

**LEASE NO. GS-11P-LVA12678**

Standard Lease  
GSA FORM L201C (September 2013)

This Lease is made and entered into between

**CESC Gateway Square LLC**

(Lessor), whose principal place of business is c/o Vornado/Charles E. Smith L.P., 2345 Crystal Drive, Suite 1100, Arlington, VA 22202-4801 and whose interest in the Property described herein is that of Fee Owner, and

**The United States of America**

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

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

Lessor hereby leases to the Government the Premises described herein, known as Crystal Gateway Three, being a portion of the Property located at

**1215 South Clark Street  
Arlington, Virginia 22202-4387**

(the "Building") and more fully described in Section 1 and Exhibits A, B and C, together with rights to the use of parking and other areas as set forth herein, to be used for such purposes as determined by GSA.

**LEASE TERM**

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

15 Years Firm,

subject to termination and renewal rights as may be hereinafter set forth. The commencement date of this Lease ("Lease Commencement Date"), shall be determined in accordance with Paragraph 4.12 of the Lease and confirmed in a Lease Amendment upon substantial completion and acceptance of the Space by the Government.

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

**FOR THE LESSOR:**

\_\_\_\_\_  
Name: Mitchell N. Schear  
Title: Authorized Signatory  
Entity Name: CESC Gateway Square LLC  
Date: 1/30/15

**FOR THE GOVERNMENT:**

\_\_\_\_\_  
Name: Joel T. Berelson  
Title: Lease Contracting Officer  
General Services Administration, Public Buildings Service  
Date: FEB 09 2015

**WITNESSED FOR THE LESSOR BY:**

\_\_\_\_\_  
Name: Claire Felts  
Title: Administrative Assistant to Sec  
Date: 1/30/15

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

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

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**1.01 THE PREMISES (JUN 2012)**

The Premises are described as follows:

A. Office and Related Space: 332,964 rentable square feet (RSF), yielding approximately 288,382 ANSI/BOMA Office Area (ABOA) square feet (SF) of office and related Space located on the a portion of the 1<sup>st</sup> floor and the entirety of floors 2-12 and 14-16 of the Building, as depicted on the BOMA Global Summary attached as Exhibit A and floor plan(s) attached hereto as Exhibit B, and C. The Government and the Lessor stipulate that the rentable square feet is 332,964 RSF.

B. Common Area Factor: The Common Area Factor (CAF) is established as 15% percent. This factor, which represents the conversion from ABOA to rentable square feet, rounded to the nearest whole percentage, shall be used for purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

**1.02 EXPRESS APPURTENANT RIGHTS (SEP 2013)**

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

A. Parking: 118 parking spaces as depicted on the plan attached hereto as Exhibit C, reserved for the exclusive use of the Government, of which 118 shall be structured/inside parking spaces included in the base rent, and 0 shall be surface/outside parking spaces. At the Government's expense, these spaces shall be secured for Level IV parking and shall include at least all of the spaces directly below the footprint of the building. All monthly parkers within the Level IV parking area shall be required to display a hanging tag. The Government at its expense shall have the right to further secure the Level IV parking area on each parking level by erecting a barrier fence and a gate to allow for controlled access to such secure Level IV parking areas and inspection of vehicles at the entry point to such Level IV parking areas, and the right to deny entry to the Level IV secure parking areas. The Lessor agrees that the Government shall have the right to remove vehicles from the secure Level IV parking areas for 1215 South Clark Street. The Lessor agrees to cooperate with the Government in the design and implementation of such Level IV measures for the parking areas. In addition, the Lessor shall provide such additional parking permits) as required by Paragraph 1.03 (H) below. Furthermore, parking must be located in a garage directly beneath an offered building or in a structured garage immediately adjacent to an offered building connected by a covered weather-protected pathway. See Paragraph 1.03 (H).

B. Antennas, Satellite Dishes, and Related Transmission Devices: (1) Space located on the roof of the Building sufficient in size for the installation and placement of telecommunications equipment, (2) the right to access the roof of the Building, and (3) use of all Building areas (e.g., chases, plenums, etc.) necessary for the use, operation, and maintenance of such telecommunications equipment at all times during the term of this Lease. All costs associated with such equipment shall be borne by the Government. The Government's right to affix security, communications equipment, and antennae or similar equipment to the roof, parapet or building envelope shall be at no additional cost, but shall be subject to space availability, code compliance, governmental approvals, screening and aesthetic requirements and the right of other tenants (if any), and shall not interfere with the Building's systems or warranties.

C. Loading Dock and Backup Generator. The space shall include secure access to a weather-protected loading dock. The dock shall be separate from the parking garage and easily accessible from the street. The loading dock shall have dock-high dock or lift and a minimum of 1 bay to serve each occupied building. All bays shall be covered with a canopy that provides shelter from the elements. There shall be a personnel door and personnel stairs leading from the dock down to the pavement below. The Government shall be entitled to maintain security control over the loading dock. As part of the base rental rate, included as part of the Government's leased premises is space immediately adjacent to the loading dock to accommodate the Government's security equipment (e.g. x-ray machine and magnetometer). In addition, as part of the rental consideration, the Government requires that the building provide space for a backup generator with hookups for electricity with associated electrical gear, and access to fuel. The cost to furnish and install the backup generator including any associated fuel storage tank will be paid for out of the tenant improvement allowance.

**1.03 RENT AND OTHER CONSIDERATION (SEP 2013)**

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

	FIRM TERM
	ANNUAL RENT
SHELL RENT <sup>1</sup>	\$6,357,593.21
TENANT IMPROVEMENTS RENT <sup>2</sup>	\$1,520,734.41
OPERATING COSTS <sup>3</sup>	\$2,103,629.05
BUILDING SPECIFIC AMORTIZED CAPITAL (BSAC) <sup>4</sup>	\$672,891.33
PARKING <sup>5</sup>	\$0.00
<b>TOTAL ANNUAL RENT</b>	<b>\$10,654,848.00</b>

<sup>1</sup>Shell rent calculation:

(Firm Term) \$19.09 per RSF (rounded) multiplied by 332,964 RSF

<sup>2</sup>The Tenant Improvement Allowance of \$22,811,016.20 is amortized at a rate of 0 percent per annum over 15 years.

<sup>3</sup>Operating Costs rent calculation: \$6.32 per RSF (rounded) multiplied by 332,964 RSF

<sup>4</sup>Building Specific Amortized Capital (BSAC) of \$10,093,370.00 are amortized at a rate of 0 percent per annum over 15 years

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

B. Notwithstanding Paragraph 1.03.A, the annual rent for the first 12 months of the Lease in the amount of \$10,654,848.00 shall be abated in its entirety.

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

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

E. If the Lease Commencement Date is not the first day of a month, then rent for the first and last months of the Lease shall be prorated based on the actual number of days the lease is in effect during such months.

F. Rent shall be paid to Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration (CCR), now the System for Award Management (SAM). If the payee is different from the Lessor, both payee and Lessor must be registered in SAM.

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

1. The leasehold interest in the Property described in the paragraph entitled "The Premises."

2. All costs, expenses and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses provided that all costs for Tenant Improvements shall be paid by the Government.

3. Performance or satisfaction of all other obligations of Lessor set forth in this Lease; and all services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease. No property shall be deemed to be tenant special equipment unless denominated as such in writing at the time of installation.

H. In addition to the 118 parking spaces included in the rental rate, up to 298 parking permits are available for lease by the Government or its employees at rates of \$170 per month per permit for structured unreserved spaces or \$340 per month per space for structured reserved spaces for calendar year 2016 and subject to annual adjustment thereafter to reflect the market but not to exceed an increase of 3 percent in a single calendar year. At the option of the Government, all or part of the additional parking spaces may be added to this Lease on terms no less favorable than set forth in this subparagraph. Finally, the Government shall have the right for the term of this Lease, to lease all parking spaces directly beneath the footprint of the building other than the 118 parking spaces already included in the rental rate, and require that the additional spaces be Level IV parking spaces at an annual rate to be negotiated between Lessor and the Government. At the option of the Government, all or part of the additional parking spaces set forth in the preceding sentence may be added to this Lease on terms no less favorable than set forth in the first sentence above for reserved parking spaces. The Level IV parking spaces in excess of the 118 spaces shall be leased to monthly Government parkers by a separate parking contract or lease amendment to this Lease as above, and the expenses related to securing these additional spaces, fencing, and limiting access to these spaces consistent with Level IV requirements shall be paid for by the Government out of an allowance or upfront credit. Except in the case of the Government leasing the entire garage under the footprint of the building, other non-Government monthly parkers may park in the additional parking spaces subject to the Government's screening (except that the handicap spaces in the Level IV area shall be available to any building tenant or visitor, subject to the Government's vehicle screening).

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

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

B. Notwithstanding the "Rent and Other Consideration" paragraph of this Lease, the shell rental payments due and owing under this Lease shall be reduced to recapture fully this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments, following the expiration of the 12-month period of rent abatement, and continue as indicated in this schedule for adjusted Monthly Rent:

Month 13 Rental Payment \$887,904.00 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 13<sup>th</sup> Month's Rent.\*

Month 14 Rental Payment \$887,904.00 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted 14<sup>th</sup> Month's Rent.\*

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

**1.05 TERMINATION RIGHTS (AUG 2014) THIS PARAGRAPH IS INTENTIONALLY DELETED**

**1.06 RENEWAL RIGHTS (SEP 2013) THIS PARAGRAPH INTENTIONALLY DELETED**

**1.07 DOCUMENTS INCORPORATED IN THE LEASE (SEP 2013)**

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

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
GLOBAL BOMA SUMMARY	1	A
FLOOR PLAN(S)	4	B
PARKING PLAN(S)	3	C
SECURITY REQUIREMENTS	13	D
GSA FORM 3517B GENERAL CLAUSES	47	E
GSA FORM 3518, REPRESENTATIONS AND CERTIFICATIONS	10	F
SMALL BUSINESS SUBCONTRACTING PLAN	11	G
FIRE LIFE SAFETY RIDER NO. 1	2	H

**1.08 TENANT IMPROVEMENT ALLOWANCE (AUG 2011)**

The Tenant Improvement Allowance (TIA) for purposes of this Lease is \$79.10 per ABOA SF. The TIA is the amount that the Lessor shall make available for the Government to be used for TIs. This amount is amortized in the rent over the Firm Term of this Lease at an annual interest rate of 0 percent (0%).

**1.09 TENANT IMPROVEMENT RENTAL ADJUSTMENT (SEP 2013)**

A. The Government, at its sole discretion, shall make all decisions as to the use of the TIA. The Government may use all or part of the TIA. The Government may return to the Lessor any unused portion of the TIA in exchange for a decrease in rent according to the agreed-upon amortization rate over the Firm Term. In addition, the Government, at its sole discretion, shall have the right to convert free rent into additional TIA prior to the Lease Commencement Date. If the Government exercises the right to convert free rent into additional TIA, it shall discount the free rent from the time the rent would have been paid to the date of the award at a 5% discount rate. The converted free rent, after discount, shall be added dollar for dollar to the TIA and be available on the same basis. No fee, charge, or amortization rate of any kind shall be paid on account of the conversion.

B. The Government may elect to make lump sum payments for any or all work covered by the TIA. That part of the TIA amortized in the rent shall be reduced accordingly. At any time after occupancy and during the Firm Term of the Lease, the Government, at its sole discretion, may elect to pay lump sum for any part or all of the remaining unpaid amortized balance of the TIA. If the Government elects to make a lump sum payment for the TIA after occupancy, the payment of the TIA by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.

C. If it is anticipated that the Government will spend more than the allowance identified above, the Government may elect to:

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

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

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

	INITIAL BUILD-OUT
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ARCHITECT/ENGINEER FEES ( \$ PER ABOA SF OR % OF TI CONSTRUCTION COSTS)	\$2.50 PER ABOA SQUARE FOOT
LESSOR'S PROJECT MANAGEMENT FEE (% OF TI CONSTRUCTION COSTS)	2.5%
GENERAL CONDITIONS FEE	5%
GENERAL CONTRACTORS FEE	3%

No other fees are applicable or shall be paid with respect to the tenant improvement fee schedule.

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

For purposes of this Lease, the Building Specific Amortized Capital (BSAC) is \$35.00 per ABOA SF in the amount of \$10,093,370.00. The Lessor will make the total BSAC amount available to the Government, which will use the funds for security related improvements. This amount is amortized in the rent over the Firm Term of this lease at an annual interest rate of 0 percent (0%).

**1.12 BUILDING SPECIFIC AMORTIZED CAPITAL RENTAL ADJUSTMENT (SEP 2013)**

A. The Government, at its sole discretion, shall make all decisions about the use of the Building Specific Amortized Capital (BSAC). The Government may designate a specific security subcontractor to perform security work, whose work would be coordinated by Lessor and paid through the BSAC or upfront credit, however, the Government, and not Lessor, shall be responsible for any delays caused by the security contractor specified by the Government, not the result of Lessor's coordination responsibility. The Government may use all or part of the BSAC. The Government may return to the Lessor any unused portion of the BSAC in exchange for a decrease in rent (where applicable) according to the agreed-upon amortization rate over the Firm Term.

B. The Government may elect to make lump-sum payments for any work covered by the BSAC. The part of the BSAC amortized in the rent shall be reduced accordingly. At any time after occupancy and during the Firm Term of the Lease, the Government, at its sole discretion, may elect to pay a lump sum for any part or all of the remaining unpaid amortized balance of the BSAC. If the Government elects to make a lump-sum payment for the BSAC after occupancy, the payment of the BSAC by the Government will result in a decrease in the rent according to the amortization rate over the Firm Term of the Lease.

C. If it is anticipated that the Government will spend more than the BSAC identified above, the Government may elect to:

1. Reduce the security countermeasure requirements;
2. Pay a lump sum for the amount overage upon substantial completion in accordance with the "Acceptance of Space and Certificate of Occupancy" paragraph; or
3. Negotiate an increase in the rent.

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

As of the Lease Award Date, the Government's Percentage of Occupancy, as defined in the "Real Estate Tax Adjustment" paragraph of this Lease is 97.51 percent. The Percentage of Occupancy is derived by dividing the total Government Space of 332,964 RSF by the total Building space of 341,470 RSF.

**1.14 REAL ESTATE TAX BASE (SEP 2013)**

The Real Estate Tax Base is defined in Paragraph 2.07B of the Lease. Tax adjustments shall not occur until after the first full tax year following lease commencement.

**1.15 OPERATING COST BASE (SEP 2013)**

The parties agree, for the purpose of applying the paragraph titled "Operating Costs Adjustment," that the Lessor's base rate for operating costs shall be \$2,103,629.05/annum.

**1.16 RATE FOR ADJUSTMENT FOR VACANT LEASED PREMISES (SEP 2013)**

In accordance with the paragraph entitled "Adjustment for Vacant Premises," if the Government fails to occupy or vacates the Premises prior to expiration of the term of the Lease, the operating costs paid by the Government as part of the rent shall be reduced by \$1.78 per ABOA SF of Space if a half floor is vacated, \$2.27 per ABOA SF if a full floor is vacated, and \$2.27 per ABOA SF if the entire space is vacated by the Government.

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

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

- The first 200 hours of hourly overtime HVAC per lease year are at no cost to the Government, however the Government shall not be entitled to carry over any unused overtime into the following lease year.
- The HVAC Overtime Rate – Per Hour for the Entire Building is \$48.55 for Lease Years 1-5.
- The HVAC Overtime Rate – Per Hour for the Entire Building is \$53.61 for Lease Years 6-10.
- The HVAC Overtime Rate – Per Hour for the Entire Building is \$59.19 for Lease Years 11-15.

No engineer or building staff shall be provided during overtime hours. In the event the Government requires staff on site during overtime hours, the Government shall reimburse Lessor at the then-current hourly rate applicable to such overtime hours, with a four hour minimum charge applicable to such overtime labor.

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

The hourly overtime HVAC rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day. If 24-hour HVAC is required by the Government for any designated rooms or areas of the Premises, such services shall be provided by the Lessor at an annual rate to be negotiated per ABOA SF of the area receiving the 24-hour HVAC.

**1.19 BUILDING IMPROVEMENTS (SEP 2012)**

Before the Government accepts the Space, the Lessor shall complete the space in accordance with Paragraph 4.01 of the Lease.

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

INTENTIONALLY DELETED

