

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDING SERVICE
SUPPLEMENTAL LEASE AGREEMENT

SUPPLEMENTAL AGREEMENT
NO. 1
TO LEASE NO.
GS-11B-40155

DATE 1/3/96

ADDRESS OF PREMISES

The Portals, 445 - 12th Street, SW, Washington, DC 20024

THIS AGREEMENT, made and entered into this date by and between,
PARCEL 49C LIMITED PARTNERSHIP

whose address is
c/o Republic Properties Corporation,
1250 Maryland Avenue, S.W., Suite 280
Washington, D.C. 20024

hereinafter called the Lessor, and the UNITED STATES OF AMERICA, hereinafter called the Government.

WHEREAS, the parties hereto desire to amend the above Lease.

NOW THEREFORE, these parties for the considerations hereinafter mentioned covenant and agree that the said Lease is amended, effective upon complete execution hereof, as follows:

Notwithstanding any other provisions of the lease, or attachments thereto, this SLA No 1 shall govern over any other provision of the lease, or attachments thereto, with respect to the following:

1. Amount of Space

The Lessor leases to the Government, and the Government agrees to lease, the following described premises:

A total of 449,859 NUSF of office and related space will be provided consisting of 7,098 NUSF on the Maine Avenue level; 49,845 NUSF on the 12th Street Entrance Level; 35,419 NUSF on the Courtyard Level; 54,265 NUSF each on Levels 1 through 3; 24,700 NUSF on Level 4; 38,579 NUSF each on Levels 5 through 7; and 54,265 NUSF on Level 8, in the building known as Portals Building, Phase II, located at 445 12th Street, S.W., Washington, D.C. 20024. (As shown on plans in Attachment A to this SLA No. 1). It is the intent of the Government that the [redacted] shall be the initial occupant of the leased space (this shall not in anyway alter the Government's rights under the General Clauses incorporated in this Lease, including but not limited to clauses 12 and 13 thereof).

Options for an additional Amount of Space are provided by paragraph 15 of this SLA No. 1.

See Continuation Pages 2-7 for additional terms and provisions of this SLA No. 1.

All other terms and conditions of the lease shall remain in force and effect, except as specifically modified herein.

IN WITNESS WHEREOF, the parties subscribed their names as of the above date.

LESSOR PARCEL 49C LIMITED PARTNERSHIP, by Portals Development Associates Limited Partnership, Its Management Agent

BY


(Signature)

General Partner

(Title)

IN PRESENCE OF

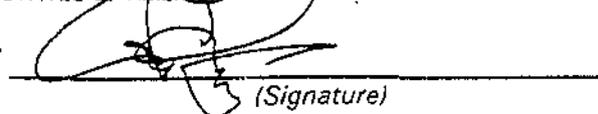

(Signature)

1250 Maryland Avenue, S.W., Washington, DC

(Address)

UNITED STATES OF AMERICA

BY


(Signature)

Contracting Officer

(Official Title)

2 Rental Rate

The rental amount shall be based on an annual rental rate of \$38.85 for the original 287,483 NUSF of space leased and \$37.95 for the additional 162,376 NUSF of space leased pursuant to this SLA, for a total rental amount of \$17,330,883.75 per annum, payable in equal monthly installments of \$1,444,240.32 in arrears. The per annum rental rate for any option space shall be \$37.95 per NUSF.

3 Occupancy Date, Tenant Design and Buildout

The initial phase of the leased space must be ready for occupancy no later than eighteen (18) months from the commencement of construction, and all of the leased space must be ready for complete occupancy no later than seven (7) months from initial occupancy, subject to the terms and conditions of Rider No. 1 to SFO 88-100, provided however, initial occupancy shall not be before July 1, 1997. Construction of the building of which the leased premises will be a part shall commence no later than one hundred twenty (120) days after the date of this SLA.

The Government will provide to the Lessor within twenty (20) business days of the date the [REDACTED] is statutorily authorized to return to work through a Continuing Resolution or other funding or statutory authorization: (i) the specifications for those standard tenant improvements and those "Specials" (above lease standard tenant buildout requirements) which affect the base building structure or systems, (ii) the complete Program of Requirements for the [REDACTED]'s consolidated headquarters, and (iii) the "blocking and stacking" for the [REDACTED]'s consolidated headquarters.

The design and the buildout of the tenant improvements to the leased space shall be done in approximately six (6) equal phases. Phase 1 will include at least the [REDACTED] Meeting Room (block outline only; the rest of the design intent information for this space will be included as part of Phase II), Computer Room, Print Plant, Hearing Rooms, Telecommunications Riser and Distribution System and the Twelfth Street Entrance and Courtyard Functions. The remaining phases shall be determined by the Government, but shall proceed generally from the lowest floor to the highest floor. Deviations from this general requirement shall be allowed to the extent such changes do not materially impact the design, construction and/or occupancy of the building and the leased space. The Government shall submit a phasing plan to Lessor in accordance with this provision within 30 days of the date of this SLA No. 1. Lessor shall prepare a schedule for the delivery of each phase in accordance with the requirements of this SLA and Rider No. 1 to the Lease, within 30 days of the receipt by Lessor of the Government's phasing plan.

The Government shall prepare the Design Intent Drawings generally in accordance with Rider No. 1 to the Lease provided that the Design Intent Drawings shall be delivered to Lessor in accordance with the following schedule:

Phase One	February 8, 1996
Phase Two	April 10, 1996
Phase Three	May 15, 1996
Phase Four	June 24, 1996
Phase Five	August 7, 1996
Phase Six	September 20, 1996

Lessor  Government 

In the event that the Government fails to deliver the Design Intent Drawings in accordance with the schedule set forth above, the delay shall be Government delay and in accordance with Rider No. 1 to the lease, there shall be a day-for-day delay in the delivery date. Delay in a prior phase shall not automatically constitute delay in a subsequent phase.

4 Tax Adjustment

The Government's percentage of occupancy for determining its percentage share of any increases in real estate taxes is established as 82.41%, subject to proportional adjustment to reflect the increase in the leased space in the event the Government exercises any or all of the options as set forth in paragraph 15 of this SLA. Following delivery and acceptance of the leased space, the Government's percentage share of the leased space shall be adjusted if necessary to reflect the measurement of the leased space.

5 Operating Costs

The base rate for operating cost adjustments was established as \$4,183,688.70 for the twelve (12) month period beginning June of 1993, subject to proportional adjustment to reflect the increase in the leased space in the event the Government exercises any or all of the options as set forth in paragraph 15 of this SLA. Immediately upon commencement of the lease, and each year thereafter, the Government shall pay adjusted rent for changes in the cost of services in accordance with the base rate. For purposes of calculating the adjustment for operating costs in accordance with paragraph 20 Operating Costs, "the index figure published for the month prior to rent commencement date" shall mean the index figure published for May of 1993. No adjusted rent for operating costs shall be due, or interest thereon payable, for any period prior to lease commencement as determined in accordance with this SLA No. 1.

6 Performance Specifications, Unit Costs for Adjustments, and Alternates

Pricing for the Special Requirements Performance Specifications shall be adjusted by multiplying the amount in question by the percentage of change in the Cost of Living Index. The percentage change shall be computed by comparing the index figure for March of 1993 with the index figure for the month in which the work containing the units are accepted, or the Leases Commencement Date, whichever is later. The Contractor, A/E and Lessor's markups for any other above SFO standard work requested by the Government shall be as set forth in the pricing or the Special Requirements Performance Specifications. Within forty-five (45) days of the date of execution of this SLA, the Lessor and the Government shall renegotiate the Unit Costs for Adjustments. Pricing for Alternate Proposals (Rider No. 5) is deleted in its entirety.

7 Acceptance of Plans

The Government accepts the Lessor's plans as reflected on the attached schematics for the base building as satisfying the requirements of SFO 88-100. To the extent that any changes are made to the special and other elements of the building after the date of this SLA at the Government's request and such change increases the Lessor's cost or time of performance, then the Government shall provide the Lessor with an equitable adjustment in accordance with General Clause 17 of GSAF 3517 for its reasonable costs and delays resulting from such changes.

8 Assignability

Lessor may sell, assign or transfer the lease or its interest therein, including the rights and obligations set forth, and if the Government is reasonably satisfied with the ability of the assignee to perform, the Parcel 49C Limited Partnership will be discharged of any further obligations under the lease. If, by virtue of the sale, assignment, or transfer, Parcel 49C Limited Partnership is no longer the Lessor, the Government and the

successor lessor shall execute a Novation Agreement generally in the form set forth in Part 42 of the Federal Acquisition Regulation.

9 Codes, Standards, and Requirements

For purposes of paragraph 29 of the lease, Codes Standards and Requirements, the "latest edition" of the codes and standards with which the proposal must comply, shall be the latest edition in effect as of September 1, 1995.

10 General Clauses

¶3. Termination for Default

General Clause 3 is amended by adding at the end: "Notwithstanding the foregoing, the Government will not terminate the lease agreement, but will rely on its other rights and remedies."

¶15. Failure in Performance

Rider No. 2 clarifying General Clause 15, is amended to provide that the period of time within which to cure the failure must be "reasonable", and that the provision for waiving notice in the event of an emergency is deleted. Additionally, the Government shall send a copy of the required notice to Lessor's Lender at the address to be provided by Lessor. The following shall be added at the end of the clause: "The maximum amount the Government may deduct from the rent during any year of the lease term pursuant to paragraph 15 of the General Clauses shall not exceed an amount equal to \$8.50 per NUSF of space leased by the Government under this lease, with the understanding that such offset limitation amount shall increase each during the term of the lease by using the same methodology as used to calculate increases in the base rate for operating costs in accordance with Paragraph 20, Operating Costs." Subject to the foregoing limitation on the amount the Government may deduct during any particular year, the Government may carry forward (but not backward) any excess amounts not deducted in a particular calendar year because of the deduction limitation and take such deductions in subsequent calendar years. The foregoing shall not limit the Government's right to pursue other rights and remedies it may have in connection with such failure in performance.

11 Rent Commencement

The Government's obligation to pay rent for the Phase 1 space shall commence on July 1, 1997, for the Phase 2 space shall commence on August 15, 1997, for the Phase 3 space shall commence on October 10, 1997, for the Phase 4 space shall commence on November 19, 1997, for the Phase 5 space shall commence on January 2, 1998 and for the Phase 6 space shall commence on February 1, 1998. This obligation shall be absolute and unconditional in all events, and, as a contractual matter, is not subject to any setoff, defense, counterclaim, recoupment, deduction or abatement or any other right, except as set forth in General Clause 15 as amended. The 20-year lease term shall be deemed to commence on the composite lease commencement date as provided in paragraph H of Rider No. 1 to the Lease and shall expire on the 20th anniversary of the composite lease commencement date.

12 Liquidated Damages

In the event that a particular phase has not been determined to be substantially complete in accordance with paragraph G of Rider No. 1 to the Lease by the applicable rent commencement date as set forth in paragraph 11 above, then, only in the case of and to the extent of Lessor delay, rather than an adjustment to the

rent commencement date or any other provisions for liquidated damages, the Government shall be paid by the Lessor, within thirty (30) days of the date of a Notice to Lessor, liquidated damages equal to the rent payable with respect to each phase for the period of time from the rent commencement date for that phase, until the phase has been determined to be substantially complete. Under no circumstances shall the Government's failure to provide a Notice be deemed a waiver of either the Government's right to receive liquidated damages or the date from which such damages are measured.

13 No Fault Delay

In the event that the Government's occupancy of all or any portion of the leased space is delayed due to an act of force majeure or as a result of any other circumstance which is not the fault of the Government and for which the Government is not otherwise compensated pursuant to the terms of this lease as amended by this SLA, then in consideration of the Government's agreement to commence paying rent notwithstanding such event of force majeure or other uncompensated delay as set forth in paragraph 11 above, the Government, at its option (to be exercised prior to the end of the fifteenth lease year), may extend the lease term for a period equal to the period of force majeure or other uncompensated delay, but in no event to exceed twelve (12) months, on the same terms and conditions as set forth herein, provided that the rent for such period shall be equal to \$3.75 per/NUSF plus the amount of the base operating expenses as escalated to the date of such extension as provided in paragraph 20 of SFO 88-100 attached to and incorporated in the lease and amended by this SLA, including paragraph 5 above and subject to the understanding that the Government shall be liable for its percentage share of the real estate taxes for the building for the extension period. In no event shall the Lessor be obligated to carry-out any upgrading or refurbishments to the leased space (such as installing new carpet or repainting the walls) during such extended period of the lease term, other than as may be required as part of the normal day to day maintenance and operation of the leased space.

14 Performance and Payment Bonds

Prior to the commencement of construction of any of the improvements, Lessor shall furnish or cause to be furnished, a performance and payment bond or bonds that name the United States of America, acting by and through the General Services Administration, as a Co-Obligee thereunder. Each such bond or bonds shall be in the form of, or substantial equivalent of, the forms then currently approved for use by the American Institute of Architects. The Payment and Performance Bond shall be issued with a penal amount of not less than 100% of the cost of construction. Such bond shall be issued by a surety company or companies listed by the Department of Treasury as "Companies Holding Certificates of Authority As Accepted Sureties On Federal bonds And As Acceptable Reinsuring Companies" as revised annually on July 1 (See Federal Register Vol. 57, No. 127) and the surety shall verify in writing that such performance and payment bond shall not be subject to revocation, modification or cancellation without the prior written approval of the Government.

15 Options to Increase Demised Premises

The Government shall have three (3) options to lease additional space upon the same terms and conditions as set forth in the SLA No. 1 for the leased premises (including the same weighted average lease and rent commencement date for the option space as provided for the leased spaced described in paragraph 1 above), as set forth below. The options may be exercised in any order or in any combination, but the options must be exercised by giving written notice to the Lessor by no later than December 31, 1996, and if such options are not exercised by such dates they shall expire and be of no further force and effect.

- (i) An additional 47,058 NUSF on Levels 5, 6 and 7; and
- (ii) An additional 29,565 NUSF on Level 4; and

(iii) An additional 8,648 NUSF on the Courtyard Level.

Attachment B hereto contains floor plans which depict the option space.

16 Food Service Establishments

Lessor agrees to make arrangements, from time to time, with retail food service establishments or contractors for the provision of a cafeteria, other moderately priced restaurants, or food service establishments to operate at the Portals site. These establishments shall be open to the public, including the non-exclusive use of Government personnel at times reasonably consistent with the commercial practices of such establishments. The Lessor agrees to use its best efforts to obtain food service establishments or contractors to provide full service throughout the normal work day, including breakfast and lunch service and afternoon (post lunch hour) limited service. These arrangements shall provide that a minimum of 400 seats are continuously available for use in the combined establishments, commencing at least by the composite lease commencement date established by SLA and continuing for ten years thereafter. Paragraph 23 of SLA 88-100 is deleted and replaced with the following: The Government shall not operate, lease or contract for any food service, vending or retail facilities within its leased space which competes with the food service which the Lessor is obligated to provide under this SLA No. 1. A satisfactory site for a "Randolph-Sheppard" vending facility (defined for purposes of this lease as a small vending machine and snack bar area without seating, but not a cafeteria) determined pursuant to 20 U.S.C. § 107a and implementing regulations at 34 C.F.R. § 395.31 shall be deemed not to compete with the food service to be provided by the Lessor. GSA will control the number, kind, and location of vending machines within the vending facility. The Lessor is required to provide necessary utilities and to make related alterations. The cost of the improvements will be negotiated and payment will be made on a lump sum basis.

17 Small Business Subcontracting Plan

Within forty-five (45) days of the execution of this SLA, the Lessor shall update its Small Business Subcontracting Plan to reflect the increased amount of space leased by the Government. The updated Subcontracting Plan shall use the same percentage goals as contained in the current Plan.

18 Loading Dock Parking

The Government shall have the right to park a vehicle in the North loading dock in a space designated by the Lessor overnight without additional cost to the Government.

19 Lobby Displays

The Government shall have the right, subject to prior approval of the Lessor, not to be unreasonably withheld, to set-up and maintain visual displays in the Twelfth Street and Maine Avenue Level entrance lobbies from time-time during the term of the Lease. The Government shall not be required to pay any additional rent for such use so long as Lessor does not incur any additional expenses as a result of such use.

20 Daycare Center; Fitness Center

The Lessor agrees to use vigorous efforts to lease space on the Courtyard level of the Portals Phase I building to a daycare center operator who will operate a daycare center in such space and shall offer daycare services first to occupants of the Portals Phase I and Phase II buildings and then to the general public. "Vigorous efforts" shall not include an obligation on the part of the Lessor to offer financial incentives or operating subsidies to induce a daycare operator to lease such space and operate a daycare facility in such space or for Lessor to take

operating risks with respect to any day care facility. If the Lessor does not lease space in the Portals I building to a daycare provider for the operation of a daycare facility, the Lessor shall make such space available for lease by the Government as additional option space for the operation of a daycare facility if such space remains available for lease.

Government employees shall have equal priority with occupants of the Portal Phase I building to join the health club facility located in the Portals Phase I building, which rights shall be in preference to anyone who is not a tenant in either the Portals Phase I or Portals Phase II buildings.

21 Release of Claims

In consideration for the Government's execution of this SLA, the Lessor releases the Government, as of the date this SLA is executed, of and from any and all claims, demands for relief, remedies or equitable adjustments, known and unknown, of any nature or description whatsoever, legal or equitable, which relate directly or indirectly or in any manner whatsoever to the execution of Lease No. GS-11B-40155 on August 12, 1994, the administration of the Lease up to the date this SLA No. 1 is executed by all parties, including but not limited to any actions or omissions by the Government prior to such date, the Agreement dated August 12, 1994 between the parties, and the action designated as Parcel 49C Limited Partnership v. United States. The foregoing release shall in no way relieve the Government from its obligations under this Lease as amended by this SLA No. 1 from and after the date this SLA No. 1 is executed by all parties hereto.