise the option provided by this Article XI, Landlord shall consult with Tenant concerning any new lease or lease renewal pertaining to third parties. Following notice pursuant to Section 11.03 of the election to exercise the option and until either the closing date or forfeiture of deposit, Tenant shall have the right of final review and approval of any such new lease or lease renewal.

11.08 Assignment. The option provided by this Article XI is personal and confined to Tenant, not only by reason of Tenant's stated covenants under this Lease and other agreements involving Landlord and Tenant, but also in consideration of the timing of Tenant's participation in the Project and other considerations peculiar to Tenant. Nonetheless, Landlord recognizes that circumstances as yet unforeseen may make it advantageous to Tenant and at the same time without material detriment to Landlord should the option be held for the benefit of Tenant by an Affiliate of Tenant. Accordingly, Landlord and Tenant agree that an assignment of the option provided by this Article XI shall not be effective (or if effective when made, shall not continue to be effective) unless all of the following conditions are met or maintained, as the case may be:

(a) The assignment is to a legal entity that is at the time of the assignment an Affiliate of Tenant;

(b) Landlord gives its written approval of the assignment;

(c) The assignee continues to be an Affiliate of Tenant;

(d) Both Tenant and its assignee continue to conform to the obligations of other agreements between Landlord and Tenant applicable to them; and

(e) Any further assignment by Tenant's assignee conforms with all the requirements of this Section 11.08. Landlord may withold its approval of any assignment not in conformity with this Section 11.08 without regard to the requirements of Section 15.20.

11.09 Landlord's Right to Sell the Property. At any time prior to receipt of the notice of intent provided for by Section 11.02, Landlord shall have the right to sell the Property to any person. For purposes of this Section 11.07, such a sale shall be deemed to have been made prior to receipt of such notice if Landlord and the party or parties to whom the Property is sought to be sold have executed an agreement to that end enforceable against Landlord and all such parties, and which provides for the scheduled closing to be held no later than six (6) months following execution of such an agreement.

11.10 Termination of Option Right. In the event that either (a) after delivery of the notice of intent provided for by Section 11.02 Tenant fails to exercise the option provided by, or to comply with the procedures set forth in, this Article XI, or (b) after having exercised its option pursuant to Section 11.03, Tenant fails to close on the purchase of the Property within the time

provided (for any reason other than Landlord's default or inability to deliver title in the condition specified by Section 11.04) Tenant shall forfeit its $250,000 deposit and shall have no further right to purchase the Property, and Landlord shall have the right to sell or retain the Property, free and clear of Tenant's right under this Article XI.

11.11 Sale by Landlord Subject to Tenant's Option. Any sale transfer, assignment, mortgage or encumbrance of the Property in whole or in part by Landlord whether pursuant to Section 11.09, by operation of law or otherwise, shall be subject to Tenant's option rights provided by this Article XI, as long as such option rights exist.

11.12. Alternate Means of Acquiring Beneficial Interest in the Property. Landlord and Tenant recognize that Tenant may prefer to acquire, or Landlord may prefer to convey, the ownership interests of the partners of Landlord other than Tenant's ownership interest ("Remaining Partnership Interests") instead of the Property as a means of acquiring or transferring the full beneficial interest in the Property. If, therefore, Landlord and Tenant mutually agree that a sale of the Remaining Partnership Interests can be accomplished in such manner as to provide Landlord and Tenant the full economic and other benefits which would obtain in the case of a sale of the Property, and without accompanying detriment unacceptable to either of them, then Landlord and Tenant shall work together to structure the sale as a sale of the Remaining Partnership Interests. Nothing in this Section 11.12 or in Section 15.20 shall obligate either Landlord or Tenant to restructure the sale as a sale of the Remaining Partnership Interests if either of them determines not to do so.

ARTICLE XII

SERVICES, UTILITIES AND PARKING

12.01 Heating, Ventilation and Air Conditioning. Unless circumscribed by government regulation directed to energy conservation, heating and air conditioning at temperatures prescribed by the standards set forth in Exhibit B-1 shall be provided by Landlord on weekdays (except Christmas Day, New Year's Day, Memorial Day, the Fourth of July, Labor Day and Thanksgiving Day ("Holidays") from 8:00 A.M. to 7:00 P.M. and on Saturdays (except Holidays) from 9:00 A.M. to 3:00 P.M. In the event reasonable notice is given to Landlord, and the costs are undertaken by Tenant, either alone or in conjunction with other tenants, heating, air conditioning and other building services shall be made available by Landlord on weekdays at hours in addition to those provided for above, and on Sundays and Holidays.

12.02 Access and Security. Tenant shall have access to the Demised Premises twenty-four (24) hours a day, seven (7) days a week. The Building shall be equipped by the Lease Commencement Date with a security system, connected to a remote central control station manned twenty-four (24) hours a day, seven (7) days a week, which system may be altered from time to time, but which must be acceptable to Tenant. Access to the Building after normal business hours shall be controlled by a magnetic card system or comparable improvements thereon as they are from time to time developed during the term of this Lease.

12.03 Painting and Other Services. The Demised Premises shall be repainted every five (5) years at Landlord's expense unless Landlord and Tenant mutually agree to extend the period for repainting. Landlord, at its

expense, shall provide and install all original flourescent tubes for Building Standard Improvement (as defined in Exhibit B-1) lighting fixtures within the Demised Premises to provide the lighting required by Exhibit B-1. All replacement tubes for such Building Standard Improvement lighting shall be provided and installed by Landlord in a timely manner and at Landlord's expense. Reasonable services of the Building superintendent, engineer and other Building employees shall be furnished by Landlord at no cost to Tenant (except to the extent the costs of the foregoing replacement tubes and the services referred to in this sentence contribute to increased Operating Costs to be paid by Tenant pursuant to Article VIII); provided that bulbs, tubes, fixtures and replacement items not provided for above shall be supplied at Landlord's cost, plus twenty-one percent (21%). Landlord shall also provide reasonably adequate electricity, water and lavatory supplies.

12.04 Char and Janitorial Services. Char and janitorial services shall be furnished in the case of Office Space (but not Service Space) on each weekday (except Holidays) at Landlord's expense in accordance with the Char Specifications and Standards set forth in Exhibit E. Tenant shall, upon written notice to Landlord, have the right at any time beginning six (6) months after the Lease Commencement Date, to cause Landlord to cancel effective on January 1 ("Cancellation Date") of the calendar year immediately following the date of Tenant's notice, its contract for char and janitorial services ("Char Services") in respect of Office Space if such services do not conform to the standards prescribed by Exhibit E and Landlord does not cause such services to conform within thirty (30) days after written notice from Tenant. In the event the Char Services are so canceled, then from and after the Cancellation Date (a) the annual Base Rent per rentable square foot of all office space in the

Building subject to this Lease for which Char Services shall have been provided as of the Cancellation Date shall be reduced by an amount equal to the average per rentable square foot cost to Landlord of providing Char Services to Office Space in the Building during the Base Year, (b) for purposes of applying Section 8.08 to determine the Category (ii) Amounts payable to Tenant in respect of the calendar year ("Cancellation Year") in which the Cancellation Date occurs, the Category (ii) Amounts for the calendar year ("Comparison Year") immediately preceding the Cancellation Year (and to the extent necessary, for any one or more calendar years preceding the Comparison Year) shall be deemed to be the Category (ii) Amounts which would have been payable in respect of such calendar years if the definition of Operating Costs (as applicable to both the Base Year and the applicable calendar years) excluded the cost of providing Char Services to the office space in the Building, and (c) the definition of Operating Costs as set forth in Section 8.02 (as applicable to both the Base Year and all future calendar years commencing with the Cancellation Year) shall be amended to exclude the cost of providing Char Services for the office space in the Building for purposes of computing amounts payable by Tenant pursuant to Article VIII.

12.05 Parking. Upon timely payment therefor to Landlord or landlord's designee of the applicable monthly rates set forth below, Tenant shall have the right to park in the Building garage one automobile for each 1,500 square feet of space in the Building subject to this Lease, under the following terms and conditions:

(a) Prior to the opening of the garage to the general public or to other tenants of the Building, Tenant shall be given its choice of ten (10) reserved parking spaces in the garage, which shall be "park and lock". The monthly rates for the foregoing parking spaces shall be at the rate specified in

the first sentence of subsection (b), below, plus any premium in excess of such rates that may reasonably be imposed by the contract garage operator for the park and lock feature.

(b) The monthly rate applicable to all but ten (10) of the remaining automobiles Tenant is entitled to park in the Building garage shall be the prevailing monthly rate charged by the contract garage operator for Building garage space. The monthly rate in the case of ten (10) such automobiles shall be five percent (5%) lower than the prevailing monthly rate for Building garage space.

(c) Reserved parking for a reasonable number of bicycles and motorcycles for the exclusive use of tenants of the Building shall be provided by Landlord at prevailing monthly rates for comparable facilities in comparable office buildings.

From time to time and at any time, beginning with the time Tenant desires to commence parking automobiles in the Building garage and including such times as Tenant desires to increase or decrease the number of automobiles to be parked in the Building garage pursuant to this Section 12.05, Tenant shall give Landlord and the contract garage operator at least thirty (30) days prior written notice expiring on the last day of a calendar month, of (a) the number of automobiles covered by the notice and (b) the category set forth in subsection (a) and (b), above, applicable to each such automobile.

12.06 Elevator Service. Landlord shall provide elevator service by means of automatically operated elevators on all regular elevators between the hours of 8:00 A.M. and 7:00 P.M. weekdays (except Holidays) and 9:00 A.M. and 3:00 P.M. on Saturdays (except Holidays) and at least one (1) elevator

on a twenty-four (24) hour basis at all times; provided, however, that Landlord shall have the right to remove elevators from service as the same shall be required for moving freight, or for servicing or maintaining the elevators and/or the Building.

12.07 Limitations on Landlord's Liability. Landlord shall not be liable for failure to furnish or for delay or suspension in furnishing, any of the services required to be performed by Landlord caused by breakdown, maintenance, repairs, strikes, scarcity of labor or materials, acts of God or from any cause beyond Landlord's control. If the Building equipment should cease to function properly, Landlord shall use reasonable diligence to repair the same promptly.

ARTICLE XIII

GENERAL COVENANTS OF TENANT

13.01 Use of Demised Premises. Tenant shall use and occupy the Demised Premises solely for general office purposes and in accordance with the use permitted under applicable zoning regulations. Without the prior written consent of Landlord, the Demised Premises shall not be used for any other purposes. Tenant shall not use or occupy the Demised Premises for any unlawful purpose, and shall comply with all present and future laws, ordinances, regulations, and orders of the United States of America, the District of Columbia, and any other public authority having jurisdiction over the Demised Premises.

13.02 Assignment and Subletting. Tenant shall not assign, transfer, mortgage or encumber this Lease or sublet (or permit occupancy or use of) the Demised Premises, or any part thereof, without obtaining the prior written consent of Landlord, nor shall any assignment or transfer of this Lease be effectuated by operation of law or otherwise, without the prior written consent of Landlord; provided, however, that subject to the limitations of Section 11.06, consent of Landlord shall not be required in the case of an assignment in the whole or sublease in whole or in part to either (a) an affiliate that is and continues to control, be controlled by, or be under common control with Tenant ("Affiliate") or (b) a legal entity that is the successor, by merger or otherwise, to all or substantially all of Tenant's assets, liabilities and operations, provided such assignee or subtenant agrees in writing to perform all of Tenant's obligations then prevailing under this Lease or such subtenant agrees, as part of such sublease, to perform all such obligations of Tenant (other than the obligation to pay rent to Landlord except as hereinafter provided); provided further, that notwithstanding the provisions of Section 15.20, Landlord may

withhold its approval of any sublease or occupancy of Expansion Space by an entity which is not an Affiliate or a Kindred Organization. The terms "controls", "controlled by" and "under common control with" refer to the possession, to the exclusion of others, of the power to direct, or cause the direction of, the management and policies of a legal entity by virtue of ownership of voting interests. Any assignment or subletting, whether with the consent of Landlord or otherwise, shall not be construed as a waiver or release of Tenant from the terms of any covenant or obligation under this Lease, nor shall the collection or acceptance of rent from any such assignee, or subtenant constitute a waiver of, or release of Tenant from any covenant or obligation contained in this Lease, nor shall any such assignment or subletting be construed to relieve Tenant from obtaining the consent in writing, where required, of Landlord to any further assignment or subletting. In the event that Tenant defaults hereunder, Tenant hereby assigns to Landlord the rent due from any subtenant and hereby authorizes each such subtenant to pay said rent directly to Landlord.

13.03 Maintenance. Tenant shall keep the Demised Premises and fixtures and equipment therein in clean, safe and sanitary condition, shall take good care thereof, shall suffer no waste or injury thereto, and shall, at the expiration or other termination of the term of this Lease, surrender the same, broom clean, in the same order and condition in which they are on the commencement of the term of this Lease, ordinary wear and tear and damage by the elements excepted. Maintenance and repair of equipment such as kitchen fixtures, separate air conditioning equipment, or any other type of special equipment, whether installed by Tenant or by Landlord on behalf of Tenant, shall be the sole responsibility of Tenant and Landlord shall have no obligation in connection therewith.

13.04 Alterations. Tenant shall not make or permit anyone to make any alterations, decorations, additions or improvements, structural or otherwise, in or to the Demised Premises or the Building (including, without limitation, the remodeling of Option Space or Expansion Space by Tenant prior to the occupancy of such space by Tenant), without the prior written consent of Landlord. All such alterations, decorations, additions or improvements permitted by Landlord shall conform to all rules and regulations established from time to time by the Underwriters' Association of the District of Columbia, conform to all requirements of the Federal and District of Columbia governments, and conform harmoniously with the Building's design and interior decoration. If, any mechanic's lien is filed against the Demised Premises, or the real property of which the Demised Premises are a part, for work claimed to have been done for, or materials claimed to have been furnished to, Tenant, such mechanic's lien shall be discharged by Tenant within ten (10) days thereafter, at Tenant's sole cost and expense, by the payment thereof or by filing any bond required by law. If Tenant shall fail to discharge any such mechanic's lien, Landlord may, at its option, discharge the same and treat the cost thereof as additional rent payable with the monthly installment of rent next becoming due, it being hereby expressly covenanted and agreed that such discharge by Landlord shall not be deemed to waive, or release, the default of Tenant in not discharging the same. It is understood and agreed by Landlord and Tenant that any such alterations, decorations, additions or improvements shall be conducted on behalf of Tenant and not on behalf of Landlord, and that Tenant shall be deemed to be the "owner" and not the "agent" of Landlord for purposes of application of Section 38-101 of the District of Columbia Code. It is further understood and agreed that in the event Landlord shall give its written consent to Tenant's making any such alterations, decorations, additions or improvements,

such written consent shall not be deemed to be an agreement or consent by Landlord to subject Landlord's interest in the Demised Premises, the Building or the real property upon which the Building is situated to any mechanic's liens which may be filed in respect of any such alterations, decorations, additions or improvements made by or on behalf of Tenant. Tenant shall indemnify and hold Landlord harmless from and against any and all expenses, liens, claims or damages to person or property which may or might arise by reason of the making of any such alterations, decorations, additions or improvements. If any alteration, decoration, addition, or improvement is made without the prior written consent of Landlord, Landlord may correct or remove the same, and Tenant shall be liable for any and all expenses incurred by Landlord in the performance of this work. All alterations, decorations, additions or improvements in or to the Demised Premises or the Building made by either party hereto shall (unless Landlord makes the election provided in the following sentence) immediately become the property of Landlord and shall remain upon and be surrendered with the Demised Premises as a part thereof at the end of the term hereof without disturbance, molestation or injury; provided, however, that if Tenant is not in default in the performance of any of its obligations under this Lease, Tenant shall have the right to remove, prior to the expiration or termination of the term of this Lease, all movable furniture, furnishings or equipment installed in the Demised Premises at the expense of Tenant, and if such property of Tenant is not removed by Tenant prior to the expiration or termination of this Lease the same shall become the property of Landlord and shall be surrendered with the Demised Premises as a part thereof. Should Landlord elect that any alterations, decorations, additions or improvements installed by Tenant be removed upon the expiration or termination of this Lease, Tenant shall remove the same, at Tenant's sole cost and expense and if Tenant

fails to remove the same, Landlord may remove the same at Tenant's expense and Tenant shall reimburse Landlord for the cost of such removal together with any and all damages which Landlord may sustain by reason of such default by Tenant.

13.05 Signs; Furnishings. Except as provided for in Exhibit B-2, no sign, advertisement or notice shall be inscribed, painted, affixed or displayed by Tenant on any part of the outside or the inside of the Building, and if any such sign, advertisement or notice is nevertheless exhibited by Tenant, Landlord shall have the right to remove the same and Tenant shall be liable for any and all expenses incurred by Landlord. Landlord shall provide, at no additional cost to Tenant, the initial listing of Tenant's name and suite number in the Building directory and a nameplate for the suite entry of Building standard design. Any subsequent additions or changes to either the directory listing or the nameplate shall be at Tenant's cost. Landlord shall have the right to prohibit any advertisement of Tenant which in its opinion tends to impair the reputation of the Building or its desirability as a high-quality building for offices or for financial, insurance and other institutions of like nature, and, upon written notice from Landlord, Tenant shall immediately refrain from and discontinue any such advertisement. Landlord shall have the right to prescribe the weight and position of safes and other heavy equipment or fixtures, which shall, if considered necessary by Landlord, stand on plank strips to distribute the weight. Any and all damage or injury to the Demised Premises or the Building caused by moving the property of Tenant into, in or out of the Demised Premises, or due to the same being on the Demised Premises, shall be repaired by, and at the sole cost of Tenant. No furniture, equipment or other bulky matter of any description shall be received or carried into the Building or carried in the elevators except as approved by Landlord. All moving

of furniture, equipment and other material within the public area of the Building shall be at such times and conducted in such manner as Landlord may reasonably require in the interest of all tenants within the Building.

13.06 Inspection. Tenant shall permit Landlord, or its representative, to enter the Demised Premises, without charge therefor to Landlord and without diminution of the rent payable by Tenant, to examine, inspect and protect the same, and to make such alterations and/or repairs as in the judgment of Landlord may be deemed necessary, or to exhibit the same to prospective tenants during the last one hundred twenty (120) days of the term of this Lease.

13.07 Insurance Rating. Tenant shall not conduct or permit to be conducted any activity, or place any equipment in or about the Demised Premises, which will, in any way, increase the rate of fire insurance or other insurance on the Building; and if any increase in the rate of fire insurance or other insurance is stated by any insurance company or by the applicable insurance rating bureau to be due to activity or equipment in or about the Demised Premises, such statement shall be conclusive evidence that the increase in such rate is due to such activity or equipment and, as a result thereof, Tenant shall be liable for such increase and shall reimburse Landlord therefor.

13.08 Tenant's Equipment. Except as provided below in the case of Service Space, Tenant shall not install or operate in the Demised Premises any electrically operated equipment or other machinery, other than electric typewriters, adding machines, radios, televisions, telex machines, clocks and standard size copying and facimile machines, without first obtaining the prior written consent of Landlord, who may condition such consent upon the payment by Tenant of additional rent in compensation for such excess consumption of

utilities and for the cost of additional wiring as may be occasioned by the operation of of said equipment or machinery. In the case of Service Space, Tenant may install computers, printing, darkroom and such other mechanical and electrical equipment as it may choose, so long as otherwise in conformity with this Lease, without such prior consent, but all costs of electricity for such Service Space shall be paid directly by Tenant. Tenant shall not install any other equipment of any kind or nature whatsoever which will or may necessitate any changes, replacements or additions to, or in the use of, the water system, heating system, plumbing system, air conditioning system, or electrical system of the Demised Premises or the Building without first obtaining the prior written consent of Landlord. Business machines and mechanical equipment belonging to Tenant that cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord or to any tenant in the Building shall be installed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate such noise and vibration.

13.09 Indemnity. Tenant shall indemnify and hold harmless Landlord from and against any loss, damage or liability occasioned by or resulting from any default hereunder or any willful or negligent act on the part of Tenant, its agents, employees, or invitees or persons permitted on the Demised Premises by Tenant.

13.10 Default of Tenant. If Tenant shall fail to pay any monthly installment of rent as aforesaid and/or as required by Articles VI, VII and VIII (although no legal or formal demand has been made therefor), or shall violate to fail to perform any of the other conditions, covenants, or agreements herein made by Tenant, and such violation or failure shall continue for a period of

five (5) business days after written notice thereof to Tenant by Landlord, then and in any of said events this Lease shall, at the option of Landlord, cease and terminate and shall operate as a notice to quit -- any notice to quit, or of Landlord's intention to re-enter, being hereby expressly waived -- and Landlord may proceed to recover possession under and by virtue of the provisions of the laws of the District of Columbia, or by such other proceedings, including re-entry and possession, as may be applicable. If Landlord elects to terminate this Lease, everything herein contained on the part of Landlord to be done and performed shall cease without prejudice, however, to the right of Landlord to recover from Tenant all rental accrued up to the time of termination or recovery of possession by Landlord, whichever is later. Should this Lease be terminated before the expiration of the term of this Lease by reason of Tenant's default as hereinabove provided, or if Tenant shall abandon or vacate the Demised Premises before the expiration or termination of the term of this Lease, the Demised Premises may be relet by Landlord, for such rent and upon such terms as are not unreasonable under the circumstances and, if the full rental hereinabove provided shall not be realized by Landlord, Tenant shall be liable for all damages sustained by Landlord, including, without limitation, deficiency in rent, reasonable attorneys' fees, other collection costs and all expenses of placing the Demised Premises in first-class rentable condition. Any damage or loss of rental sustained by Landlord may be recovered by Landlord, at Landlord's option at the time of the reletting, or in separate actions, from time to time, as said damage shall have been made more easily ascertainable by successive relettings, or, at Landlord's option, may be deferred until the expiration of the term of this Lease, in which event the cause of action shall not be deemed to have accrued until the date of expiration of said term. The provisions contained in this Section 13.10 shall be in addition to and shall not prevent the enforcement of any claim Land-

lord may have against Tenant for anticipatory breach of the unexpired term of this Lease. All rights and and remedies of Landlord under this Lease shall be cumulative and shall not be exclusive of any other rights and remedies provided to Landlord under applicable law.

13.11 Attornment. This Lease is subject and subordinate to the lien of all and any mortgages (which term "mortgages" shall include both construction and permanent financing and shall include deeds of trust and similar security instruments) which may now or hereafter encumber or otherwise affect the real estate (including the Building) of which the Demised Premises form a part, or Landlord's interest therein, and to all and any renewals, extensions, modifications, recastings or refinancings thereof. In confirmation of such subordination, Tenant shall, at Landlord's request, promptly execute any requisite or appropriate certificate or other document. Tenant agrees that in the event that any proceedings are brought for the foreclosure of any such mortgage, Tenant shall attorn to the purchaser at such foreclosure sale if requested to do so by such purchaser, and to recognize such purchaser as the Landlord under this Lease, and Tenant waives the provision of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event that any such foreclosure proceeding is prosecuted or completed; provided, however, that this Lease shall not be subordinated as aforesaid unless the holder of such a mortgage agrees, for itself and for its successors and assigns, that as long as Tenant is not in default beyond any applicable cure period provided for in this Lease, this Lease shall, notwithstanding any such foreclosure or deed in lieu thereof, remain in full force and effect in accordance with all its terms and conditions.

13.12 Rules and Regulations. Tenant, its agents and employees shall abide by and observe the rules and regulations attached hereto as Exhibit D. Tenant, its agents and employees, shall abide by and observe such other rules or regulations as may be promulgated from time to time by Landlord, with a copy sent to Tenant, for the operation and maintenance of the Building provided that the same are in conformity with common practice and the usage in similar buildings and are not inconsistent with the provisions of this Lease. Nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the terms, conditions or covenants contained in any other lease, as against any other tenant, and Landlord shall not be liable to Tenant for violation of the same, or of such rules and regulations, by any other tenant, its employees, agents, business invitees, licensees, customers, family members or guests.

13.13 Estoppel Certificates. Tenant agrees, at any time and from time to time, upon not less than five (5) days prior written notice by Landlord, to execute, acknowledge and deliver to Landlord either an estoppel certificate substantially in the form of Exhibit G or a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), (b) stating the dates to which the rent and other charges hereunder have been paid by Tenant, (c) stating whether or not to the best knowledge of Tenant, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which Tenant may have knowledge, (d) stating the address to which notices to Tenant should be sent, (e) stating that Tenant accepts the Demised Premises and the improvements therein (f) stating that Tenant will not attempt to terminate this Lease by reason of Landlord's default or omission

without giving written notice of such default or omission to Landlord and any mortgagee of which Tenant has knowledge, and (g) stating such other information that Landlord may reasonably request under the circumstances. Any such statement delivered pursuant hereto may be relied upon by any owner of the Building, any prospective purchaser of the Building, any mortgagee or prospective mortgagee of the Building or of Landlord's interest, or any prospective assignee of any such mortgage.

13.14 Holding Over. In the event that Tenant does not immediately surrender the Demised Premises on the date of expiration of the term hereof, Tenant shall, by virtue of the provisions hereof, become a tenant by the month at the monthly rental in effect during the last month of the term of this Lease (including any increases in such monthly rental pursuant to Articles VI, VII and VIII hereof), which said monthly tenancy shall commence with the first day next after the expiration of the term of this Lease. Tenant as a monthly tenant shall be subject to all of the conditions and covenants of this Lease, including the additional rent provisions of Articles VI, VII and VIII. Tenant shall give to Landlord at least thirty (30) days' written notice of any intention to quit the Demised Premises, and Tenant shall be entitled to thirty (30) days' written notice to quit the Demised Premises, except in the event of nonpayment of rent in advance or of the breach of any other covenant by the Tenant, in which event Tenant shall not be entitled to any notice to quit, the usual thirty (30) days' notice to quit being hereby expressly waived. Notwithstanding the foregoing provisions of this Section 13.14, in the event that Tenant shall hold over after the expiration of the term hereby created, and if Landlord shall desire to regain possession of the Demised Premises promptly at the expiration of the term of this Lease, then at any

time prior to Landlord's acceptance of rent from Tenant as a monthly tenant hereunder, Landlord, at its option, may forthwith re-enter and take possession of the Demised Premises without process, or by any legal process in force in the District of Columbia.

13.15 Right of Landlord to Cure Tenant's Default. If Tenant defaults in the making of any payment or in the doing of any act herein required to be made or done by Tenant, then Landlord may, but shall not be required to, make such payment or do such act, and the amount of the expense thereof, if made or done by Landlord, with interest thereon at the rate of ten percent (10%) per annum from the date paid by Landlord, shall be paid by Tenant to Landlord and shall constitute additional rent hereunder due and payable with the next monthly installment of rent; but the making of such payment or the doing of such act by Landlord shall not operate to cure such default or to estop Landlord from the pursuit of any remedy to which Landlord would otherwise be entitled. If Tenant fails to pay any installment of rent within ten (10) days after the same becomes due and payable, Tenant shall pay to Landlord a late charge of five percent (5%) of the amount of such installment, and, in addition, such unpaid installment shall bear interest at the rate of ten percent (10%) per annum from the date such installment became due and payable to the date of payment thereof by Tenant. Such late charge and interest shall constitute additional rent hereunder due and payable with the next monthly installment of rent.

13.16 Lien on Personal Property. Landlord shall have a lien upon all the personal property of Tenant moved into the Demised Premises as and for security for the rent and other Tenant obligations herein provided. In order to perfect and enforce said lien, Landlord may at any time after default

in the payment of rent or default of other obligations, seize and take possession of any and all personal property belonging to Tenant which may be found in and upon the Demised Premises. Should Tenant fail to redeem the property so seized, by payment of whatever sum may be due Landlord under and by virtue of the provisions of this Lease, then and in that event, Landlord shall have the right, after ten (10) days written notice to Tenant of its intention to do so, to sell such property so seized at public or private sale and upon such terms and conditions that as to Landlord may appear advantageous, and after the payment of all proper charges incident to such sale, apply the proceeds thereof to the payment of any balance due on account of rent or other obligations as aforesaid. In the event there shall then remain in the hands of Landlord any balance realized from the sale of said property as aforesaid, the same shall be paid over to Tenant.

13.17 Damage by Tenant. All injury or damage to the Demised Premises or the Building caused by Tenant or its agents, employees, invitees, and permittees (but not trespassers) shall be repaired by Tenant at Tenant's sole expense. If Tenant shall fail to make such repairs, Landlord shall have the right to make such necessary repairs or replacements, and any cost so incurred by Landlord shall be paid by Tenant, in which event such cost shall become additional rent payable with the installment of rent next becoming due under the terms of this Lease. This provision shall be construed as an additional remedy granted to Landlord and not in limitation of any other rights and remedies which Landlord has or may have in said circumstances.

ARTICLE XIV

GENERAL COVENANTS OF LANDLORD

14.01 Covenants of Landlord. Landlord covenants that it has the right to make this Lease for the term aforesaid, and that if Tenant shall pay the rental and perform all of the covenants, terms and conditions of this Lease to be performed by Tenant, Tenant shall, during the term hereby created, freely, peaceably and quietly occupy and enjoy the full possession of the Demised Premises without molestation or hindrance by Landlord or any party claiming through or under Landlord. In the event of any sale or transfer by the then landlord hereunder of the Demised Premises, the landlord whose interest is thus sold or transferred, and Tenant as to such landlord, shall be and hereby are completely released and forever discharged from and in respect of all covenants, obligations and liabilities as landlord and tenant hereunder accruing after the date of such sale or transfer.

14.02 Equal Employment Opportunity. During the term of the Lease:

(a) Landlord will not discriminate against any employee of Landlord or applicant for employment with Landlord because of race, color, religion, sex or national origin. Landlord agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the nondiscrimination provisions of this subparagraph (a).

(b) Landlord will, in all solicitations or advertisements for employees placed by Landlord, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) Landlord will negotiate, or instruct its management agent to negotiate, in good faith to include the nondiscrimination provisions of sub-paragraphs (a) and (b) in every agreement executed by or on behalf of Landlord pertaining to the performance of work in the Building so that the party providing such services will itself be obligated to comply with such provisions in respect of its employment of persons who will perform work in the Building.

ARTICLE XV

GENERAL TERMS

15.01 Name of Building. The name of the Building shall be "National Municipal Center". Landlord shall, at its cost, in a style and in locations acceptable to Tenant, place this name on both the E Street (to become Pennsylvania Avenue) and 13th Street entrances to the Building. In addition, Landlord and Tenant shall use this name in a manner to be agreed upon in connection with on-site and other advertising of the Project during the period in which the Building is under construction. Nothing in this Section 15.01, however, shall prevent Landlord from also advertising the Building by its street number where in Landlord's judgment it would be in the best interests of the Landlord to do so.

15.02 Design Review. Tenant shall be consulted and have design review of:

(a) Building lobby, elevator cabs and entrances; and

(b) Building interior and exterior signs, lettering and numbering.

15.03 Inconsistent Use. Landlord and Tenant intend to make the Project the model for future private sector architecture and economic activity along a renovated Pennsylvania Avenue and evidence of Tenant's leadership in the movement for urban conservation. Accordingly, Landlord shall not lease office or commercial space in the Building to any tenant for a use that would be inconsistent with or would diminish these objectives or would be inimicable to the public interests and responsibilities of Tenant. In cases of doubt, Landlord will consult with Tenant. Nothing in this Section 15.03, however, shall be construed against, or lead to unwarranted conclusions about, the parties' unfailing commitment to lease to any tenant without regard

to race, religion, age, sex, or ethnic or national background, whether or not required by applicable law.

15.04 Obligations of Tenant Conditioned Upon Completion of Work. If the Lease Commencement Date (as adjusted pursuant to Section 3.02) fails to occur on or before November 30, 1980 (the "Termination Date"), Tenant shall have the right to cancel this Lease, upon written notice to Landlord given after the Termination Date and its deposit provided for in Section 5.01, if any, shall be refunded in full; provided, however, in the event the Lease Commencement Date, as so adjusted, has not occurred on or before November 30, 1980, wholly or partially for reasons of strikes, lockouts, civil commotion, war, governmental regulation or control, inability to obtain labor or materials, fire, casualty, acts of God or other causes beyond Landlord's control, the Termination Date shall be November 30, 1981 in lieu of November 30, 1980.

15.05 Management Contract. In the event Landlord shall enter into a contract for management of the Building with a management agent, Tenant shall have the right of review and consultation prior to execution of the management contract. The management contract shall be cancelable, at Tenant's election, in the event Tenant has (a) purchased the Property and (b) given the management agent ninety (90) days' written notice of cancellation. The annual fee to be paid by Landlord to the management agent for managing the Building shall be an Operating Cost for purposes of Article VIII and shall be an amount equal, at the time of reckoning, to the higher of (a) three percent (3%) of the annual gross rentals of the Building or (b) the prevailing percentage of annual gross rentals being charged for comparable management services in the case of comparably sized first-class downtown office buildings in Washington, D. C.

15.06 Additional Financing. Subject to the provisions of Section 13.11, Landlord shall have the right to place additional mortgage financing on the Project and/or refinance existing mortgage refinancing so long as the total amount of financing, at any time, does not exceed ninety percent (90%) of the appraised value of the Project. For these purposes, the appraised value of the Project shall be the value determined by Landlord, unless disputed by Tenant, in which case the methods, but not the time periods, provided for appraisal by Section 11.02 shall be dispositive.

15.07 Insolvency or Bankruptcy of Tenant. In the event Tenant makes an assignment for the benefit of creditors, or a receiver of Tenant's assets is appointed, or Tenant files a voluntary petition in any bankruptcy or insolvency proceeding, or an involuntary petition in any bankruptcy or insolvency proceeding is filed against Tenant and the same is not discharged within sixty (60) days, or Tenant is adjudicated as bankrupt, Landlord shall have the option of terminating this Lease by sending written notice to Tenant of such termination and, upon such written notice being given by Landlord to Tenant, the term of this Lease shall, at the option of Landlord, end and Landlord shall be entitled to immediate possession of the Demised Premises and to recover damages from Tenant in accordance with the provisions of Section 13.10.

15.08 Liability of Landlord. Landlord shall not be liable to Tenant, its employees, agents, business invitees, licensees, customers, clients, family members, guests or trespassers for any damage, compensation or claim arising from the necessity of repairing any portion of the Building, the interruption in the use of the Demised Premises, accident or damage resulting from the use or operation (by Landlord, Tenant, or any other person or persons whatsoever) of elevators, or heating, cooling, electrical or plumbing equipment or apparatus

or the termination of this Lease by reason of the destruction of the Demised Premises or from any fire, robbery, theft, and/or any other casualty, or from any leakage in any part of the Demised Premises or the Building, or from water, rain or snow that may leak into, or flow from, any part of the Demised Premises or the Building, or from drains, pipes or plumbing work in the Building or from any other cause whatsoever beyond Landlord's control. Any goods, property or personal effects, stored or placed by Tenant in or about the Demised Premises or Building shall be at the sole risk of Tenant. Landlord shall not be liable for accident or damage to property of Tenant resulting from any cause other than any damage or loss resulting directly from the negligence of Landlord. Notwithstanding the foregoing, Landlord shall not be liable to Tenant for any loss or damage to personal property, or injury to person, whether or not the result of Landlord's negligence, to the extent that Tenant is compensated therefor by Tenant's insurance. The employees of Landlord are prohibited from receiving any packages or other articles delivered to the Building for Tenant, and if any such employee receives any such package or articles, such employee shall be the agent of Tenant and not of Landlord.

15.09 Damage by Fire or Casualty. Except as hereinafter provided, in the event of damage or destruction of the Demised Premises, or any portion of the public areas of the Building providing access to the Demised Premises by fire or any other casualty, this Lease shall not be terminated, but the Demised Premises or such public areas of the Building, as the case may be, shall be promptly and fully repaired and restored, as the case may be, by Landlord at its own cost and expense. Due allowance, however, shall be given for reasonable time required for adjustment and settlement of insurance claims, and for such other delays as may result from government restrictions, and

controls on construction, if any, and for strikes, emergencies and other conditions beyond the control of Landlord. In any of the aforesaid events, this Lease shall continue in full force and effect, but if the condition is such as to make the entire Demised Premises untenantable, then the rental which Tenant is obligated to pay hereunder shall abate as of the date of the occurrence until the Demised Premises have been restored by Landlord in a manner suitable for Tenant's occupancy. Any unpaid or prepaid rent for the month in which said condition occurs shall be pro rated. If the Demised Premises are partially damaged or destroyed, then during the period that Tenant is deprived of the use of the damaged portion of said premises, Tenant shall be required to pay rental covering only that part of the Demised Premises that it is able to occupy, based on that portion of the total rent which the amount of rentable square foot area remaining that can be occupied bears to the total rentable square foot area of the Demised Premises, with appropriate adjustment for differentials in rental rate attributable to Service Space and Expansion Space, if applicable. Notwithstanding anything herein to the contrary, if during the term of this Lease the Demised Premises or any portion of the public area of the Building providing access to the Demised Premises, shall be damaged by fire or other casualty, then unless Landlord commences repairs within ninety (90) days after Tenant notifies Landlord of such damage and diligently pursues such repairs thereafter, Tenant upon written notice to Landlord, given at any time following the expiration of ninety (90) days after such notification, may terminate this Lease, in which case the rent as adjusted pursuant to the provisions of the preceding sentence if applicable, shall be apportioned and paid to the date of such termination. In the event the Building is substantially damaged by fire or other casualty, then Landlord shall have the right to terminate this Lease upon written notice to Tenant given within ninety (90) days after the date of such damage, in which event

any rent, adjusted pursuant to the provisions of this Section, shall be apportioned and paid to the date of termination and the parties hereto shall be relieved of all obligations accruing hereunder from and after the date of such termination. For purposes hereof, the Building shall have been substantially damaged if the cost of repairing such damage would exceed fifty per cent (50%) of the replacement cost of the Building as of the date of such damage. No compensation, claim, or dimunition of rent shall be allowed or paid, by Landlord, by reason of inconvenience, annoyance, or injury to business arising from the necessity of repairing the Demised Premises or any portion of the Building of which they are a part, however the necessity may occur.

15.10 Waiver. If under the provisions hereof Landlord shall institute proceedings and a compromise or settlement thereof shall be made, the same shall not constitute a waiver of any covenant herein contained nor of any of Landlord's rights hereunder. No waiver by Landlord of any breach of any covenant, condition or agreement herein contained shall operate as a waiver of such covenant, condition or agreement itself, or of any subsequent breach thereof. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installment of rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent nor shall any endorsement or statement on any check or letter accompanying a check for payment of rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or to pursue any other remedy provided in this Lease. No reentry by Landlord, and no acceptance by Landlord of keys from Tenant shall be considered an acceptance of a surrender of this Lease.

15.11 Condemnation. If the whole or a substantial part of the

Demised Premises shall be taken or condemned by any governmental authority for any public or quasi-public use or purpose (including sale under threat of such a taking), then the term of this Lease shall cease and terminate, and the annual rental shall be abated, on the date when title vests in such governmental authority. If less than a substantial part of the Demised Premises is taken or condemned by any governmental authority for any public of quasi-public use or purpose, the rent shall be equitably adjusted on the date when the title vests in such governmental authority and the Lease shall otherwise continue in full force and effect. Tenant shall have no claim against Landlord (or otherwise for any portion of the amount that may be awarded as damages as a result of any governmental taking or condemnation (or sale under threat of such taking or condemnation) or for the value of any unexpired term of the Lease; provided, however, Landlord and Tenant shall each be entitled to receive and retain whatever separate awards may be allocated to their respective interests in this Lease provided, however, to the extent Landlord restores to Tenant a portion of the Building or land to compensate for such a condemnation, Landlord shall first be entitled to recover its costs and expenses incurred in restoration out of any such awards, and the balance of the proceeds shall then be allocated as provided above; and provided further, Tenant shall not be entitled to any such amount out of the condemnation award to the extent Landlord's award is insufficient to fully cover the remaining indebtedness due under the Note and/or other financing to which this Lease shall then be subordinate. Termination of this Lease as a result of condemnation shall not affect the right of Tenant to such an award. In addition, Tenant may assert any claim that it may have against the condemning authority for compensation for any fixtures owned by Tenant and for any relocation expense compensable by statute, and receive such award therefor as may be allowed in the condemnation proceedings, if such

award shall be made in addition to and stated separately from the award made for the Land and the Building or the part thereof so taken. For purposes of this Section 15.11, a substantial part of the Demised Premises shall be considered to have been taken if more than fifty per cent (50%) of the Demised Premises are unusuable by Tenant.

15.12 No Partnership. Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between Landlord and Tenant, or to create any other relationship between the parties hereto other than that of Landlord and Tenant.

15.13 No Representations by Landlord. Neither Landlord nor any agent or employee of Landlord has made any representations or promises with respect to the Demised Premises or the Building except as herein expressly set forth and no rights, privileges, easements or licenses are acquired by Tenant except as herein expressly set forth. The Tenant, by taking possession of the Demised Premises, shall accept the same "as is," and such taking of possession shall be conclusive evidence that the Demised Premises and the Building are in good and satisfactory condition at the time of such taking of possession.

15.14 Brokers. Landlord has entered into a separate agreement with Julien J. Studley, Inc., for its services associated with this Lease. Landlord and Tenant each represent and warrant to one another that if either has employed any broker or agent in carrying on the negotiations relating to this Lease, it shall pay any brokerage commission payable to said broker or agent. Landlord shall indemnify and hold Tenant harmless, and Tenant shall indemnify and hold Landlord harmless, from and against any claim or claims for brokerage or other commissions arising from or out of any breach of the foregoing repre-

sentation and warranty by the respective indemnitors. Any representation or statement by a leasing company or other third party (or employee thereof) engaged by Landlord as an independent contractor which is made with regard to the Demised Premises or the Building shall not be binding upon Landlord nor serve as a modification of this Lease and Landlord shall have no liability therefor, except to the extent such representation is also contained herein or is approved in writing by Landlord.

15.15 Notices. All notices or other communications hereunder shall be in writing and shall be deemed duly given if delivered in person or by certified or registered mail, return receipt requested, first-class postage prepaid, (a) if to Landlord, at the office of Quadrangle Development Corporation, 2030 M Street, N. W., Washington, D. C. 20036 and (b) if to Tenant, at 1620 Eye Street, N. W., Washington, D. C. 20006 prior to the Lease Commencement Date, and at the Demised Premises after the Lease Commencement Date, unless notice of a change of address is given pursuant to the provisions of this Section 15.15.

15.16 Benefit and Burden. Subject to the provisions of Section 13.02, the provisions of this Lease shall be binding upon, and shall inure to the benefit of, the parties hereto and each of their respective representatives, successors and assigns (in the case of Tenant, permitted assigns). Landlord may freely and fully assign its interest hereunder, provided that any such assignee accepts the obligations and benefits of this Lease.

15.17 Option Rights Not Severable Any termination, expiration, cancellation, or surrender of this Lease shall terminate any options granted pursuant to Articles IV, IX, X and XI hereof and such options may not be severed from this Lease or separately sold, assigned (except as specifically provided in

Section 11.06) or otherwise transferred.

15.18 Landlord as an Individual or Partnership. If Landlord or any successor in interest to Landlord shall be an individual, joint venture, tenancy in common, firm or partnership, general or limited, there shall be no personal liability on such individual, or the partners of such firm, partnership or joint venture with respect to any of the provisions of this Lease, any obligation arising therefrom or in connection therewith. In such event, Tenant shall look solely to the equity of the then owner in the Demised Premises and the Building and the Land for the satisfaction of any remedies of Tenant in the event of a breach by Landlord of any of its obligations.

15.19 Ground Lease. In the event that at any time the Land is leased by Landlord pursuant to a Lease (hereafter referred to as the "Ground Lease") from the owner of such Land, as lessor, to Landlord, as lessee, then no termination of the Ground Lease nor the institution of any suit, action or proceeding by the owner of such Land seeking to terminate the Ground Lease shall result in a cancellation or termination of this Lease or Tenant's obligations hereunder, and in the event that the owner of such Land succeeds to the interest of Landlord hereunder, Tenant agrees to attorn to such owner and recognize such owner as the landlord under this Lease, but only where such owner agrees for itself, its successors and assigns to be bound by the terms of this Lease and not to disturb Tenant's use and possession of its leasehold interest, so long as Tenant is not in default under this Lease.

15.20 Reasonableness. Unless specifically provided to the contrary, wherever this Lease requires a party's consent, review, approval or action, such consent, review, approval or action shall not be unreasonably withheld or delayed.

15.21 Article and Section Headings. The title headings of the respective Articles and Sections herein are inserted for convenience only and shall not be otherwise deemed to be a part of this Lease or considered in its construction.

15.22 Gender and Number. Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural shall be substituted for the singular number, in any place or places herein in which the context may require such substitution.

15.23 Entire Agreement. This Lease, together with Exhibits A, A-1, B, B-1, B-2, C, D, E, F, and G and any addenda attached hereto, contains and embodies the entire agreement of the parties hereto, and no representations, inducements or agreements, oral or otherwise, between the parties not contained in this Lease, or exhibits and addenda hereto, shall be of any force or effect. This lease may not be modified, changed or terminated in whole or in part in any manner other than by an agreement in writing duly signed by both parties hereto.

15.24 Invalidity of Particular Provisions. If any provision of this Lease or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

15.25 Recording. A short form memorandum of this Lease, setting forth the terms hereof, the renewal and purchase options, and such other

provisions hereof as Landlord and Tenant shall reasonably deem pertinent, which Landlord and Tenant, promptly upon the request of the other party, shall execute, acknowledge and deliver to the requesting party in recordable form, may be recorded at Landlord's or Tenant's option, including amendments hereto.

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IN WITNESS WHEREOF, Landlord has executed this Lease by execution thereof by VECTOR-QUADRANGLE II ASSOCIATES, its Sole General Partner, by QUADRANGLE DEVELOPMENT CORPORATION, which has caused these presents to be executed by ROBERT M. GLADSTONE, its PRESIDENT, and attested by EVERETT H. BAYLISS, its SECRETARY, and its corporate seal affixed, and does hereby constitute and appoint ROBERT M. GLADSTONE, its true and lawful attorney in fact to acknowledge these presents as its act and deed, and the NATIONAL LEAGUE OF CITIES has caused this Lease to be executed by Tom Moody, its President, and attested by Alan Beals, its Secretary, and its corporate seal affixed, and does hereby constitute and appoint Alan Beals, its true and lawful attorney in fact to acknowledge these presents as its act and deed, all as of the day and year first hereinabove written.

ATTEST

By _____
Secretary

SEAL

1301 ASSOCIATES

By: VECTOR-QUADRANGLE II ASSOCIATES, Sole General Partner

By: QDC-NMC ASSOCIATES

By: QUADRANGLE DEVELOPMENT Corporation, General Partner

By: _____

ATTEST

By _____
Secretary

SEAL

NATIONAL LEAGUE OF CITIES

By: _____
Tom Moody, President

EXHIBIT B

WORK AGREEMENT, ALLOWANCES AND CREDITS

1. Preliminary Architectural Drawings - NLC Space.

(a) Tenant has delivered to Landlord, and Landlord acknowledges receipt of, architectural drawings (the "Architectural Drawings") prepared by Kenneth Parker and Associates (the "Space Designer") for the NLC Space and attached to the Lease as Exhibit B-2. The Architectural Drawings have been submitted to Landlord's general contractor (the "Building General Contractor") for the Building in order to obtain the Building General Contractor's bids for the architectural work (the "Nonstandard Architectural Work") contemplated by the Architectural Drawings other than work ("Building Standard Tenant Work") required to be provided by Landlord in the NLC Space pursuant to Exhibit B-1 of this Lease without charge to Tenant. Any Building Standard Tenant Work contemplated by the Architectural Drawings shall be performed by the Building General Contractor under Landlord's supervision, as part of Landlord's work.

(b) Promptly after receipt by Landlord, Landlord shall deliver to Tenant the bids of the Building General Contractor for the Nonstandard Architectural Work, together with a written notification setting forth the date (the "Initial Bid Acceptance Date") by which such bids must be accepted; Landlord shall cause the Initial Bid Acceptance Date to be at

least sixty (60) days after the date of the aforesaid bids. If Tenant notifies Landlord in writing to the extent Tenant accepts such bids within the time period so specified, the Nonstandard Architectural Work (the "Initial Contractor Work") for which such bids are accepted by Tenant shall be performed by the Building General Contractor under Landlord's supervision, as part of Landlord's work, and Landlord's Cost (defined in paragraph 2) for the Initial Contractor Work shall be applied against the Extra Allowance for Tenant Improvements provided for in paragraph 5 hereof. If the Extra Allowance for Tenant Improvements is less than Landlord's Cost for the Initial Contractor Work, Tenant shall pay the difference to Landlord promptly upon completion of the Initial Contractor Work within five (5) business days after receiving Landlord's bill therefor.

(c) At least thirty (30) days prior to the Initial Bid Acceptance Date, Landlord shall cause its engineers to prepare and deliver to Tenant an analysis of the Architectural Drawings setting forth any aspects or items thereof which such engineers determine, in their judgment, may materially increase the costs (in relation to the comparable costs when only Building Standard Tenant Work is involved) of providing the structural, mechanical,

plumbing, heating, ventilating or air-conditioning systems required to service the NLC Space as contemplated by the Architectural Drawings, with suggestions for possible changes which may reduce such costs. On or before the date the aforesaid analysis is delivered, Landlord will advise Tenant in writing of any changes required by Landlord in the Architectural Drawings, which changes shall be either incorporated in the revision of the Architectural Drawings provided for in subparagraph (d) below or in the Final Architectural Drawings described in paragraph 2(a) below, at Tenant's sole option.

(d) After Tenant receives the analysis and notification from Landlord referred to in subparagraph (c) above, Tenant shall have the right to revise the Architectural Drawings to accomplish such changes as are required, recommended or contemplated by the foregoing analysis and notification, subject to Landlord's approval of such revisions, and to resubmit to Landlord within thirty (30) days after the date Tenant receives the aforesaid analysis such Architectural Drawings, as revised, in order to obtain the bids of the Building General Contractor for any change orders necessitated by such revisions. To the extent Tenant accepts such bids within the time period specified by Landlord in its written notification to Tenant including such bids, the work contemplated by such bids shall be deemed a part of the Initial Contractor Work for all purposes hereof.

(e) The fees of the Space Designer for preparation of the Architectural Drawings and, to the extent required, for any revisions of the Architectural Drawings shall be paid for by Tenant, subject to Landlord's contribution as specified in paragraph 6.

2. Procedure and Schedule for Completion of Final Plans and Drawings - NLC Space.

(a) Within thirty (30) days after the later of (i) the date on which Landlord delivers to Tenant the bids of the Building General Contractor pursuant to the provisions of paragraph 1(b) or (ii) the date Landlord delivers to Tenant the bids of the Building General Contractor pursuant to the provisions of paragraph 1(d), Tenant shall submit to Landlord final architectural working drawings with appropriate specifications (the "Final Architectural Drawings") for the NLC Space prepared by the Space Designer, based on the Architectural Drawings, which shall show all work necessary to complete the NLC Space, including without limitation the location of partitioning, lighting fixtures, plumbing fixtures, electrical and telephone outlets, cabinets, and areas to be painted or covered by wall-covering material. The Final Architectural Drawings shall provide sufficient technical and design information to enable Landlord's architects and engineers to properly design all heating, ventilating, air-conditioning, plumbing, electrical and structural facilities

required to serve the NLC Space as so designed. The fees of the Space Designer for preparation, and to the extent required, revision of the Final Architectural Drawings, shall be paid for by Tenant subject to Landlord's contribution as specified in paragraph 6 hereof.

(b) Within fifteen (15) days after receiving the Final Architectural Drawings from Tenant, Landlord shall either (i) return them to Tenant with its suggested modifications thereto, if any, or (ii) send Tenant written notification that the Final Architectural Drawings are approved by Landlord. If Landlord fails to either so approve or deliver the Final Architectural Drawings to Tenant with its suggested modifications within such fifteen (15) day period, the Final Architectural Drawings shall be deemed approved by Landlord. The requirement by Landlord of any modifications to the Final Architectural Drawings shall not be deemed unreasonable if the work contemplated thereby, without such modifications, would either (i) adversely affect the structural, mechanical, plumbing, electrical, heating, ventilating or air-conditioning systems of the Building as set forth in the plans and specifications which are part of the Building General Contractor's contract documents, and/or (ii) necessitate any change order in the work specified in such contract documents.

(c) If the Final Architectural Drawings are returned to Tenant with suggested revisions, Tenant shall cause

them to be revised to incorporate such modifications and the Final Architectural Drawings as so revised shall be resubmitted to Landlord within thirty (30) days after the date they were returned to Tenant.

(d) Upon receipt of the Final Architectural Drawings appropriately revised in accordance with Landlord's suggested modifications, Landlord shall cause its architects and/or engineers to prepare final mechanical, electrical, plumbing and structural working drawings (the "Working Drawings") based on the Final Architectural Drawings. The fees of Landlord's architect and/or engineers for preparing the Working Drawings shall be paid for by Landlord, except that Tenant shall reimburse Landlord, promptly upon receipt of Landlord's itemized statement therefor, for (i) all charges of such architects and/or engineers which would not have been incurred in the preparation of the Working Drawings if the work contemplated by the Final Architectural Drawings had consisted solely of the Building Standard Tenant Work and (ii) all charges attributable to changes or modifications in the Working Drawings caused by (x) any modifications (exclusive of modifications required as a result of changes in the plans and specifications for the Building which are not the result of Tenant's requirements) in the Final Architectural Drawings made by Tenant after the date the same are submitted by Landlord

to its architects and engineers or (y) errors in the Final Architectural Drawings.

(e) After the Working Drawings have been completed, Landlord shall submit the same to Tenant for its approval. Within thirty (30) days after receiving the Working Drawings from Landlord, Tenant shall either (i) return them to Landlord with its suggested modifications, or (ii) send Landlord written notification that the Working Drawings are approved by Tenant. If Tenant fails to either so approve or deliver the Working Drawings to Landlord with its suggested modifications thereto within such thirty (30) day period, the Working Drawings shall be deemed approved by Tenant.

(f) If the Working Drawings are returned to Landlord with suggested modifications, Landlord shall review such modifications and to the extent Landlord approves such modifications, Landlord shall cause the Working Drawings to be revised to incorporate such modifications; the fees of Landlord's architects and/or engineers in revising the Working Drawings shall be paid for in accordance with subparagraph (d) of this paragraph 2, except that Landlord shall pay for such revisions to the extent the same are attributable to errors in the initial preparation of the Working Drawings. If Landlord disapproves any modification, Landlord shall deliver to Tenant its written statement setting forth Landlord's reasons for such disapproval.

(g) After approval by Tenant of the Working Drawings, appropriately revised in accordance with Tenant's suggestions, if any, Landlord shall submit the same, together with the Final Architectural Drawings to the Building General Contractor for its bids on (i) the work (other than Building Standard Tenant Work) contemplated by the Working Drawings and (ii) any change orders to work (other than Building Standard Tenant Work) previously bid upon by the Building General Contractor which are necessitated by variances from or refinements in the Final Architectural Drawings vis a vis the Architectural Drawings. After receipt of the Building General Contractor's bids for the foregoing work, Landlord shall deliver a copy thereof to Tenant, together with notification setting forth the date by which such bids must be accepted. If Tenant notifies Landlord in writing to the extent Tenant accepts such bids within the time period specified in Landlord's notice, the work (the "Additional Contractor Work") for which such bids are accepted by Tenant shall be performed by the Building General Contractor under Landlord's supervision, as part of Landlord's work. The cost of the Additional Contractor Work shall be Landlord's Cost, to be paid in the manner set forth in subparagraph (i) below.

(h) Tenant shall have the right to revise the Final Architectural Drawings, subject to Landlord's approval of such revisions and to resubmit, within fifteen (15) days

after Tenant receives such bids, such Final Architectural Drawings, as revised, to Landlord in order to obtain the bids of the Building General Contractor for any change orders necessitated by such revisions. To the extent Tenant accepts such bids within the time period specified by Landlord in its written notification to Tenant including such bids, the work contemplated by such bids shall be deemed part of the Additional Contractor Work.

(i) Landlord's Cost, for purposes of this Exhibit B, shall be equal to the product obtained by multiplying one hundred thirteen and three-tenths percent (113.3%) (being the sum of one hundred percent and the overhead and profit fee of the Building General Contractor) by the sum of (i) subcontractors' charges to the Building General Contractor (inclusive of applicable subcontractor overhead and profit fees) for the portions of the work performed by subcontractors and (ii) the charges of the Building General Contractor to Landlord (exclusive of Building General Contractor's overhead and profit fees) for the portions of the work performed by the Building General Contractor. One-half the amount due to Landlord for the Additional Contractor Work shall be paid by Tenant upon commencement of such Work, within five (5) business days after receipt by Tenant of Landlord's bill therefor. Tenant shall pay Landlord the remaining balance upon completion of the Additional Contractor Work, within five (5) business days after Tenant's

receipt of Landlord's bill therefor; provided, however, to the extent there remains any unused balance in the Extra Allowance for Tenant Improvements (after application thereof to the Initial Contractor Work and the portion of the cost of the Working Drawings payable by Tenant) on the date Landlord renders its bill to Tenant for the initial one-half (1/2) of the amount due on account of the Additional Contractor Work, the balance of such Allowance shall be applied first against such initial installment and second against all remaining amounts due and payable by Tenant for Additional Contractor Work.

3. Non-NLC Space.

(a) Tenant shall cause final architectural drawings for the entire Non-NLC Space to be prepared by the Space Designer or any architect registered in the District of Columbia, in which event Landlord and Tenant shall proceed pursuant to the provisions of paragraph 2 hereof, subject to the modifications set forth below:

(i) In lieu of the date set forth in paragraph 2(a) for submission of Final Architectural Drawings, Tenant shall submit the same for the Non-NLC Space to Landlord on or before May 1, 1979.

(ii) All references to "NLC Space" shall be deemed to mean the Non-NLC Space.

(iii) All references to "Final Architectural Drawings" shall be deemed to mean Final Architectural Drawings for the Non-NLC Space and such Final Architectural Drawings shall not be based upon Architectural Drawings since the provisions of paragraph (1) will not apply in the case of the NLC Space.

(iv) Paragraph 2(g) is amended to delete item (ii) of the first sentence thereof in its entirety and insert in lieu thereof the following: "(ii) any work (other than Building Standard Tenant Work) contemplated by the Final Architectural Drawings."

(b) In the event Tenant has not on or before January 1, 1980, submitted to Landlord Final Architectural Drawings for the entire Non-NLC Space, then Landlord shall stockpile the items specified in Exhibit C (in the quantities determined based upon the ratios set forth therein) for all or such lesser portion of the Non-NLC Space for which Tenant has not so submitted Final Architectural Drawings on or before January 1, 1980. The items so stockpiled shall be stored within the portions of the Non-NLC Space for which such Final Working Drawings have not been so submitted; provided, however, that commencing upon the Occupancy Date, all risk of loss or damage to such items shall be borne by Tenant. Correspondingly,

the parenthetical phrase "(other than Building Standard Tenant Work)" shall be deemed to have been deleted from paragraph 2(g) with respect to any work performed by Landlord in the Non-NLC Space based upon Final Architectural Drawings submitted to Landlord after January 1, 1980.

(c) In the event materials are stockpiled pursuant to the provisions of subparagraph (b) above,

(i) Tenant's contractors shall have the right to utilize the materials so stockpiled (to the extent Landlord does not perform the appropriate work in the portions of the Non-NLC Space for which such materials were stockpiled) or Landlord or its contractors shall utilize such materials (if Tenant elects to have Landlord perform such work) in completing the applicable portions of the Non-NLC Space; and

(ii) Tenant shall receive a credit in the amount of the credit received by Landlord from the Building General Contractor for unused labor in installing such items which shall be applied to increase the amount of the Extra Allowance for Tenant Improvements described in paragraph 5.

4. Additional Work.

(a) Notwithstanding anything herein to the contrary, following the acceptance by Tenant of the bids for all Additional Contractor Work, Tenant shall have the right to cause changes to be made in the Final Architectural Drawings and the Working Drawings in respect of the NLC Space or the Non-NLC Space or to submit additional Final Architectural Drawings for the Non-NLC Space (after having received Landlord's approval thereof) and after having obtained bids from Landlord therefor, to accept such bids and have the work ("Further Landlord Supervised Work") contemplated by such changes or additional Final Architectural Drawings (and the Working Drawings prepared therefor) performed by the Building General Contractor under Landlord's supervision, as part of Landlord's work hereunder. All such Work (whether with respect to the NLC Space or the Non-NLC Space) for which bids are accepted on or before the later of (i) May 1, 1979 or (ii) the date Tenant is required to accept bids for the Additional Tenant Work with respect to the NLC Space pursuant to the provisions of paragraph 2(g) shall be billed to Tenant at Landlord's Cost and all such Work for which bids are accepted after the later of the date specified in item (i) or (ii) above shall be billed to Tenant at One Hundred Seven Percent (107%) of Landlord's Cost; all such work shall be paid for in the manner set forth in paragraph 2(i); provided, however, any unused balance in the Extra Allowance for Tenant Improvements shall be applied against such amounts. Except

as otherwise provided in Article IX of the Lease, Landlord shall have no obligation hereunder to undertake or cause the Building General Contractor to undertake improvements within the Demised Premises unless the bids therefor are accepted by Tenant prior to the date of closing of the initial permanent financing for the Project. The undertaking by Landlord of the supervision of any Further Landlord Supervised Work shall not constitute a waiver of the provisions of paragraph 8 hereof in the event such work is not completed on January 1, 1980.

(b) After having received Landlord's approval of the Final Architectural and/or Working Drawings in connection therewith, Tenant shall have the right to perform or cause to be performed its own additional Tenant improvements (the "Additional Tenant Work") to the Demised Premises as set forth below. Notwithstanding the fact that the Additional Tenant Work may include items or work contemplated by the Final Architectural Plans and/or Working Drawings for the NLC Space or the Non-NLC Space but which are not a part of the Initial Contractor Work, the Additional Contractor Work or the Further Landlord Supervised Work, such Additional Tenant Work shall not be considered part of Landlord's work for purposes of this Lease. No such Additional Tenant work shall be undertaken until Tenant has accepted (subject to a punch list of obvious defects) all Landlord's work which is scheduled by Landlord to take place prior to the Additional Tenant Work. In addition, Tenant hereby indemnifies and holds harmless Landlord from any loss, damage,

cost or expense incurred by Landlord as a result of the performance of the Additional Tenant Work (whether by the Building General Contractor or others) and Landlord shall have the right to offset the same against any credits to Tenant provided for herein. The Additional Tenant Work shall be performed in accordance with the foregoing Final Architectural and/or Working Drawings, in a good and workmanlike manner with new materials and in accordance with the provisions of Section 13.04 of the Lease and subparagraphs (i), (ii) and (iii) below:

(i) Tenant shall have the right to enter into a construction agreement with the Building General Contractor to perform the Additional Tenant Work within the Demised Premises. Landlord shall use its best efforts to see that such construction agreement contains at least as favorable time and payment terms as Landlord's agreement with the Building General Contractor for construction of tenant work within the Building; but Landlord shall have no liability to Tenant for its failure to obtain same. Tenant may then submit Final Architectural and/or Working Drawings for Additional Tenant Work, after having obtained Landlord's written approval thereof, directly to the Building General Contractor for pricing and installation. Tenant shall be responsible for direct payment to the Building General Contractor for performance of Additional Tenant Work and, in the performance of such Work, the Building General Contractor shall be subject to the provisions of items (w), (y) and (z) of subparagraph (ii) below; or

(ii) In lieu of contracting with the Building General Contractor, Tenant shall have the right to provide its own contractors, subcontractors, or laborers to perform Additional Tenant Work in the Demised Premises provided that:

(w) Such contractors, subcontractors, or laborers comply with any applicable law and reasonable work rules and regulations established by Landlord from time to time for all work in the Building;

(x) Tenant or its contractors, subcontractors, or laborers, provide such insurance, bonding, and/or indemnification as Landlord may reasonably require for its protection from negligence or malfeasance on the part of such contractors, subcontractors, or laborers;

(y) In Landlord's judgment (reasonably exercised), such work or the presence of such contractors or their identities do not result in delays, stoppages or other action or the threat thereof which may interfere with the Building General Contractor's construction progress, cause delays to the Building in any other manner, impair guarantees or warranties from the Building General Contractors or its subcontractors

or conflict with any labor agreements applicable to the constuction of the Building; and

(z) Each such contractor, and the nature and extent of the work to be performed by it shall be approved by Landlord, but such approval shall not relieve Tenant of its responsibility for compliance with the applicable provisions of this Exhibit B or constitute a waiver by Landlord of any of its rights hereunder.

(iii) It is understood and agreed that notwithstanding anything herein to the contrary, Tenant shall be required to utilize the subcontractors specified by Landlord for all electrical, plumbing, structural, and heating, ventilating and air-conditioning work contemplated by the Final Architectural Drawings and/or the Working Drawings except for any such portions of the foregoing work which can be completed or installed without adversely affecting the warranties given Landlord by the Building General Contractor and its subcontractors.

(c) The cost of any work performed by Tenant under subparagraph (b) shall not be credited against the Extra Allowance for Tenant Improvements provided for in paragraph 5.

5. Extra Allowance for Tenant Improvements.

Landlord shall grant Tenant an allowance equal to the product of (a) $5.00 and (b) the number of square feet of rentable space described in Section 1.01 of this Lease. This allowance shall be credited against the total cost of the Initial Contractor Work; second, if and to the extent of any remaining balance, against the portion of the cost of the Working Drawings payable by Tenant; third, if and to the extent of any remaining balance, against the total cost of Additional Contractor Work; fourth, if and to the extent of any remaining balance, against the total cost of the Further Landlord Supervised Work; and fifth, if and to the extent of any remaining balance, against the next due payments of rent under the Lease; provided, however, until the total costs of the Initial Contractor Work, the Working Drawings, the Additional Contractor Work and the Further Landlord Supervised Work shall have been determined, no credits against rent shall be permitted from the Extra Allowance for Tenant Improvements.

6. Space Design Fee.

Tenant shall pay the charges of the Space Designer; provided, however, that subject to the provisions of the last sentence of this paragraph, Landlord shall contribute thereto (by payment to Tenant or to the Space Designer directly, at Tenant's option) within fifteen (15) days after Tenant's written request an amount (the "Design Fee Contribution") equal to the product obtained by multiplying the number of

rentable square feet in the Demised Premises as set forth in Section 1.01 of the Lease by an amount (the "Per Square Foot Contribution") equal to the greater of (i) 20¢, or (ii) the per square foot fee, if any, negotiated by Landlord with the building space planner for providing architectural design services to Building tenants; provided, however, in the event the Architectural Drawings or the Final Architectural Drawings are required to be modified as a result of changes in the plans and specifications for the Building, Landlord shall pay to Tenant in addition to the Design Fee Contribution the lesser of (i) the cost of the modifications caused by such changes or (ii) the excess of the Space Designer's fees over the Design Fee Contribution. If the Space Designer is paid in installments, then the Design Fee Contribution may, at Landlord's option, be made in installments on or prior to the date of each such payment to the Space Designer, each in the same proportion that the installment payment required to be made to the Space Designer bears to the total estimated fee payable to Space Designer for the entire Demised Premises.

7. Move-In Credit.

Upon the occurrence of the Lease Commencement Date, Landlord shall allow Tenant a move-in credit in the amount of $239,361.00; provided, however, that such credit shall not be payable until any monetary default of Tenant under this Lease shall have been cured. The move-in credit may, at Tenant's election, be

used for any purpose. If Tenant elects to receive the move-in credit in cash, it shall be paid to Tenant by Landlord by good check in three installments, as follows: $79,787.00 on the Lease Commencement Date; $79,787.00 within 30 days after the Lease Commencement Date; and $79,787.00 within 60 days after the Lease Commencement Date.

8. Obligation to Pay Rent.

It is agreed that notwithstanding the date provided in Section 3.01 of the Lease for the Lease Commencement Date, and except as otherwise provided in the Lease in instances when the Tenant or any Subtenant occupies space prior to the substantial completion of Landlord's work therein, Tenant's obligations for the payment of rent under the Lease shall not commence with respect to the NLC Space until Landlord's work (as defined in this Exhibit B) in the NLC Space has been substantially completed in accordance with the provisions of this Exhibit B, or with respect to the Non-NLC Space until Landlord's work in the Non-NLC Space has been substantially completed in accordance with the provisions of this Exhibit B; provided, however, that if Landlord shall be delayed in substantially completing Landlord's work, whether in the NLC Space or in the Non-NLC Space, as a result of:

(a) In the case of the NLC Space, changes in or modifications to the Architectural Drawings subsequent to the date of their submission to Landlord, except for those revisions made pursuant to the provisions of paragraph 1(d) within the time period specified therein; or

(b) Changes in or modifications (other than changes or modifications required as a result of changes in the plans and specifications for the Building made by Landlord) to the Final Architectural Drawings made subsequent to the date Tenant submits the Final Architectural Drawings to Landlord for approval, except for those revisions made pursuant to the provisions of paragraphs 2(c) and 2(h) within the respective time periods specified therein; or

(c) Changes in or modifications (other than changes or modifications required as a result of changes in the plans and specifications for the Building made by Landlord) to the Working Drawings requested by Tenant subsequent to the date Tenant approves the Working Drawings; or

(d) Tenant's failure to submit or resubmit with modifications, as the case may be, the Final Architectural Drawings or the Working Drawings by the appropriate dates or within the specified time periods, as set forth herein; or

(e) Tenant's request for materials, finishes or installations other than Building Standard; or

(f) The performance by a person, firm, corporation employed by Tenant and the completion of the said work of said person, firm or corporation or any delay such persons cause in the work being performed by the Building General Contractor, its subcontractors and materialmen or employees of Landlord;

then (i) Tenant shall be liable for the payment of rent in respect of the entire NLC Space commencing on January 1, 1980 except to the extent of the number of days that Tenant can establish Landlord's work in the NLC Space would not have been completed by January 1, 1980 without the occurrence of the foregoing delays and (ii) Tenant shall be liable for the payment of rent in respect of the entire Non-NLC Space commencing on January 1, 1980 except to the extent of the number of days that Tenant can establish Landlord's work in the Non-NLC Space would not have been completed by January 1, 1980 without the occurrence of the foregoing delays. The number of days referred to in item (i) of the preceding sentence shall be the number of days that the Lease Commencement Date shall be postponed pursuant to the provisions of Article III of this Lease. For purposes of applying the provisions of this paragraph 8 in the case of the NLC Space, the terms "Final Architectural Drawings" and "Working Drawings" shall be deemed to refer to the Final Architectural Drawings for the NLC Space and Working Drawings for the NLC Space, and for purposes of applying such provisions in the case of the Non-NLC Space, such terms shall be deemed to refer to, respectively, the Final Architectural Drawings for the entire Non-NLC Space and the Working Drawings for the entire Non-NLC Space.

EXHIBIT D

RULES AND REGULATIONS

1. No part or the whole of the sidewalks, plaza areas, entrances, passages, courts, elevators, vestibules, stairways, corridors, or halls of the Building or the Real Property shall be obstructed or encumbered by any tenant or used for any purpose other than ingress and egress to and from the space demised to such tenant.

2. No awnings or other projections shall be attached to the outside walls or windows of the Building. No curtains, blinds, shades, or screens (other than those furnished by Landlord as part of Landlord's Work) shall be attached to or hung in, or used in connection with, any window or door of the space demised to any tenant, without the written consent of Landlord.

3. No sign, advertisement, object, notice, or other lettering shall be exhibited, inscribed, painted, or affixed on any part of the outside or inside of the space demised to any tenant or of the Building or the Real Property.

4. No show cases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the halls, corridors, vestibules, or other public parts of the Building.

5. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances (including, without limitation, coffee grounds) shall be thrown therein.

6. No tenant shall bring or keep, or permit to be brought or kept, any inflammable, combustible, or explosive fluid, material, chemical, or substance in or about the space demised to such Tenant.

7. No tenant shall mark, paint, drill into, or in any way deface, any part of the Building or the space demised to such tenant. No boring, cutting, or stringing of wires shall be permitted.

8. No cooking shall be done or permitted in the Building by any tenant. No tenant shall cause or permit any unusual or objectional odors to emanate from the space demised to such tenant.

9. Neither the whole nor any part of the space demised to any tenant shall be used for manufacturing, for the storage of merchandise, or for the sale of merchandise, goods, or property of any auction.

10. No tenant shall make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with other tenants or occupants of the Building or neighboring buildings or premises whether by the use of any musical instrument, radio, television set, or other audio device, unmusical noise, whistling, singing, or in any other way. Nothing shall be thrown out of any doors, windows, or skylights or down any passageways.

11. No additional locks or bolts of any kind shall be placed upon any of the doors or windows in the space demised to any tenant, nor shall any changes be made in locks or the mechanism thereof. Each tenant must, upon the termination of his tenancy, restore to Landlord all keys to offices and toilet rooms, either furnished to, or otherwise procured by, such tenant, and in the event of the loss of any such keys, such tenant shall pay Landlord the reasonable cost of replacement keys.

12. All removals from the Building, or the carrying in or out of the Building or the space demised to any tenant of any safes, freight, furniture, or bulky matter of any description must take place during such hours and in such manner as Landlord or its agents may determine, from time to time. Landlord reserves the right to inspect all freight for violation of any of these rules and regulations or the provisions of such tenant's lease.

13. No tenant shall use or occupy or permit any portion of the space demised to such tenant to be used or occupied as an employment bureau or for the storage, manufacture, or sale of liquor, narcotics or drugs. No tenant shall engage or pay any employees in the Building, except those actually working for such tenant in the Building, nor advertise for laborers giving an address at the Building.

14. Landlord shall have the right to prohibit any advertising by any tenant which, in Landlord's opinion, tends to impair the reputation of the Building or its desirability as a building for offices, and upon notice from Landlord, such tenant shall refrain from or discontinue such advertising.

15. Landlord reserves the right to control and operate the public portions of the Building and the public facilities, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally, including, without limitation, the right to exclude from the Building, between the hours of 6 P.M. and 8 A.M. on business days and at all hours on Saturdays, except 8 A.M. to 1 P.M. Sundays and holidays, all persons who do not present a pass to the Building signed by Landlord or other suitable identification satisfactory to Landlord.

16. Each tenant, before closing and leaving the space demised to such tenant at any time, shall see that all entrance doors are locked.

17. No space demised to any tenant shall be used, or permitted to be used, for lodging or sleeping or for any immoral or illegal purpose.

18. The requirements of tenants will be attended to only upon application at the office of Landlord. Building employees shall not be required to perform, and shall not be requested by any tenant to perform, any work outside of their regular duties, unless under specific instructions from the office of Landlord.

19. Canvassing, soliciting, and peddling in the Building are prohibited, and each tenant shall cooperate in seeking their prevention.

20. There shall not be used in the Building, either by any tenant or by its agents or contractors, in the delivery or receipt of merchandise, freight, or other matter, any hand trucks or other means of conveyance except those equipped with rubber tires, rubber side guards, and such other safeguards as Landlord may require.

21. No animals of any kind shall be brought into or kept about the Building by any tenant.

22. No tenant shall place, or permit to be placed, on any part of the floor or floors of the space demised to such tenant a load exceeding the floor load per square foot which such floor was designed to carry and which is allowed by law.

23. Landlord reserves the right to specify where in the space demised by any tenant business machines and mechanical equipment shall be placed or maintained in order, in Landlord's judgment, to absorb and prevent vibration, noise, and annoyance to other tenants of the Building.

24. No vending machines shall be permitted to be placed or installed in any part of the Building by any tenant. Landlord reserves the right to place or install vending machines in any of the common areas of the Building.

25. Landlord reserves the right, at any time and from time to time, to rescind, alter, or waive, in whole or in part, or add to, any of the Rules and Regulations when it is deemed necessary, desirable, or proper, in Landlord's judgment, for its best interests or for the best interests of the tenants.

EXHIBIT E

CHAR STANDARDS AND SPECIFICATIONS

A. GENERAL CONDITIONS

Contractor shall employ competent supervisory personnel who have earned their promotions with proven performance records and prior supervisory experience.

Contractor shall carefully interview, screen, reference-check, and cover by bond all Contractor's personnel. They shall at all times be properly uniformed, neat and clean in appearance.

Cleaning supervisor will report to the Building Engineer any conditions such as leaky faucets, stopped toilets and drains, broken fixtures, etc. Will also report any unusual happenings in building.

Uniforms shall be furnished by Contractor.

Contractor shall have the uniforms laundered at least once per week and kept in good repair. Employees of Contractor will wear proper identification badges (including employee's picture and name).

Contractor shall furnish the necessary, appropriate, tested and approved implements, machinery and cleaning supplies for the satisfactory performance of Contractor's services.

A building storage space in the premises shall be assigned to Contractor for:

1. Storage of cleaning materials, implements and machinery.
2. Appropriate locker space for employees.
3. Desk space for supervisory personnel.

A log book shall be kept in a place on the premises, to be approved by Owner, in which a record shall be made promptly of any occurrence requiring building management attention.

Contractor shall insure that all Contractor's employees and/or agents shall abide by all safety rules and regulations which may be promulgated from time to time by either party as they pertain to Contractor's operations.

Contractor personnel shall not disturb papers on desks, tables or cabinets in the building.

Scheduled visits shall be made by Contractor's representatives.

Contractor will be responsible for loss or damage caused by his employees.

The Contractor will be responsible for the payment of all payroll, Federal and Municipal Taxes, Unemployment Compensation Insurance, Public Liability Insurance and Employees Bonds.

Upon completion of all work assignments, lights shall be extinguished, windows closed, doors locked, premises secured and left in neat, orderly condition.

B. NIGHTLY SERVICES

1. General Cleaning

Dust sweep resilient tile with specially treated cloths to insure dust-free floors.

Wash ceramic tile, marble and terrazzo flooring in building entrance foyers.

Vacuum carpeted areas and rugs, moving light furniture, other than desks, file cabinets, etc.

Empty and clean wastepaper baskets, ash trays, receptacles, etc., damp dust as necessary.

Clean cigarette urns and replace sand or water as necessary.

Remove wastepaper and waste material to a designated area in the premises, using special janitor carriages. Waste or rubbish bags shall be supplied by CONTRACTOR.

Dust and wipe clean furniture, fixtures, desk equipment, telephones and window sills with specially treated cloths.

Dust baseboards, chair rails, trim, louvers, pictures, charts, etc. within reach.

Wash drinking fountains and coolers.

Keep locker and service closet room in clean and orderly condition.

2. Lavatories

Sweep and wash flooring with approved germicidal detergent solution.

Wash and polish mirrors, powder shelves, bright work, etc., including flushometers, piping and toilet seat hinges.

Wash both sides of toilet seats, wash basins and bowls and urinals with brush with approved germicidal detergent solution.

Dust partitions.

Wash tile walls, dispensers and receptacles.

Empty and clean towel and sanitary disposal receptacles.

Remove wastepaper and refuse to a designated area in the premises, using special janitor carriages, approved by OWNER.

Fill toilet tissue, soap, sanitary napkin and towel dispensers with supplies as furnished by CONTRACTOR.

Toilet bowl brush shall be used on toilet bowls and care shall be given to clean flush holes under rim of bowls and passage trap. Bowl cleaner shall be used at least once each month and more often if necessary.

The intent of this specification is that toilet rooms shall be maintained in a spotlessly clean and odor free condition at all times.

3. Entrance Lobby

Sweep and wash flooring.

Directory board glass is to be damp cleaned and wiped.

If floor mats have been used during the day, they shall be washed.

Clean cigarette urns and replace sand or water as necessary.

Floors in elevator cabs will be properly maintained. If carpeted, remove soluble spots which safely respond to standard spotting procedure without risk of injury to color or fabric.

Dust and rub down mail chutes and mail depositories.

Dust and rub down elevator doors, walls, metal work and saddles in elevator cabs.

Dust walls up to twelve feet and keep free from fingermarks, smudges, etc.

C. PERIODIC CLEANING

1. Office Areas

a. Weekly

Elevator, stairway, office and utility doors on each floor will be checked for general cleanliness, removing fingermarks as necessary.

Remove fingermarks from metal partitions, glass partitions, and other similar surfaces as necessary.

Wipe clean interior building metal as necessary.

b. Monthly

Unoccupied areas shall be swept or vacuumed if carpeted.

Vacuum drapes.

All areas around air conditioning and return air grills will be cleaned once each month or more often if necessary.

Dust and clean electric fixtures and any other fittings in public corridors as necessary.

c. Do high dusting every three (3) months, which includes the following:

Dust pictures, frames, charts, graphs, and similar wall hangings not reached in nightly cleaning.

Dust exterior of lighting fixtures.

Dust overhead pipes, sprinklers, etc.

Dust venetian blinds.

Dust window frames.

Dust vertical surfaces such as partitions, ventilating louvers, etc. not reached in nightly cleaning.

d. Annually

Wash lighting fixtures.

Wash venetian blinds.

2. Lavatories

a. Monthly

Machine scrub flooring with approved germicidal detergent solution as necessary.

Wash partitions, tile walls and enamel surfaces with approved germicidal detergent solution.

Dust exterior of lighting fixtures.

Do high dusting.

D. FLOOR MAINTENANCE

Wash and apply one coat of approved floor finish to composition flooring once every month. (Strip quarterly and apply two coats of approved floor finish: buff if necessary). (This specification includes stair landings, common areas, and tenant space).

Spot cleaning of carpeting in elevator lobbies and corridors as needed to remove soluble spots which safely respond to standard spotting procedure without risk of injury to color or fabric.

Resilient tile flooring shall be maintained in a waxed, polished, scuff free and spot free condition at all times. Wherever floors require wet mopping it is essential that they be left in a streak free condition.

CONTRACTOR shall use approved low alkaline, non-injurious detergent for floor maintenance.

CONTRACTOR shall use approved floor finishes that are non-staining and provide a high degree of slip prevention.

CONTRACTOR shall wash and wipe baseboards during the floor maintenance operation.

E. DUTIES OF DAY PORTER

Police areas in lobby.

Police elevator cabs at main level.

Police men's lavatories.

Fill toilet tissue, soap and towel dispensers in men's lavatories with supplies furnished by us.

Clean basement corridors and utility areas.

Clean loading dock area.

Police exterior plaza and sidewalk areas twice daily.

Police employees' locker rooms so that they are kept in clean condition.

Sweep and dust stairways and fire towers; dust handrails, spindles, newels and stair stringers; wash stairs as necessary.

Provide snow removal within the limitation of regular manpower staffing and equipment provided.

Clean roof setbacks as necessary.

Keep frames of entrance doors in clean condition.

Clean standpipes and sprinklers connections as necessary.

If directed by OWNER, equipment rooms, fan rooms, etc. shall be swept regularly.

Wipe down exterior metal work, marble, etc. of building entrances as necessary. It is assumed that store or ground floor tenants will pay for exterior maintenance except snow removal.

Any other custodial service requested by OWNER.

F. WINDOW CLEANING

Wash windows, inside and outside, as directed by OWNER. Contractor should bid on a per cleaning inside basis and a per cleaning outside basis in the event the frequency requirement will be other than quarterly. NOTE: 1st floor windows will be washed outside once monthly, unless space is occupied by retail tenants.

The following regulations must be strictly adhered to:

1. Maximum safety precautions shall be taken to protect the workers, the building and the property of the occupants.

2. The scaffolding for the exterior glass must be equipped with roller edges and/or other devices to protect the building from bumping and scraping by the scaffold.

3. When the scaffold is being used, clean and neat signs must be placed on the sidewalk below the scaffold so as to warn pedestrians away from the area.

4. Cables and ropes must not be left lying on the sidewalk. Excess cable and rope must be coiled within the signed area.

5. Scaffolding and washing over the main entrance ways must not be done during rush hours.

6. Scaffold must not be left hanging on the building overnight.

7. Interior washing must be scheduled through the Chief Engineer several days in advance. The Chief Engineer will notify the building occupants so as to determine accessibility to their offices without undue interruption to the function of the office employees. The window washing superintendent will cooperate with the Chief Engineer in scheduling the interior washing in accordance with the occupants' wishes.

8. Special care must be exercised so as not to damage draperies or venetian blinds during the interior washing operation.

The intent of this specification is that all windows shall be left in a clean and streak free condition; that the occupants will not be unduly inconvenienced; that the operation will be conducted safely and efficiently and that the Contractor will be responsible for any damage caused by his operation.

Upon completion of each window washing operation the Chief Engineer and the window washing superintendent will conduct a thorough inspection. The job will not be considered completed until it has received the written acceptance of the Chief Engineer.

Wash entrance doors daily.

Wash lobby glass daily.

Wash directory glass daily.

Wash mail chute glass weekly.

G. TRASH REMOVAL

Trash removal is included as part of this specification and should be conducted on a daily basis. The following regulations will be strictly adhered to:

1. Trash must be removed from the premises daily between the hours of 10:30 p.m. and 7:00 a.m., Monday through Friday.

2. The Contractor is responsible for maintaining the trash room in a clean and odor free condition at all times.

3. The Contractor is responsible for making sure that any spillage inside or outside the building will be promptly removed.

4. Scheduling of trash pick up must be accomplished through the Chief Engineer in order that it will not jeopardize the integrity of the building security system.

H. SCHEDULE OF CLEANING

Night cleaning services shall be rendered five nights each week, Monday through Friday, except on legal holidays.

Day services shall be rendered five days each week, Monday through Friday, except on legal holidays.

* * * *

EXHIBIT "F"

SPECIFIC ASSIGNMENT, SUBORDINATION,

NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT is entered into as of September 28, 1978, between National League of Cities, 1620 Eye Street, N.W., Washington, D.C. 20006 ("Tenant"), 1301 Associates, 2030 M. Street, N.W., Washington, D.C. ("Borrower"), and The Northwestern Mutual Life Insurance Company, 720 E. Wisconsin Avenue, Milwaukee, WI 53202 ("Lender").

RECITALS

A. Tenant is the lessee or successor to the lessee and Borrower is the lessor or successor to the lessor of a certain lease dated July 31, 1978 (the "Lease").

B. Borrower has requested Lender to make to Borrower a mortgage loan to be secured by a mortgage or deed of trust from Borrower to Lender (the "Mortgage") on the fee title and/or leasehold interest in the property, wherein the premises covered by the Lease are located, as described in Exhibit A attached hereto.

C. Lender is willing to make the requested mortgage loan, provided Borrower and Tenant execute this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce Lender to make the requested mortgage loan, Tenant, Borrower, and Lender hereby agree and covenant as follows:

1. Borrower does hereby grant, transfer, and assign to Lender the Lease and all rents and other sums payable under the Lease, provided, however, that until written demand is made by Lender to Tenant, all rents and other sums payable under the Lease shall be paid to Borrower but only as they accrue.

2. Tenant and Lender hereby agree that the Lease is and shall at all times be subject and subordinate in all respects to the Mortgage and to all renewals, modifications and extensions thereof, subject to the terms and conditions hereinafter set forth in this Agreement.

3. If the interests of Borrower are acquired by Lender by foreclosure, deed in lieu of foreclosure or any other method, Lender agrees that the Lease and the rights of Tenant thereunder shall continue in full force and effect and shall not be terminated or disturbed except in accordance with the terms of the Lease or this Agreement. Lender and Tenant shall be bound under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining, and any extension or renewal thereof which may be effected in accordance with any option contained in the Lease, with the same force and effect as if Lender were named lessor under the Lease, and Tenant does hereby attorn to Lender as its lessor, said attornment to be effective and self-operative immediately upon Lender succeeding to the interest of Borrower under the Lease without the execution of any other instrument by any party hereto.

4. Tenant agrees that during the term of the Lease, Tenant will not pay any rent or additional rent in advance for more than one month to Borrower or any successor landlord on the premises.

5. Borrower and Tenant agree that during the term of the Lease, they will not enter into any agreement, cancellation, surrender, amendment or modification of the Lease without Lender's prior written consent.

6. If Lender succeeds to the interests of Borrower under the Lease, Lender shall be bound to Tenant under all of the terms, covenants and conditions of the Lease, and Tenant shall, from and after Lender's succession to the interests of Borrower under the Lease, have the same remedies against Lender for the breach of the Lease that Tenant would have had under the Lease against Borrower if Lender had not succeeded to the interests of Borrower; provided however, that Lender shall not be:

(a) liable for any act or omission of any prior landlord (including Borrower); or

(b) subject to any offsets or defenses which Tenant might have against any prior landlord (including Borrower).

7. This Agreement may not be modified orally or in any other manner except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, successors and assigns.

8. Borrower, Tenant and Lender agree that, so long as any amount is owing under the terms of the Mortgage or any Note secured thereby, unless Lender shall otherwise consent in writing, the fee title to, or any leasehold interest in, the property and the leasehold estate created by the Lease shall not merge but shall remain separate and distinct, notwithstanding the union of said estates either in the Borrower or the Tenant or any third party by purchase, assignment or otherwise.

IN WITNESS WHEREOF, 1301 ASSOCIATES has executed this Agreement by the execution hereof by Vector-Quadrangle II Associates, its sole general partner, by Quadrangle Development Corporation, which has caused these presents to be executed by [illegible], its [illegible], and attested by [illegible], its [illegible], and its corporate seal affixed, and does hereby constitute and appoint [illegible] its true and lawful attorney in fact to acknowledge these presents as its act and deed, *and THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY ~~and NATIONAL LEAGUE OF CITIES~~ has executed this Agreement, all as of this 28th day of September, 1978.

TENANT: NATIONAL LEAGUE OF CITIES

By _____
President

Attest _____
Secretary

BORROWER: 1301 ASSOCIATES

By: VECTOR-QUADRANGLE II ASSOCIATES,
Sole General Partner

By: QUADRANGLE-NMC ASSOCIATES

By: QUADRANGLE DEVELOPMENT
CORPORATION, General Partner

By: [illegible]

Attest: [illegible]

(Corporate Seal)

LENDER: THE NORTHWESTERN MUTUAL LIFE
INSURANCE COMPANY

By: _____
Glenn W. Buzzard, Vice President

Attest: _____
George M. Higbee, Ass't. Secretary

*NATIONAL LEAGUE OF CITIES has caused this Agreement to be executed by Tom Moody, its President, and attested by Alan Beals, its Secretary, and its corporate seal affixed, and does hereby constitute and appoint Alan Beals, its true and lawful attorney in fact to acknowledge these presents as its act and deed,

DISTRICT OF COLUMBIA, to wit:

I, , a Notary Public in and for the District of Columbia, do hereby certify that who is named as attorney in fact of National League of Cities, the corporation Grantor in the foregoing Agreement, personally appeared before me in said District, being personally well known to me, and by virtue of the authority thereby conferred upon him acknowledged the same to be the act and deed of the said corporation.

GIVEN under my hand and seal this day of , 19 .

Notary Public

My Commission Expires:

DISTRICT OF COLUMBIA, to wit:

I, JULIUS S. LEVINE, a Notary Public in and for the District of Columbia, do hereby certify that ROBERT GOLDSTONE who is named as attorney in fact of Quadrangle Development Corporation, as general partner of Grantor in the foregoing Agreement, personally appeared before me in said District, being personally well known to me, and by virtue of the authority thereby conferred upon him acknowledged the same to be the act and deed of the said corporation.

GIVEN under my hand and seal this 31ST day of OCTOBER, 1978

Notary Public

My Commission Expires:

My Commission Expires Nov. 14 1980

STATE OF WISCONSIN)
)ss.
COUNTY OF MILWAUKEE)

The foregoing instrument was acknowledged before me this 28th day of September, 1978, by Glenn W. Buzzard, Vice President and George M. Higbee, Ass't. Secretary of The Northwestern Mutual Life Insurance Company, a Wisconsin corporation, on behalf of said corporation.

Bernice Buse, Notary Public

My commission expires: February 10, 1980

BERNICE BUSE
NOTARY PUBLIC - WISCONSIN
PRINCIPAL OFFICE IN
MILWAUKEE COUNTY
My Commission Expires Feb. 10, 1980

This instrument was prepared by Thomas F. Scheer, Attorney, for The Northwestern Mutual Life Insurance Company, 720 East Wisconsin Ave., Milwaukee, WI 53202.

SPECIFIC ASSIGNMENT OF LEASE — EXHIBIT F

WHEREAS, as security in connection with a mortgage loan, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, of Milwaukee, Wisconsin (the "Northwestern") holds a general assignment of the Lessor's interest in all leases of certain real estate and of all rentals payable thereunder, which general assignment was granted in a separate instrument (General Assignment of Leases and Rents) or in the instrument under which the mortgage lien to or in favor of Northwestern which secures payment of the loan was created (a Mortgage, Deed of Trust or Deed to Secure a Debt/Loan) the particular instrument under which said general assignment was given being hereinafter identified as "Instrument of Assignment"; and

WHEREAS, Northwestern has required of the undersigned, in whom ownership of the demised premises is vested (the "Owner" whether one or more in number), in confirmation of the general assignment so made, a specific assignment of the Lessor's interest in that particular lease which is hereinafter identified (by reference to date, name of Tenant and location of demised premises) and of all rentals payable thereunder;

NOW THEREFORE, THESE PRESENTS WITNESS, that, in consideration of the foregoing and of the sum of One dollar paid, the receipt whereof is hereby acknowledged, the said Owner hereby assigns transfers and sets over unto Northwestern the said lease and all rentals payable thereunder. This assignment is in addition to and in confirmation of the general assignment of leases and rents so made, and Owner covenants and agrees that all the terms, covenants, conditions and provisions of said general assignment are incorporated herein and made a part hereof as fully as though set forth herein.

And for the consideration aforesaid, the Owner further covenants and agrees to and with Northwestern

(1) that Owner will not, without the written consent of Northwestern

(a) cancel said lease or accept a surrender thereof;

(b) reduce the rent or accept payment of rental in advance;

(c) modify said lease, either orally or in writing so as to decrease the term of the lease; reduce the rent or diminish the obligation of the Tenant with regard to the payment of taxes and insurance;

(d) consent to an assignment of the Lessee's interest in said lease which will relieve the Tenant of liability for the payment of rent and the performance of the terms and conditions of the lease; or accept any sums payable in the event of Lessee's failure to exercise lease renewal options; and

(2) that any of the above acts, if done without the written consent of Northwestern, shall be null and void.

The aforesaid general assignment of leases and all rentals and income payable thereunder and this specific assignment of lease and rentals is given and is to be held as collateral security for any and all debts and liabilities of the undersigned to the assignee, its successors or assigns, either now existing or that may hereafter arise in the ordinary course of business, whether by way of advancements under or refinancing of existing loans, or by additional loans secured by the same or additional mortgages or in any other manner.

By acceptance of this specific assignment, Northwestern covenants and agrees (A) until written demand on the Tenant is made by Northwestern, all rental under this pledged lease should be paid to the Owner, but only as it accrues; and (B) if said lease was entered into subject to the mortgage lien on the demised premises that is security for the loan, then in the event of foreclosure of said mortgage lien, the lease shall nevertheless continue in full force and effect in all of its terms and provisions, it being agreed that so long as the Tenant fully performs all of its obligations under the lease, Tenant's possession will not be disturbed during the term of said lease and any extensions of the original term therein provided for.

All the covenants and agreements herein contained shall be binding upon and shall accrue for the benefit of the successors and assigns of the Owner, the Northwestern and the Tenant.

DESCRIPTION OF LEASE HEREIN ASSIGNED

Date of Lease:
Name of Tenant:
Location of demised property:

DESCRIPTION OF INSTRUMENT OF ASSIGNMENT

☐ Mortgage ☐ Deed of Trust ☐ Deed to Secure a Debt/Loan
☐ General Assignment of Leases and Rents
Date of Instrument
Where Recorded:

WITNESS the hand_____and seal_____of the Owner_____, this _____day of_____19_____.

Receipt and Acceptance

The tenant of the lease referred to in the above assignment hereby accepts the terms hereof as they apply to the tenancy, and acknowledges receipt thereof. In consideration of Northwestern's agreements under (2) (B) above, tenant agrees that in the event of acquisition of title by foreclosure or otherwise by Northwestern, tenant will attorn to Northwestern.

By

EXHIBIT G

Property_____

Lease dated_____

between_____, Lessor,

and_____, Lessee,

commencing_____ 19____.

The undersigned, the tenant under the above Lease, hereby certifies to_____, the holder or proposed holder of a Lien Instrument upon the above property; that said Lease is presently in full force and effect and unmodified except as indicated at the end of this certificate*; that the undersigned has accepted possession of said property and that any improvements required by the terms of said Lease to be made by the lessor have been completed to the satisfaction of the undersigned; that no rent under said Lease has been paid more than 30 days in advance of its due date; that the address for notices to be sent to the undersigned is as set forth in said lease, or set forth below; and that the undersigned, as of this date, has no charge, lien or claim of setoff under said Lease or otherwise, against rents or other charges due or to become due thereunder.

The undersigned further agrees with _____ that from and after the date hereof, the undersigned will not seek to terminate said Lease by reason of any act or omission of the landlord until the undersigned shall have given written notice of such act or omission to the holder of said Lien Instrument (at such holder's address furnished in said Instrument or last furnished to the undersigned) and until a reasonable period of time shall have elapsed following the giving of such notice, during which period such holder shall have the right, but shall not be obligated, to remedy such act or omission.

_____

Dated:_____, 19____ _____

_____

ADDRESS:

*Lease modifications, if any, to be listed here:

Exhibit B to Agreement of Sublease

Depiction of New Subleased Premises

[Attached]

EXHIBIT B

LAY OUT OF THE SUBLEASE PREMISES

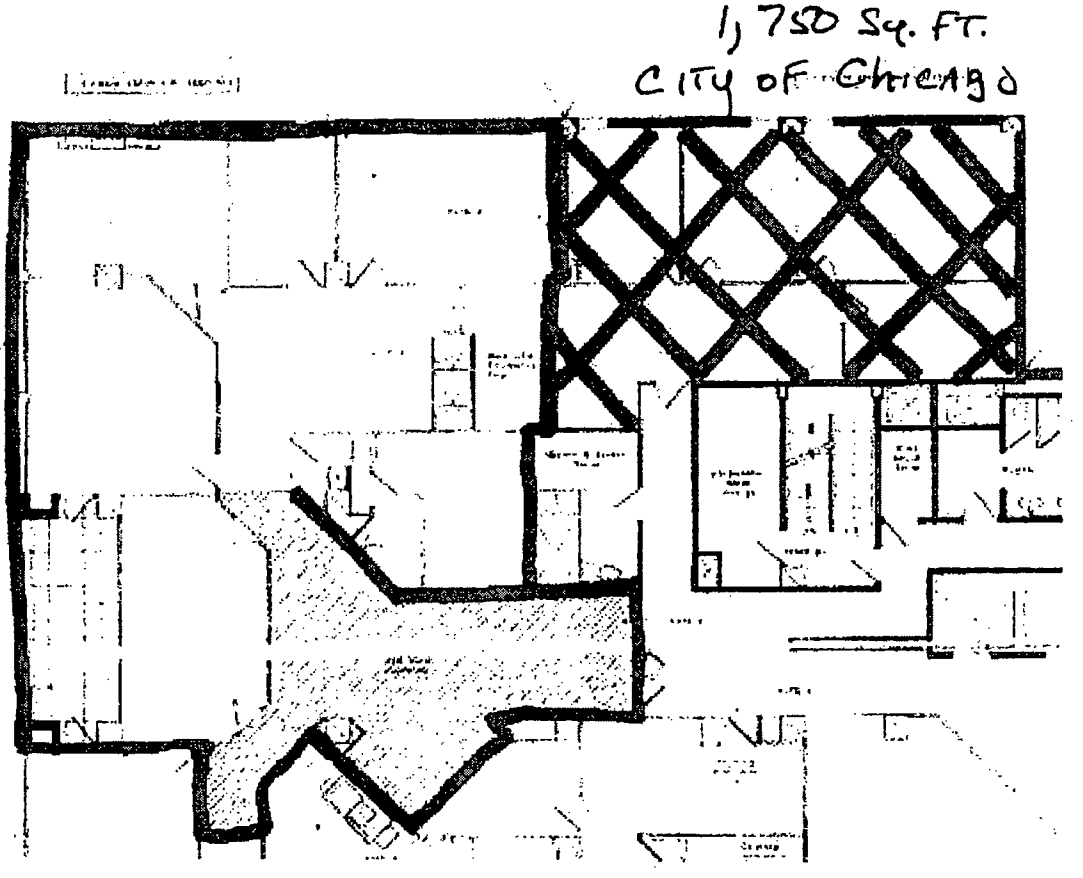


Exhibit C to Agreement of Sublease

Notice of Sublease

Reference is made to a certain lease between Vector-Quadrangle II Associates ("Landlord") and National League of Cities ("Tenant") dated July 31, 1978 (as amended, the "Lease") for certain space located at 1301 Pennsylvania Avenue, N.W. (the "Building"), such space in the Building being herein referred to as the "Demised Premises."

This is to notify you that Tenant has subleased the following portion of the Demised Premises: approximately 1,750 rentable square feet located on the fifth floor, as shown on the attached floor plan, to City of Chicago ("Subtenant"), for use of the Demised Premises for the period January 1, 2015 through June 30, 2016, subject to the following terms and conditions:

1. Subtenant shall use the Demised Premises solely for general office purposes and for no other purpose.

2. Tenant (including any guarantor of Tenant's obligations under the Lease) shall continue to be fully liable under the terms and conditions of the Lease (or any Guaranty relating thereto).

3. Landlord shall have the right to enforce and Subtenant shall abide by the provisions of the Lease against the Subtenant and any guarantor of Subtenant's obligations.

4. Landlord shall not be liable to Subtenant under a sublease of the Demised Premises and Subtenant's sole recourse shall be against Tenant; provided, however, this condition No. 4 shall not operate as a bar to Tenant's claims against Landlord under the Lease.

Tenant shall indemnify, hold harmless, and defend the Landlord and its agents, officers, and employees, from and against any and all claims, damages, losses and expenses, including reasonable attorneys' fees, in respect of any and all claims, damages, losses, or expenses that is caused by a negligent or intentional act of Subtenant or Tenant or omission or violation of the sublease by Subtenant or Tenant.

SECTION 2: This Ordinance shall be effective from and after the date of its passage and approval.

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

NATIONAL LEAGUE OF CITIES

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. [✓] the Applicant
   OR
2. [ ] a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: _____
   OR
3. [ ] a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control: _____

B. Business address of the Disclosing Party: NATIONAL LEAGUE OF CITIES
1301 PENNSYLVANIA AVE. N.W.
WASHINGTON, DC 20004

C. Telephone: 202-626-3055 Fax: 202-626-3043 Email: ford@nlc.org

D. Name of contact person: BERNARD FORD

E. Federal Employer Identification No. (if you have one): _____

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

SUBLEASE RENEWAL EXTENSION CITY OF CHICAGO AT 1301 PA AVE NW WASHINGTON DC 20004

G. Which City agency or department is requesting this EDS? DEPT. OF GEN. SERVICES (OFFICE OF REAL ESTATE MGMT.)

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _____

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

[ ] Person
[ ] Publicly registered business corporation
[ ] Privately held business corporation
[ ] Sole proprietorship
[ ] General partnership
[ ] Limited partnership
[ ] Trust
[ ] Limited liability company
[ ] Limited liability partnership
[ ] Joint venture
[X] Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
[X] Yes [ ] No
[ ] Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[X] Yes [ ] No [ ] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. **NOTE:** For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. **NOTE:** Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
See Attached List	
no members	

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." **NOTE**: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
N/A		

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

[ ] Yes [X] No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

N/A

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) **NOTE:** "hourly rate" or "t.b.d." is not an acceptable response.
	N/A		

(Add sheets if necessary)

[✓] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[ ] Yes [☒] No [ ] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[ ] Yes [ ] No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

• the Disclosing Party;
• any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
• any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
• any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

NONE

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

[ ] is [X] is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[ ] Yes [X] No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[ ] Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

✓ 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

____ 2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

_____

_____

_____

_____

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. **If the Matter is not federally funded,** proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

_____

_____

_____

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant? N/A

[ ] Yes [X] No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)
[ ] Yes [ ] No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
[ ] Yes [ ] No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
[ ] Yes [ ] No

If you checked "No" to question 1. or 2. above, please provide an explanation:

_____

_____

SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

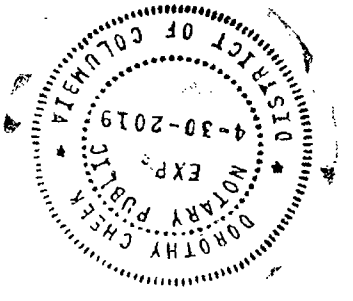
Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

NATIONAL LEAGUE OF CITIES
(Print or type name of Disclosing Party)

By: _____
(Sign here)

BERNARD C. FORD
(Print or type name of person signing)

DIRECTOR, ADMINISTRATIVE SERVICES
(Print or type title of person signing)



Signed and sworn to before me on (date) March 12, 2015,
at Washington County, District of Columbia (state).

Dorothy Cheek Notary Public.

DOROTHY CHEEK
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires April 30, 2019

Commission expires: 4/30/2019.

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

[ ] Yes [✓] No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX B

BUILDING CODE SCOFFLAW/PROBLEM LANDLORD CERTIFICATION

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent (an "Owner"). It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

1. Pursuant to Municipal Code Section 2-154-010, is the Applicant or any Owner identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

   [ ] Yes [X] No

2. If the Applicant is a legal entity publicly traded on any exchange, is any officer or director of the Applicant identified as a building code scofflaw or problem landlord pursuant to Section 2-92-416 of the Municipal Code?

   [ ] Yes [ ] No [X] Not Applicable

3. If yes to (1) or (2) above, please identify below the name of the person or legal entity identified as a building code scofflaw or problem landlord and the address of the building or buildings to which the pertinent code violations apply.

_____

_____

_____

FILLING OUT THIS APPENDIX B CONSTITUTES ACKNOWLEDGMENT AND AGREEMENT THAT THIS APPENDIX B IS INCORPORATED BY REFERENCE INTO, AND MADE A PART OF, THE ASSOCIATED EDS, AND THAT THE REPRESENTATIONS MADE IN THIS APPENDIX B ARE SUBJECT TO THE CERTIFICATION MADE UNDER PENALTY OF PERJURY ON PAGE 12 OF THE ASSOCIATED EDS.

NATIONAL LEAGUE of CITIES

2014 BOARD OF DIRECTORS AND OFFICERS

FOR NLC EXTERNAL USE

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