

OFFICE LEASE

Suite 203
660 Pennsylvania Avenue, S.E.
6/10/16

THIS LEASE AGREEMENT is made and entered into on this 13 day of July 2016, by and between **660 Pennsylvania Avenue Associates, LLC**, a District of Columbia limited liability company, hereinafter called "Lessor", and **The State of Texas**, hereinafter called "Lessee", acting by and through the **Texas Facilities Commission**, hereinafter called "TFC", for and on behalf of the occupying agency, the **Texas Office for State-Federal Relations**, hereinafter called "TOSFR".

WITNESSETH:

WHEREAS, Lessor desires to lease to Lessee and Lessee desires to rent from Lessor the space known as Suite 203 in the Building (hereinafter defined) on the land designated as Lot 115 in Square 873, Washington, D.C., such space being outlined in red as shown on the floor plan attached hereto as Exhibit A.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. DEFINITIONS

In addition to any definitions contained in other sections of this Lease, the following words and phrases shall have the meaning given to them in this Section wherever such terms appear:

1.1 **Additional Rent**. Amounts payable by Lessee to Lessor under this Lease other than Base Rent and Adjustments to Base Rent as provided in Subsection 4.4.

1.2 **Adjustments to Base Rent**. Annual adjustments to Base Rent based on increases as provided in Subsection 4.3.

1.3 **Annual Base Rent**. The Base Rent provided for herein for any given Lease Year.

1.4 **Base Rent**. The rent payable by Lessee to Lessor as set forth in Subsection 4.2 as adjusted from time to time by Adjustments to Base Rent and Additional Rent.

1.5 **Base Year**. Calendar year 2016.

1.6 **Building**. The building known as 660 Pennsylvania Avenue, S.E., Washington, D.C. (the "Building"), excluding non-structural tenant improvements.

1.7 **CPI**. [NOT APPLICABLE]

1.8 **Common Area Maintenance ("CAM") Charges**. Lessee's prorata share of the annual costs incurred by Lessor for common area maintenance expenses attributable to the Building, including, as applicable, but not necessarily limited to, electricity, water, sewer, painting, cleaning; maintenance, repair and replacement in the common areas (including bathrooms), window cleaning, snow removal, pigeon, insect and vermin control; landscape maintenance, trash removal, and HVAC system, elevator and other mechanical equipment maintenance and service. In no event shall CAM Charges include any of the costs and expenses specifically excluded from the definition of Operating Expenses in Subsection 1.14.

1.9 **Common Area Space**. The proportionate amount of the common area square footage attributable to the Demised Premises and in Lessee's Base Rent computation, which the parties agree is 743 square feet.



1.10 Demised Premises. The space in the Building leased by Lessor to Lessee pursuant to this Lease as outlined in red on Exhibit A, which consists of 2,970 rentable square feet on the third floor of the Building.

1.11 Event of Default. Any of the events set forth in Section 18 hereof as an Event of Default.

1.12 Land. The land, with the Building, easements and appurtenances thereunto belonging, situate, lying and being in the District of Columbia, known as Lot 115 in Square 873.

1.13 Lease Year. The twelve (12) month period beginning on the Lease Commencement Date, or on any anniversary of the Lease Commencement Date during the Initial Term and extending to the moment immediately before the next anniversary of the Lease Commencement Date.

1.14 Operating Expenses. All costs incurred by Lessor for Real Estate Taxes, accounting fees, management fees (or, alternatively, the compensation attributable to building maintenance and management employees employed by Lessor), utilities and insurance for fire, casualty, liability and workmen's compensation normally and reasonably required in connection with the ownership, operation and management of first class retail/office buildings in the District of Columbia. In no event shall Operating Expenses include expenditures for any of the following:

- (i) Any capital expenditure made to the Building in excess of Five Thousand Dollars (\$5,000.00), not including the cost to prepare space for occupancy by a tenant;
- (ii) Repairs or other work occasioned by fire, windstorm or other casualty;
- (iii) Leasing commissions, advertising expenses, legal fees and other costs incurred in leasing or procuring tenants;
- (iv) Repairs or rebuilding necessitated by condemnation;
- (v) Depreciation of the Building;
- (vi) Management fees paid by Lessor or compensation paid to Lessor's employees in lieu of management fees in excess of five percent (5%) of the gross rental income from the Building. No other management or administrative fees shall be included in CAM Charges and Operating Expenses;
- (vii) Interest or principal payments on funds borrowed by Lessor, whether secured or unsecured;
- (viii) Legal fees incurred in connection with the enforcement of leases;
- (ix) Mortgage brokerage fees, legal fees and other expenses incurred in financing or refinancing the Building and Land;
- (x) Ground rents;
- (xi) Work or services which Lessor performs for a particular lessee in such lessee's premises;
- (xii) Late charges or other penalties imposed upon Lessor;
- (xiii) Costs associated with the operation of the business of the partnership or entity which constitutes the Lessor, as the same are distinguished from the costs of



operation of the Building, including partnership accounting and legal matters, and cost of defending any lawsuits with any lender, costs of selling, syndicating, or financing any of Lessor's interest in the Building, or outside fees paid in connection with leasing and disputes with other lessees' interest, amortization, or other payments on loans to Lessor;

(xiv) Expenses of Lessor which would normally be categorized as overhead or general and administrative expenses, such as wages, salaries, or other compensation paid to officers, principals or executive employees of Lessor, or to any employees compensated (directly or indirectly) by any management fee included in Operating Expenses;

(xv) Any charges, costs and expenses of construction or replacement or charges, costs and expenses which should be capitalized in accordance with generally accepted accounting principles, nor any depreciation or amortization of the same, nor construction allowances for other lessees, except as hereinabove provided in Subsection (i);

(xvi) Any charge, cost or expense included in the definition of CAM Charges;

(xvii) Any bad debt loss, rent loss or reserves for bad debts or rent losses; and

(xviii) Expenses directly resulting from the gross negligence of the Lessor.

(xix) Separately metered Utilities.

(xx) Any expense attributable to retail tenants which exceed those attributable to office tenants.

1.15 **Plans and Specifications.** The final plans and specifications, if any, governing Preoccupancy Tenant Work, which are approved in writing by Lessor and Lessee and attached as Exhibit B to this Lease, plus any subsequent changes or additions thereto signed by Lessor and Lessee (including working drawings) attached as sub-exhibits to Exhibit B.

1.16 **Preoccupancy Tenant Work.** All improvements to the Demised Premises to be performed by Lessor as set forth and described in Exhibit B.

1.17 **Real Estate Taxes.** All taxes and assessments, if any, and other like charges, if any, general, special or otherwise, including all assessments for schools, public betterments, business interest districts and general or local improvements, levied or assessed upon or with respect to the ownership of the Land and Building imposed by any public or quasi-public authority having jurisdiction, including any charge or assessment levied or imposed by the District of Columbia government attributable to the establishment and operation of a business improvement district ("BID"). Lessor represents that as of the date of this Lease there are no special assessments affecting the Building. A tax bill or true copy thereof, together with an explanatory or detailed statement of the area or property covered thereby, submitted by Lessor to Lessee shall be prima facie evidence of the amount of taxes assessed, or levied, as well as of the items taxed, provided that in no event shall Real Estate Taxes include any interest or penalties nor any income tax computed based on Lessor's net income for the Land or Building.

1.18 **Renewal Period.** Additional period(s), if any, for which Lessee may extend the Initial Term of this Lease.

1.19 **Rent Commencement Date.** The date on which the Lessee's obligation for the payment of Base Rent begins hereunder.

1.20 **Substantially Completed/Substantial Completion.** Completion of the Preoccupancy Tenant Work in accordance with the Exhibit B, except for punch list items which will not delay or interfere with Lessee's use and occupancy of the Demised Premises.

1.21 **Term.** The periods (Initial Term and Renewal Period, if any) specified in Section 2 of this Lease.

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1.22 **Total Square Footage.** The sum of the Common Area Space and the Demised Premises, which the parties agree is 3,713 square feet.

1.23 **Utilities.** Gas, electricity, sewer and water charges, as applicable, separately metered to the Demised Premises which are not included in CAM Charges and are paid directly by Lessee.

2. **TERM**

2.1 **Initial Term.** The Term of this Lease shall commence on August 1, 2016 ("Lease Commencement Date"), and shall end at midnight on July 31, 2023 if not sooner terminated as provided herein. Lessee shall have the right to install furniture, equipment, materials, supplies and other items in the Demised Premises after the date of this Lease Agreement and prior to the Lease Commencement Date as portions of the Demised Premises become available for such purposes, provided that such installation shall be at Lessee's risk and provided that Lessee shall minimize interference with any construction work on the Building and the performance of Preoccupancy Tenant Work by Lessor.

2.2 **Renewal Period.** Provided there are no outstanding defaults on the date renewal notice is given beyond any applicable period to cure, Lessee shall have the option to extend the Term of this Lease for an additional term of three (3) years (the "Renewal Period"), which option shall be exercised by delivering to Lessor written notice of Lessee's intention to exercise the same at least nine (9) months prior to the expiration of the Initial Term; and failure to do so terminates the option.

3. **USE**

Lessee shall use and occupy the Demised Premises exclusively for general office or business purposes (excluding retail uses) and shall not use or occupy the Demised Premises for any other purpose without Lessor's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Lessee shall comply with all present and future laws, ordinances, regulations and orders of all governments, government agencies and any other public authority, unless the matters for which such compliance is sought were caused by acts or omissions of the Lessor or require structural alterations.

4. **RENT**

4.1 **Payment of Annual Base Rent.** Lessee covenants and agrees to pay to Lessor, during each Lease Year, Annual Base Rent in the amount provided in Section 4.2, adjusted as provided in Subsections 4.3 and 4.4. One-twelfth (1/12) of such Annual Base Rent shall be payable in advance, on the first day of each month, commencing on November 1, 2016 (the "Rent Commencement Date"), and continuing thereafter during the remainder of the Term of this Lease. Rent not payable on the first day of a calendar month shall be prorated and adjusted on a daily basis for the calendar month in which it becomes payable and for the calendar month in which this Lease expires. All rent payable by Lessee shall be paid to Lessor at the place to which notices to Lessor are required to be sent or to such other person and place as may from time to time be designated by Lessor in writing.

4.2 **Base Rent.**

(a) Annual Base Rent during the Term of this Lease, subject to the adjustments and additions provided for in Subsections 4.3 and 4.4, shall be One Hundred and Fifty-Four Thousand Eight Hundred Dollars and Zero Cents (\$154,800.00), payable monthly in the amount of Twelve Thousand Nine Hundred Dollars and Zero Cents (\$12,900.00).

(b) **Renewal Period.** The Annual Base Rent for the Renewal Period provided for herein shall be fixed at the commencement thereof and shall be the then prevailing market rate of rent for comparable (finished) office space in the historic Capitol Hill Southeast/Eastern Market area, or the Annual Base Rent at the end of the Initial Term as adjusted pursuant to Section 4.3, whichever is greater. The "prevailing market rate of rent" for the Renewal Period shall be determined by mutual agreement by Lessor and Lessee within twenty

(20) days of Lessor's receipt of Lessee's notice of its intent to exercise its option for the Renewal Period. In the event they are unable to agree upon the prevailing market rate within said twenty (20) day period, Lessor and Lessee, within ten (10) days following the expiration of said twenty (20) day period, shall each appoint a commercial real estate broker licensed in the District of Columbia who is experienced in the determination of commercial rental rates in office/retail buildings in the historic Capitol Hill Southeast/Eastern Market area, and such rent shall be as determined by them. If the two brokers cannot agree upon the said prevailing market rental rate, then they shall appoint a third of like qualifications, who shall submit his determination within ten (10) days thereafter. The average of the two highest determinations shall be accepted as the Annual Base Rent for the Renewal Period. Lessor and Lessee shall each bear the costs and fees of their respective real estate brokers and, if required, shall share equally the cost of the third. The Base Year for the purposes of Adjusting CAM and Operating Expenses shall be the calendar year in which the Renewal Term commences. If the Lessee shall fail or refuse to appoint a broker of Lessee's choice within the ten (10) day period provided for herein, then the provisions of this Subsection shall cease to be operative and Lessee's rent for the First Lease Year of the Renewal Period shall be the holdover rent provided for in Subsection 27 of this Lease. One-twelfth (1/12) of such increase shall be payable monthly as a part of Lessee's Base Rent.

4.3 Adjustments to Base Rent. Beginning with the Second Lease Year of the Initial Term and Second Lease Year of the Renewal Period, if any, and at the beginning of each Lease Year thereafter during the Term of this Lease, as defined in Section 1.21, the Annual Base Rent shall be adjusted and increased by an amount equal to two and one half percent (2.5%) of the Annual Base Rent for the immediately preceding Lease Year. One-twelfth (1/12) of such increase shall be payable monthly as a part of Lessee's Base Rent.

4.4 Additional Rent. During each calendar year, or portion thereof, included in the Term of this Lease, as defined in Section 1.21, Lessee shall pay to Lessor as Additional Rent Lessee's share of any increase in Operating Expenses (including Real Estate Taxes) and CAM Charges incurred by Lessor over the amount thereof for the Base Year as set forth in Exhibit D attached. The parties agree that Lessee's Operating Expense and CAM Charge Share is 6.55%. One-twelfth (1/12) of such Additional Rent shall be payable monthly together with Lessee's Base Rent and Adjustments to Base Rent.

5. SECURITY DEPOSIT

Intentionally Omitted

6. OPERATING EXPENSES AND COMMON AREA MAINTENANCE CHARGES AND UTILITIES

6.1 Adjustment of Operating Expenses and Common Area Maintenance Charges (CAM). Adjustment of Operating Expenses and CAM Charges in connection with the calculation of Additional Rent, as provided in Sections 4.4 above, shall be based on Lessor's actual costs to the extent available and on Lessor's good faith estimate thereof where not. Lessor shall adjust Operating Expenses and CAM Charges as of the first day of January each year during the Term based on Lessor's actual costs experienced over the preceding calendar year and any warranted adjustments in estimated costs. Any adjustment will be billed to Lessee retroactively to January 1st. Lessor shall make reasonable efforts to minimize any annual increase in Operating Expenses and CAM Charges. In no event, however, shall any increase in "Controllable CAM Charges", as hereinafter defined, exceed five percent (5%) of the Controllable CAM Charges in the immediately preceding year. For the purposes hereof, "Controllable CAM Charges" shall mean char of the common areas of the Building, trash removal, HVAC service, landscaping, snow removal, window washing and pest control. Any year end surplus resulting from an over-estimation of Lessee's share of the Operating Expenses and CAM Charges shall be credited to Lessee's obligation for the next Lease Year, and any balance due shall be billed to Lessee and be payable to Lessor in thirty (30) days, provided, however, Lessor shall refund any such year end surplus to Lessee upon the expiration or other termination of this Lease. Any delay by Lessor in adjusting Operating Expenses and CAM Charges annually shall not constitute a waiver of Lessor's right to do so or in any way impair the obligation of Lessee to pay such adjustments when billed.



6.2 **Real Estate Taxes.** Either Lessor or Lessee shall have the right to contest any reassessment of the land and/or improvements. However, the parties shall coordinate to insure only one (1) appeal is filed. Real Estate Taxes which are being contested by Lessor or Lessee shall nevertheless be included for the purposes of computing Lessee's obligation under this Section, but if Lessee shall have paid any amount of Additional Rent pursuant to this Section and the Lessor shall thereafter receive a refund of any portion of any Real Estate Taxes on which said payment shall have been based, Lessor shall pay to Lessee its Operating Expense and CAM Charge Share of said refund.

6.3 **Utilities.** Electricity shall be pro-rated such that Tenant shall be responsible for 45.46% of the electricity bills for Suites 202 and 203.

6.4 **Documentation.** Lessor shall maintain in good and consistent order records relating to the Building and the insurance policies, service contracts and other materials (including, without limitation, paid bills, checks, receipts, invoices, vouchers, tax returns and payroll records) relevant to the operation of the Building and the determination of Operating Expenses, Common Area Maintenance Charges and any other items constituting Additional Rent. For a period of two (2) years from the close of the period to which the records and other materials relate, Lessee and any accountant or other representative of Lessee shall, upon reasonable advance notice, be accorded access to all such records and materials at the offices of Lessor where maintained during normal business hours and shall be permitted to make copies thereof at Lessee's expense.

7. **ASSIGNMENT AND SUBLETTING**

Lessee shall not sublet or assign the Demised Premises in whole or part, or permit any other party to occupy, use or share space in the Demised Premises except with the prior written consent of Lessor, which Lessor may grant or withhold in its sole and absolute discretion. Upon Lessee's written notification of its desire to sublet or assign the Demised Premises in whole or part, with accompanying lease or lease proposal, Lessor, except with respect to a Permitted Subletting, shall have the right of first refusal for thirty (30) days to become, in the event of a proposed assignment, the assignee of the Demised Premises at the same rent and upon the same terms as those set forth in this Lease Agreement. In the event Lessor exercises its right of first refusal herein, Lessee shall be relieved of any further liability under this Lease for the portion of the Demised Premises with respect to which Lessor has exercised said right. Lessee shall promptly furnish Lessor with a completely executed copy of all approved subleases or assignments. Anything herein to the contrary notwithstanding, the Lessor's consent shall not be required with respect to an assignee or subletting to any parent or subsidiary of Lessee or to any successor entity resulting from the merger, acquisition or consolidation of Lessee with any other party, provided, however, that Lessor (i) shall first approve the financial stability and strength of the proposed assignee or sublessee, (ii) Lessor shall approve use of assignee or sublessee and (iii) Lessor is furnished with all documentation deemed reasonably necessary by Lessor to establish any such relationship. However, Lessee shall not be relieved of its obligations as a Lessee hereunder.

8. **BUILDING SERVICES, REPAIRS AND MAINTENANCE**

8.1 **Services.** Unless prevented by strike, public disturbance, act of God or other circumstances beyond the control of Lessor, Lessor shall provide and maintain the following Building services and facilities:

(a) Heating, ventilating and air conditioning, twenty four (24) hours per day, seven (7) days weekly, which heating, ventilating and cooling shall be regulated within the Demised Premises by thermostats located therein. The maintenance, service, repair and replacement of all heating, ventilating and cooling equipment in both the Demised Premises and the common areas of the Building shall be provided by Lessor and included in the CAM Charges.

(b) Adequate illumination in all common areas of the Building.

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- from the Building.
- (c) A trash room and trash receptacles for the removal of trash
 - (d) Cleaning, maintenance and replacements within all common areas of the Building.
 - (e) Water, electricity and telephone conduit lines.
 - (f) A sprinkler system.
 - (g) Snow removal and landscaping.
 - (h) Exterior window washing.

The foregoing services shall be provided in accordance with reasonable standards and policies established from time to time by Lessor in its discretion. Lessor shall not be liable for any interruption in such services unless the restoration thereof is delayed because of Lessor's negligence or willful act. Lessee shall have no right of set off against the payment of the Base Rent and Additional Rent provided for herein because of any interruption in such services.

8.2 **Repairs.** Lessee shall be responsible for and shall make any and all repairs and replacements to the Demised Premises, except for repairs and replacements caused by damage due to the negligence or willful act of the Lessor, its agents, employees, invitees, customers and contractors, which Lessor shall repair at Lessor's sole cost and expense. Lessor shall not be responsible for the replacement of custom light bulbs within the Demised Premises or the replacement of Demised Premises and Building entry keys. Lessee shall promptly notify Lessor in writing of any repairs or replacements needed to the Demised Premises for which Landlord is responsible under this Subsection. Failure to give such notice within a reasonable time following Lessee's actual knowledge thereof shall render Lessee solely responsible for any damage or injury to others resulting from the failure to make timely repairs thereto. Lessor shall be responsible for keeping the Building in proper repair, including the repair of structural or latent defects.

8.3 **Maintenance, Cleaning and Trash Removal.** Lessee, at its sole expense, shall keep the Demised Premises in good order and maintained in a clean, safe and sanitary condition, and will surrender the same at the expiration or other termination of this Lease in the same good order and condition in which they were received, ordinary wear and tear, and damage by the elements, fire and other casualty excepted. Lessee shall provide its own cleaning and char services within the Demised Premises at its expense. Lessee shall cause all of Lessee's trash to be separated as required by District of Columbia laws and regulations and to be deposited in the containers or dumpsters provided by Lessor for such purpose and shall cooperate in keeping said trash area free of waste and debris. Lessee shall also be responsible for roach and vermin control for conditions arising within the Demised Premises. Further, Lessee shall clean, repair, wash and polish, as the case may be, the interior doors, windows and elements of the Demised Premises, and Lessor shall clean, wash and polish all exterior windows and doors. In the event Lessee shall fail to perform any of the foregoing, Lessor, after written notice to Lessee and Lessee's failure to perform such work within ten (10) days after such notice, shall have the right to do the same and the cost thereof shall be deemed Additional Rent due upon receipt of a written statement of costs from Lessor.

9. **RESPONSIBILITY FOR CERTAIN DAMAGE AND BREAKAGE**

All breakage, damage and injury to the Building and the common areas committed by Lessee or its agents, servants, contractors, invitees or employees shall be repaired by Lessor at the sole expense of Lessee, except for damage covered by insurance maintained by Lessor or Lessee. Payment of the cost of such repairs by Lessee shall be due as Additional Rent with the next monthly installment of Base Rent after Lessee receives a bill for such repairs from Lessor. This provision shall be construed as an additional remedy granted to Lessor and not in limitation of any other rights and remedies which Lessor has or may have under such circumstances. Lessor shall be responsible for and shall make all other repairs and replacements to the Building and the common areas therein in order to maintain the Building in a condition comparable to other first class office buildings in Washington, D.C. Lessor's maintenance and



repair obligations, as aforesaid, shall include, but not be limited to, the roof, foundation, exterior and interior structural walls, all structural components, all Building systems, such as mechanical, electrical, HVAC and plumbing and the wires, conduits and pipes located in and/or traversing the Demised Premises.

10. ALTERATIONS

10.1 Alterations by Lessee. Lessee shall not have the right to make any alterations to the Demised Premises without the prior written consent of the Lessor, including, without limitation, interior, nonstructural improvements to the Demised Premises (e.g., wallpapering, painting and recarpeting). If any such alterations are made without the prior written consent of Lessor, Lessor may correct or remove the same, and Lessee shall be liable for any and all expenses incurred by Lessor in their removal. All alterations shall be made at Lessee's sole expense. Any alterations which affect the Building and/or common areas shall be made only at such times and in such manner as Lessor may reasonably designate and by contractors or mechanics reasonably approved in writing by Lessor. Approval of contractors or mechanics by Lessor shall be based upon the contractors or mechanics being properly licensed, their financial posture, experience and past job performance and shall not be unreasonably withheld or delayed. Any fees incurred by Lessor for architectural or engineering services in connection with Lessor's review of Lessee's plans shall be paid by Lessee.

10.2 Title to Improvements. All appurtenances, improvements, additions and other property attached to or installed in the Demised Premises, whether by Lessor or Lessee, shall be and remain the property of Lessor, except that any such fixtures, improvements, additions and other property installed in the Demised Premises at the sole expense of Lessee and with respect to which Lessee has not been granted any credit or allowance pursuant to this Lease or otherwise shall be and remain the property of Lessee and are herein sometimes referred to as "Lessee's Property". Lessee shall have the right, at any time or from time to time, to remove Lessee's Property, provided, that if removal of any of Lessee's Property damages any part of the Demised Premises, Lessee shall repair such damage. Any replacements of any property of Lessor, whether made at Lessee's expense or otherwise, shall be and remain the property of Lessor.

10.3 Removal Obligation. At the expiration of this Lease, Lessor may elect to require Lessee, at Lessee's expense, to remove all or any part of Lessee's Property, as well as any alterations made by Lessee subsequent to the Lease Commencement Date without Lessor's written approval (except for those improvements for which no approval of Lessor is required under Subsection 10.1), and Lessee shall repair any damage caused by such removal. In the event Lessor does not so elect, and Lessee does not remove Lessee's Property, such property shall become Lessor's property.

11. MECHANIC'S LIENS

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 Lessee at Lessee's expense, such mechanic's lien shall be discharged by Lessee, at its sole cost and expense, within thirty (30) days after Lessee received written demand to discharge said lien from Lessor, by the payment thereof or by filing any bond required by law. If Lessee shall fail to discharge or bond-off any such mechanic's lien, Lessor, at its option, may discharge or bond-off the same and treat the cost thereof as Additional Rent payable with the next monthly installment of Base Rent, it being hereby expressly covenanted and agreed that such discharge by Lessor shall not be deemed to waive or release the default of Lessee in not discharging the same. To the extent allowed by Texas Law, Lessee will indemnify and hold Lessor 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 by Lessee of any alterations, additions or improvements to the Demised Premises.

12. PREOCCUPANCY TENANT WORK

12.1 Work on the Demised Premises. All Preoccupancy Tenant Work to be performed by Lessor shall be that set forth in Exhibit B.

12.2 Cost of Preoccupancy Tenant Work. The cost of Preoccupancy Tenant Work to be performed by Lessor as set forth in Exhibit B shall be paid for by Lessor. All Preoccupancy Tenant Work not scheduled on Exhibit B shall be at Lessee's expense.

13. SIGNS, EQUIPMENT AND DIRECTORIES

13.1 Signs and Name. Lessor will provide and install lettering for Lessee's suite entrance door in conformity with standards established for entry door signage by Lessor. No other signage shall be permitted, and no sign, advertisement, notice, display or other lettering shall be exhibited, inscribed, painted or affixed by Lessee on any part of the exterior of the Demised Premises or within the Building without the prior written consent of Lessor. In the event of the violation of the foregoing by Lessee, Lessor may remove the same without any liability, and may charge the expense incurred by such removal to Lessee. Signs on entry doors off common areas of the Building shall likewise be subject to Lessor's prior written approval.

13.2 Equipment and Furnishings. Any and all damage or injury to the Demised Premises or the Building caused by moving the property of Lessee into, or out of, the Demised Premises, or due to the same being on the Demised Premises, shall be repaired by Lessor at the sole cost of Lessee. No furniture, equipment or other bulky matter of any description will be received into the Building or carried in the elevators except as approved by Lessor. All moving of furniture, equipment or other material within the public areas shall be under the direct control and supervision of Lessor, who shall not, however, be responsible for any damage to or charges for moving the same. Lessee agrees promptly to remove from the sidewalks adjacent to the Building any of Lessee's furniture, equipment or other material there delivered or deposited.

13.3 Building Directory Space. Lessor will provide and install a tenant directory in the lobby of the Building and Lessee's name and the name of Lessee's designated employees shall be listed thereon in conformity with the standards and criteria for such listings established by the Lessor.

14. ENTRY FOR REPAIRS AND INSPECTIONS

Lessee shall permit Lessor and its authorized representatives to enter the Demised Premises during regular business hours upon reasonable advance notice for the purpose of examining, inspecting and protecting the same, and of making such alterations and/or repairs as in the judgment of Lessor are necessary to maintain or protect the Demised Premises or the Building, and of showing the Demised Premises to prospective tenants during the last six (6) months of the Term. In the event of any emergency, Lessor may enter the Demised Premises without notice and make whatever repairs are necessary to protect the Demised Premises or any other portion of the Building. Lessor shall give Lessee reasonable advance notice of the scheduling of all permanent repairs, and Lessor shall use reasonable efforts to minimize interference with Lessee's business when making repairs, but Lessor shall not be required to perform the repairs at a time other than during normal working hours. If, at Lessee's request, repairs are made other than during normal business hours, Lessee will provide any necessary security at Lessee's expense.

15. LIABILITY FOR DAMAGE TO PERSONAL PROPERTY AND PERSONS

All personal property of Lessee, its employees, agents, business invitees, licensees, contractors, clients, family members, guests or trespassers, in and on said Demised Premises, shall be and remain at their sole risk, and Lessor shall not be liable to them for any damage to, or loss of, such personal property arising from any act of any other persons, or from the leaking of the roof, or from the bursting, leaking or overflowing of water, sewer or steam pipes, or from heating or plumbing fixtures, or from electrical wires or fixtures, or from air-conditioning failure, except for damage caused by Lessor's negligence, or the negligence of its agents, employees or contractors. Lessor shall not be liable for any personal injury to Lessee, its employees, agents, invitees, licensees, patients, clients, family members, guests or trespassers arising from the use, occupancy and condition of the Demised Premises unless there is negligence or a willful act or failure to act on the part of Lessor, its agents, employees or contractors.



16. DAMAGE DUE TO FIRE OR OTHER CASUALTY

16.1 Partial Destruction of Demised Premises. In the event the Demised Premises, or access thereto, including tenant fixtures and improvements installed by Lessee, shall be damaged by fire or other cause, which damage renders a portion of the Demised Premises untenable and which damage can be substantially repaired within ninety (90) days from the date said damage occurred, Lessee's Base Rent shall be reduced proportionately to the extent the Demised Premises are rendered untenable. Lessor shall proceed diligently to repair any such damage. When the Demised Premises are repaired by Lessor to the condition they were in prior to the casualty, then Base Rent and Additional Rent shall resume and become due and payable. Notwithstanding the foregoing, to the extent allowed by Texas Law, if the fire or other casualty shall have been caused by the negligence or willful act of Lessee or its agents or employees, Lessee shall remain liable for any Base and Additional Rent and the cost of any repairs during the period of restoration or until termination of the Lease which are not reimbursed to Lessor under any of the policies of insurance carried by Lessor and Lessee pursuant to Section 17 of this Lease.

16.2 Substantial Destruction of Demised Premises. If the damage to the Demised Premises, or access thereto, renders all or a substantial portion of the Demised Premises untenable and the Demised Premises, or access thereto, cannot be repaired within a period of ninety (90) days, either party may give the other party written notice of its election to terminate this Lease at any time within sixty (60) days from the date said loss or damage occurred. If neither party elects to terminate this Lease, as provided above, this Lease shall remain in full force and effect and Base Rent and Additional Rent shall be abated in proportion and to the extent the Demised Premises are rendered untenable until Lessor completes the repairs or rebuilding of the Demised Premises to the comparable condition they were in prior to the casualty. Notwithstanding the foregoing, to the extent allowed by Texas Law, if the fire or other casualty shall have been caused by the negligence or willful act of Lessee or its agents or employees, Lessee shall remain liable for any Base and Additional Rent and the cost of repairs during the period of restoration or until termination of the Lease which are not reimbursed to Lessor under any of the policies of insurance carried by Lessor and Lessee pursuant to Section 17 of this Lease. An election by either party under this Subsection to terminate the Lease shall be without prejudice to any claims of such party for damage to the extent such claims arise outside of the terms of this Lease.

17. INSURANCE. To the extent allowed by Texas Law, the Lessee agrees to the provisions of this Section. The State of Texas is self-insured. Therefore, no insurance policies will be required of the Lessee.

(a) Lessee, at Lessee's sole cost and expense, shall obtain and maintain in effect at all times during the Term, a policy of commercial general liability insurance naming Lessor and (at Lessor's request) any mortgagee of the Building and any management agent as additional named insured(s), protecting Lessor, Lessee and any such mortgagee and agent against any liability for bodily injury, death or property damage occurring upon, in or about the Demised Premises or any appurtenances thereto, with such policies to afford protection to the limits as Lessor may from time to time reasonably request, but initially within combined single limit coverage of not less than Two Million Dollars (\$2,000,000.00) with respect to bodily injury, death and property damage. In addition, Lessee, at its sole cost and expense, shall obtain and maintain in effect at all times during the Term, a policy of full coverage insurance on all glass partitions in the Demised Premises and cause the same to be replaced if damaged or broken; all said insurance to name Lessor and (at Lessor's request) any mortgagee of the Building and any management agent as additional named insureds. Notwithstanding the foregoing, Tenant shall have the right to self-insure against damage to glass partitions in the Demised Premises.

(b) The insurance policies required to be obtained by Lessee under this Lease (i) shall be issued by an insurance company(ies) of recognized responsibility licensed to do business in the District of Columbia, and (ii) shall be written as primary policy coverage and not contributing with or in excess of any coverage which Lessor may carry. Neither the issuance of any insurance policy required under this Lease, nor the minimum limits specified herein with respect to Lessee's insurance coverage, shall be deemed to limit or restrict in any way Lessee's liability arising under or out of this Lease. With respect to each insurance policy required to be obtained by Lessee under this Section, on or before the Lease Commencement Date and at least



thirty (30) days before the expiration of the expiring policy, Lessee shall deliver to Lessor a certificate issued by the insurance company(ies) certifying that the insurance coverage provided for herein is in full force and effect, together with evidence of payment of all applicable premiums. Each insurance policy required to be carried hereunder by or on behalf of Lessee shall provide (and any certificate evidencing the existence of each such insurance policy shall certify) that such insurance policy shall not be cancelled unless Lessor shall have received twenty (20) days' prior written notice of cancellation.

(c) Lessee shall not do, permit or suffer to be done any act, matter, thing or failure to act in respect of the Demised Premises and/or the Building that will invalidate or be in conflict with fire insurance policies covering the Building or any part thereof, and shall not do, or permit anything to be done, in or upon the Demised Premises and/or the Building, or bring or keep anything therein, which shall increase the rate of fire insurance on the Building or on any property located therein. If, by reason of the failure of Lessee to comply with the provisions of this Subsection, the fire insurance rate shall at any time be higher than it otherwise would be, then Lessee shall reimburse Lessor on thirty (30) days' written notice with accompanying invoice for that part of all premiums for any insurance coverage that shall have been charged because of such violation by Lessee and which Lessor shall have paid on account of an increase in the rate or rates in its own policies of insurance.

(d) To the extent allowed by Texas law, the Lessee agrees to the provisions of this Subsection. Lessee hereby agrees to indemnify and hold harmless Lessor and any mortgagee from and against any and all claims, losses, actions, damages, liabilities and expenses (including attorneys' fees) which are caused by the negligence or willful act of the Lessee, its agents, employees and contractors and (i) arise from or are in connection with Lessee's possession, use, occupation, management, repair, maintenance or control of the Demised Premises, or any portion thereof, or (ii) arise from or are in connection with any act or omission of Lessee or Lessee's agents or employees, or (iii) result from any default, breach, violation or nonperformance of this Lease or any provisions therein by Lessee, or (iv) result in injury or death to persons or damage to property sustained in or about the Demised Premises.. Lessee shall, at its own cost and expense, defend any and all actions, suits and proceedings which may be brought against Lessor and/or any mortgagee as may be impleaded. Lessee shall pay, satisfy and discharge any and all judgments, orders and decrees which may be recovered against Lessor and/or any mortgagee in connection with the foregoing. Lessor and/or any mortgagee shall not be liable or responsible for, and Lessee hereby releases Lessor and/or any mortgagee from all liability or responsibility to Lessee or any person claiming by, through or under Lessee, by way of subrogation or otherwise, for any injury, loss or damage to any property in, on or about the Demised Premises or to Lessee's business irrespective of the cause of such injury, loss or damage. Lessor and Lessee shall require their respective insurer(s) to include in all insurance policies which could give rise to a right of subrogation against either party and/or any mortgagee, a clause or endorsement whereby their respective insurer(s) shall waive any rights of subrogation against the other. Notwithstanding the foregoing provisions of this Subsection, nothing herein shall be construed to require the Lessee to indemnify the Lessor for the negligence or willful acts of Lessor or any mortgagee, and their agents, employees, contractors and invitees.

(e) Lessor, at its expense, shall obtain and maintain in full force and effect throughout the Term: (i) a commercial general liability insurance policy, including contractual liability coverage with combined single limit coverage for personal injury, death and property damage of Six Million Dollars (\$6,000,000.00); (ii) "all risk" property insurance, written at replacement cost value covering the Building and Lessor's Preoccupancy Tenant Work; and (iii) insurance for rental loss.

18. DEFAULT OF LESSEE

18.1 Events of Default. Each of the following events shall be deemed to be an "Event of Default":

(a) The failure of Lessee to punctually pay any Base Rent or Additional Rent within ten (10) days of when due;

(b) The neglect or failure of Lessee to perform or observe any other of the terms, covenants or conditions contained in this Lease to be performed by Lessee which is not remedied by Lessee within thirty (30) days after Lessor shall have given Lessee written notice specifying such neglect or failure, or in the case of a default which cannot with due diligence be cured within thirty (30) days, if Lessee shall not (i) within such thirty (30) day period advise Lessor of Lessee's intention to take all steps necessary to remedy such default, (ii) duly commence, subject to unavoidable delays, within such thirty (30) day period and thereafter, subject to unavoidable delays, diligently prosecute to completion all steps necessary to remedy the default, and (iii) subject to unavoidable delays, complete such remedy;

(c) Lessee's abandoning all or substantially all of the Demised Premises;

(d) Lessee making or consenting to an assignment for the benefit of creditors or a common law composition of creditors, or if a receiver of Lessee's assets is appointed, or if Lessee files a voluntary petition in bankruptcy, or an insolvency proceeding is filed against Lessee and not discharged by Lessee within sixty (60) days, or Lessee is adjudicated bankrupt; or

(e) The assignment, subletting, transfer, mortgaging or encumbering of this Lease or permitting others to occupy, use or share space in the Demised Premises in violation of Section 7.

18.2 Repeated Defaults. If Lessee shall be in default of this Lease for the same monetary reason more than two (2) times and shall have redeemed this Lease more than three (3) times during any twelve (12) month period during the Term of this Lease, then Lessee shall be deemed to have waived its right thereafter to cure such default and redeem this Lease, and at Lessor's election, Lessee shall not have the right, otherwise accorded by law, to cure such repeated defaults and redeem this Lease. In the event of Lessor's election not to allow Lessee to cure and redeem for repeated defaults, Lessor shall have all of the rights provided for in this Lease and by law for a monetary default.

18.3 Lessor's Remedies. To the extent allowed by Texas law, the Lessee agrees to the provisions of this Subsection. Upon the occurrence of any Event of Default, including nonpayment of any amounts due hereunder, this Lease shall, at the option of Lessor, cease and terminate and shall operate as a notice to quit, any notice to quit or of Lessor's intention to re-enter being hereby expressly waived by Lessee, and Lessor 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 Lessor elects to terminate this Lease, everything herein contained on the part of the Lessor to be done and performed shall cease without prejudice to the right of Lessor to recover from Lessee all Base Rent and Additional Rent accrued up to the time of termination or recovery of possession by Lessor, whichever is later. Should this Lease be terminated before the expiration of the Term by reason of Lessee's default as hereinabove provided, the Demised Premises may be relet by Lessor for such Base Rent and Additional Rent, and upon such other terms as are not unreasonable under the circumstances, and, if the full Base Rent and Additional Rent shall not be realized by Lessor, Lessee shall be liable for all damages sustained by Lessor, including, without limitation, any deficiency in rent, reasonable attorneys' fees, brokerage fees, and expenses of placing the Demised Premises in first class rentable condition. Lessor shall use reasonable efforts to relet the Demised Premises. Any damage or loss of Base Rent and Additional Rent sustained by Lessor may be recovered by Lessor, at Lessor'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 Lessor's option, may be deferred until the expiration of the Term, in which event Lessor's cause of action shall not be deemed to have accrued until the date of expiration of said Term. The provisions contained in this Subsection shall be in addition to and shall not prevent the enforcement of any claim Lessor may have against Lessee for anticipatory breach of the unexpired Term of this Lease.

18.4 Waiver, General. If under the provisions hereof, Lessor shall institute proceedings and a compromise or settlement thereof shall be made, the same shall not constitute a waiver of any covenant herein contained or of any of Lessor's rights hereunder. No waiver by Lessor or Lessee of any breach of any covenants, 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 Lessee, nor receipt by Lessor of a lesser amount than the rents (Base and Additional) herein stipulated, shall be deemed to be other than on account of the earlier stipulated rents and charges, nor shall any endorsement or statement on any check or letter accompanying a check for payment of any rents and charges be deemed an accord and satisfaction, and Lessor may accept such check or payment without prejudice to Lessor's right to recover the balance of such rents and charges or to pursue any other remedy provided in this Lease. No re-entry by Lessor, and no acceptance by Lessor of keys from Lessee, shall be considered an acceptance of a surrender of the Lease.

18.5 **Waiver of Jury Trial.** Lessor and Lessee hereby mutually waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on or in respect of any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Lessor and Lessee hereunder, Lessee's use or occupancy of the Demised Premises, and/or any claim of injury or damage.

18.6 **Right of Lessor to Cure Lessee's Default.** Unless otherwise provided elsewhere herein, if Lessee defaults in the doing of any act herein required to be made or done by Lessee, other than the payment of Base Rent or Additional Rent, and if such default continues without commencement of cure as provided in Subsection 18(b) above for more than thirty (30) days after Lessor has given written notice to Lessee specifying such default, then Lessor may, but shall not be required to, do such act, and the amount of the expense thereof, if made or done by Lessor with interest thereon at the rate of the prime interest rate charged by National Capital Bank, Washington, D.C., plus two percent (2%) per annum from the date paid by Lessor, shall be paid by Lessee to Lessor and shall constitute Additional Rent hereunder, due and payable with the next monthly installment of Base Rent. However, the making of such payment or the doing of such act by Lessor shall not preclude the Lessor from pursuing any remedy to which Lessor would otherwise be entitled.

18.7 **Attorney's Fees and Costs.** In the event the employment of an attorney is deemed necessary by either party due to the default of the other of any term or provision of this Lease, including non-payment of Base Rent and Additional Rent when due, the defaulting party shall pay, and hereby agrees to pay, the other's reasonable attorney's fees and all other costs incurred therein by such other party, whether or not suit is filed.

18.8 **Late Charges.** Any installment of rent (Base or Additional) not paid by Lessee within ten (10) days after the same shall have become due and payable shall be subject to, and Lessee shall pay, a late fee of five percent (5%) of the sum due. Further, any sum not paid within thirty (30) days shall bear interest at the prime interest rate charged by National Capital Bank, Washington, D.C., plus two percent (2%) per annum from the date such sum became due and payable to the date of payment thereof by Lessee.

18.9 **Default by Lessor.** If the Lessor neglects or fails to perform or observe any other of the terms, covenants, or conditions contained in this Lease to be performed by the Lessor, which is not remedied by the Lessor within thirty (30) days after Lessee shall have given Lessor written notice specifying such neglect or failure, then Lessee is permitted to terminate this Lease upon another thirty (30) days' notice to Lessor, without any liability to Lessee.

19. **SUBORDINATION: FINANCING REQUIREMENTS**

(a) This Lease and Lessee's interest hereunder shall be subject and subordinate to the lien of any mortgage now or hereafter placed upon the Building, and to all renewals, modifications, replacements, consolidations and extensions thereof and to any and all advances made thereunder and the interest thereon. Lessee agrees that within ten (10) days after written request therefor from Lessor, it will from time to time execute and deliver any instrument or document required by any lender or mortgagee of Lessor to subordinate the Lease and Lessee's interest in the Demised Premises pursuant to this Lease to the lien of any mortgage or deed of trust. In the event Lessee fails to deliver such document to Lessor within said ten (10) day period, Lessor shall so notify Lessee of such failure, and Lessee shall have five (5) business days from receipt of Lessor's notice, as aforesaid, to execute and deliver such document. If

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Lessee shall fail to so execute and return such agreements to Lessor within said five (5) day period, then Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact to execute, acknowledge and deliver such agreement on behalf of Lessee. If Lessor's mortgagee or anticipated mortgagee shall so request, Lessee will submit current financial statements for its business within the Demised Premises, which shall be kept confidential by Lessor and Lessor's lender, and if not previously recorded, Lessee will record a short form of this Lease at no expense to Lessee if required by Lessor's mortgagee or other lending institution.

(b) In the event that any bank, insurance company, university, pension or welfare fund, savings and loan association, real estate investment trust, business trust, or other financial institution providing interim construction financing for the Building and/or permanent financing for the Building requires, as a condition of such financing, that modifications to this Lease be obtained, and provided that such modifications (i) are reasonable, (ii) do not adversely affect Lessee's use of the Demised Premises as herein permitted, (iii) do not decrease the Term of this Lease or increase the rentals and other sums required to be paid by Lessee hereunder, (iv) do not increase Lessee's obligations hereunder, and (v) do not reduce Lessor's obligations hereunder, Lessor shall submit such required modifications to Lessee, and Lessee shall enter into and execute a written amendment thereto incorporating such required modifications within twenty-one (21) days after the same have been submitted to Lessee by Lessor.

20. CONDEMNATION

If the whole or a substantial part of the Building or Demised Premises or of any portion of the common area that materially affect the use of the Demised Premises shall be taken or condemned by any governmental authority for any public or quasi-public use or purpose, then this Lease shall cease and terminate and the Base Rent and Additional Rent shall be abated as of the date when title vests in such governmental authority. Lessee shall have no claim against Lessor or the condemning authority for any portion of the amount of the condemnation award or settlement that Lessee claims as its damages arising from such condemnation or acquisition. Lessee may make a separate claim against the condemning authority for a separate award for loss of good will, leasehold improvements to the extent constructed or installed by Lessee, trade fixtures and moving expenses. If less than a substantial part of the Building or Demised Premises is taken or condemned by any governmental authority for any public or quasi-public use or purpose, the said rents shall be equitably adjusted on the date when title vests in such governmental authority, but the Lease shall otherwise continue in full force and effect. For purposes of this Section, a substantial part of the Building or Demised Premises shall be considered to have been taken if such taking has the effect of preventing Lessee from efficiently utilizing the Demised Premises for the conduct of its business.

21. RULES AND REGULATIONS

Lessee, its agents and employees, agree to abide by and observe the Rules and Regulations attached hereto as Exhibit C and such other reasonable rules and regulations as from time to time Lessor may promulgate for the operation and maintenance of the Building, provided that they are in conformity with the common practice and usage in similar buildings and are not inconsistent with the provisions of this Lease and a copy thereof is sent to Lessee. In the event of a conflict between the Rules and Regulations and the terms of this Lease, the Lease shall govern and control. Nothing contained in this Lease shall be construed to impose upon Lessor any duty or obligation to enforce such rules and regulations, or the terms, conditions or covenants contained in any other lease as against any other tenant, provided they are enforced equitably, and Lessor shall not be liable to Lessee for violation of the same by any other tenant, its employees, agents, business invitees, licensees, customers, clients, family members or guests.

22. NO PARTNERSHIP

Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between Lessor and Lessee, or to create any other relationship between the parties hereto other than that of Lessor or Lessee.

23. NO REPRESENTATION BY LESSOR

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Neither Lessor, nor any agent or employee of Lessor, 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 Lessee except as herein set forth. The Lessee, by taking possession of the Demised Premises, shall be deemed to have accepted the same.

24. NOTICES

All notices or other communications hereunder shall be in writing and shall be deemed duly given if delivered in person, by unrestricted, certified mail, return receipt requested, or by registered mail, postage prepaid: (i) if to Lessor, c/o Kathleen Kaupp and Kenneth Golding, Market Row Management, 305 7th Street SE, Washington, D.C. 20003; and if to Lessee, to The State of Texas, c/o Texas Facilities Commission, Attention: Peter Maass, Deputy Executive Director, Planning and Real Estate Management Division, Texas Facilities Commission, PO Box 13047, Austin, Texas 78711; with a copy to Legal Division, Texas Facilities Commission, PO Box 13047, Austin, Texas 78711. The party to receive notices and the place notices are to be sent for either Lessor or Lessee may be changed by notice given pursuant to the provisions of this Section.

25. ESTOPPEL CERTIFICATES

Lessee shall, without charge therefor, at any time and from time to time, within ten (10) days after request therefor by Lessor, execute, acknowledge and deliver to Lessor a written estoppel certificate certifying to Lessor, any mortgagee, assignee of a mortgagee, or any purchaser of the Building, or any other person designated by Lessor, as of the date of such estoppel certificate, (i) that Lessee is in full possession of the Demised Premises; (ii) 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 setting forth such modification); (iii) whether or not there are then existing any set-offs or defenses against the enforcement of any right or remedy of Lessor, or any duty or obligations of Lessee hereunder (and, if so, specifying the same in detail); (iv) the date through which Base Rent and Additional Rent have been paid; (v) that Lessee has no knowledge of any then uncured defaults on the part of Lessor under this Lease (or if Lessee has knowledge of any such uncured defaults, specifying the same in detail); (vi) that Lessee has no knowledge of any event having occurred that authorizes the termination of this Lease by Lessee (or if Lessee has such knowledge, specifying the same in detail); and (vii) the amount of any Security Deposit held by Lessor, if any. In the event Lessee fails to deliver such certificate to Lessor within said ten (10) day period, Lessor shall so notify Lessee of such failure, and Lessee shall have five (5) business days from receipt of Lessor's notice, as aforesaid, to execute and deliver such certificate. If Lessee shall fail to so execute and return such certificate to Lessor within said five (5) day period, then Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact to execute, acknowledge and deliver such certificate on behalf of Lessee. Lessor will provide Lessee with a copy of any such certificate executed by it on behalf of Lessee.

26. SURRENDER OF LEASED PREMISES

Lessee shall, on or before the last day of the Term, (i) peaceably and quietly leave, surrender and yield up to the Lessor the Demised Premises, free of any Permitted Sublettings, broom clean and in good order and condition except for reasonable wear and tear; (ii) at Lessee's expense, remove from the Demised Premises all movable trade fixtures, furniture, equipment, and other personal property, and Lessee shall promptly repair any damage caused by such removal, and (iii) comply with the requirements of Subsection 10.3 Lessor may elect and direct. Any of Lessee's property not so removed may, at the Lessor's election and without limiting Lessor's right to compel removal thereof, be deemed abandoned and either may be retained by Lessor as its property or be disposed of, without accountability, in such manner as Lessor may see fit. The provisions of this Section shall survive any expiration or termination of this Lease.

27. HOLDING OVER

If Lessee shall hold possession of the Demised Premises after the end of this Lease without Lessor's written permission, Lessee shall be deemed to be occupying the Demised Premises as a Lessee from month to month, at one hundred, fifty percent (150%) of the



Base Rent in effect during the last month of the Term, and subject to all the other conditions, provisions and obligations of this Lease insofar as the same are applicable, or as the same shall be adjusted, to a month-to-month tenancy.

28. ASSIGNMENT BY LESSOR

If Lessor shall sell the Building, Lessor may assign or transfer this Lease in connection with any such transfer without the consent of Lessee upon the condition that this Lease shall remain in full force and effect, subject to the performance by Lessee of all the terms, covenants and conditions on its part to be performed, and upon the further condition that Lessor and any such transferee or assignee shall execute and deliver to Lessee a nondisturbance agreement at no cost or expense to Lessee. Upon such sale, assignment, or transfer, other than merely as security, Lessee agrees to look solely to the assignee or transferee with respect to all matters in connection with this Lease, and Lessor shall be released from any further obligations hereunder. Such assignment shall relieve Lessor of its obligations under this Lease as of the date of any such assignment, except that if Lessor holds any monies of Lessee which it has not transferred to the other party, it shall refund the same to Lessee within ten (10) days of the effective date of the transfer.

29. ATTORNTMENT

In the event of an assignment or transfer of Lessor's interest in the Land and/or Building, or the purchase of the Land and/or Building or Lessor's interest therein at or in connection with a foreclosure sale or by deed in lieu of foreclosure under any mortgage or pursuant to a power of sale contained in any mortgage, then in any of such events Lessee shall, at Lessor's request, attorn to and recognize the assignee, transferee or purchaser of Lessor's interest, as the case may be, as Lessor under this Lease for the balance of the Term, and thereafter this Lease shall continue as a direct lease between such person, as "Lessor", and Lessee, as "Lessee", and such lessor, assignee, transferee or purchaser shall not be liable for any act or omission of Lessor prior to such lease termination or prior to such person's succession to title, nor be subject to any offset, defense or counterclaim accruing prior to such lease termination or prior to such person's succession to title, except that if conflicting claims should be made to the rent payable hereunder, Lessee shall have the right to institute an inter-pleader suit for the purpose of determining who is entitled to the payment of such rent and to pay the rent in accordance with the judicial determination rendered in such proceeding. Lessee agrees that, within ten (10) days after written request therefor from Lessor, it will, from time to time, execute and deliver any instrument or other document required by any mortgagee, transferee, purchaser or other interested person to confirm such attornment and/or such obligation to attorn, provided, that any such purchaser, transferee or assignee shall execute and deliver a nondisturbance agreement to Lessee at no cost or expense to Lessee, which nondisturbance agreement shall provide that such purchaser, transferee or assignee shall affirmatively perform all of the obligations of the Lessor under the Lease, except with respect to monies paid to Lessor by Lessee and not received by such purchaser, transferee or assignee. In the event Lessee fails to deliver such document(s) to Lessor within said ten (10) day period, Lessor shall so notify Lessee of such failure, and Lessee shall have five (5) business days from receipt of Lessor's notice, as aforesaid, to execute and deliver the same. If Lessee shall fail to so execute and return such document(s) to Lessor within said five (5) day period, then Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact to execute, acknowledge and deliver the same on behalf of Lessee. Anything herein to the contrary notwithstanding, but subject to the provisions of any existing mortgage or trust to which the Lessor is a party, Lessor agrees that for so long as Lessee is not in default of any of its obligations hereunder, Lessee shall have the right to remain in possession of the Demised Premises upon the terms and conditions contained herein until this Lease expires.

30. QUIET ENJOYMENT

Lessor covenants that Lessee, upon paying the Base Rent and Additional Rent provided for in this Lease, and upon performing and observing all of the terms, covenants, conditions and provisions of this Lease on Lessee's part to be kept, observed and performed, shall quietly hold, occupy and enjoy the Demised Premises during the Term of this Lease without interruption, molestation or disturbance by Lessor or anyone lawfully or equitably claiming through or under Lessor, subject, however, to the provisions of Section 29 above.

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31. TIME

Time shall be deemed of the essence with regard to all performance times provided for herein.

32. GENDER

Feminine or neuter pronouns may 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 or substitutions.

33. BENEFIT AND BURDEN

The provisions of this Lease shall be binding upon and shall inure to the benefit of the Lessee, its successors and assigns, and upon and to the benefit of the Lessor and its successors and assigns.

34. GOVERNING LAW

This Lease and the rights and obligations of Lessor and Lessee hereunder shall be governed by the laws of the District of Columbia unless otherwise noted or specifically excepted in Sections 11, 16, 17, 18, and 34 and Subsections 16.1, 16.2, 17(d) and 18.3 Nothing in this Lease shall be construed as a waiver of the Lessee's sovereign immunity.

35. RECORDING

Lessor and Lessee agree that, if so requested by the other party, each of them will execute and acknowledge in recordable form, for purposes of recordation among the Land Records of the District of Columbia, a memorandum of lease containing the names of the parties, a description of the Demised Premises, and such other provisions as the parties may agree or as may be required by applicable law. The cost of recording the memorandum shall be borne by the party who requests such recordation.

36. ENTIRE AGREEMENT

This Lease, together with Exhibits attached hereto and made a part hereof, contains and embodies the entire agreement of the parties hereto, and no representations, inducements, or agreements, oral or otherwise, between the parties, not contained and embodied in said Lease and Exhibits, shall be of any force and effect, and the same 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 all parties hereto.

37. LIABILITY OF CO-LESSEES

If more than one person or entity is a party to this Lease as Lessee hereunder, then the liability of such persons or entities for the performance of the obligations of the Lessee hereunder shall be joint and several, and the Lessor shall be entitled to proceed against each such person or entity for the enforcement of the terms and conditions hereof either jointly or separately.

IN TESTIMONY WHEREOF, the Lessor and Lessee have caused their names and seals to be affixed hereto on the date and year first hereinabove written, and caused these present to be signed and sealed by their respective partners and corporate officers as the case may be.

LESSOR:

660 Pennsylvania Avenue Associates, LLC
A limited liability company:

Witness:

By:  (Seal)
Kenneth A. Golding, Managing Member



By: Kathleen V. Kaupp (encl)
Kathleen V. Kaupp, Managing Member

LESSEE:

STATE OF TEXAS,
Acting by and through the
TEXAS FACILITIES COMMISSION

P. O. Box 13047
Austin, TX 78711
Tel (512) 463-3446
Fax: (512) 236-6187
Email: peter.muuss@tfc.state.tx.us

By: Peter Muuss
Peter Muuss, Deputy Executive Director
Planning and Real Estate Management
Division

EXHIBIT B

Interior hallways to be stripped of carpet and polished (concrete). Lessor shall also install 3x6 glass inserts in all perimeter offices on the west wall of suite. Lessor shall also combine offices 227 and 228 along the west wall of suite and construct an office on the west side of the conference room. Lessor to provide appliances for kitchenette/pantry area (sink, refrigerator, microwave, etc.).

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EXHIBIT C

RULES AND REGULATIONS

1. If said Demised Premises are situated on the ground floor of the Building the Lessee thereof shall, at said Lessee's own expense, keep the sidewalks and curb directly in front of said Demised Premises, and Building lobby area in front of any interior entry door, clean and free of trash, litter, snow, ice and debris. In addition, Lessee shall not place signs, mats, goods or merchandise in, on or about any of such areas except with the approval of and as proscribed by Lessor.
2. No awnings or other projections shall be attached to the outside walls of the Building without Lessor's prior written consent. There shall be no marking, painting, drilling into or in any way defacing the exterior of the Building, nor any boring, cutting or stringing of exterior wires, except with the prior written consent of the Lessor and as the Lessor may direct.
3. No sign, decoration, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any Lessee on any part of the interior or exterior of the windows of the Demised Premises or Building without the prior written consent of the Lessor, such approval or disapproval not to be unreasonably withheld. In the event of the violation of the foregoing by any Lessee, Lessor may remove same without any liability, and may charge the expense incurred by such removal to the Lessee violating this rule.
4. All damages resulting from any misuse of fixtures or equipment supplied by the Lessor shall be borne by the Lessee who, or whose servants, employees, agents, visitors or licensees, shall have caused the same.
5. No motor vehicles or animals of any kind shall be brought into or kept in or about the Demised Premises or the Building of which they form a part, and no Lessee shall cause or permit any unusual or objectionable odors to be produced upon or permeate from the Demised Premises, other than those normally resulting from Lessee's declared, intended use of the Demised Premises.
6. No space in the Building shall be used for manufacturing or for the storage of merchandise, goods or property of any kind, except as required in connection with the Lessee's primary business activity.
7. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by any Lessee, nor shall any changes be made in existing locks or the mechanism thereof. The doors leading to the corridors or main halls shall be kept closed during business hours except as they may be used for ingress or egress. Each Lessee shall, upon the termination of his tenancy, return to Lessor all keys to stores, offices, storage and toilet rooms either furnished to, or otherwise procured by, such Lessee, and in the event of the loss of any keys so furnished, such Lessee shall pay to the Lessor the cost thereof.
8. All removals, or the carrying in or out of any safes, freight, furniture or bulky matter of any description must take place during the hours which the Lessor or its Agent may determine from time to time. The Lessor reserves the right to prescribe the weight and position of all heavy equipment, which must be placed upon thick plank strips to distribute the weight. The moving of safes or other fixtures or bulky matter of any kind must be made upon previous notice to the Lessor or its Agent and under his supervision, and the persons employed by any Lessee for such work must be acceptable to the Lessor. The Lessor reserves the right to inspect all freight, goods and merchandise brought into the building and to exclude from the Building all such freight which violates any of these Rules and Regulations or the lease of which these Rules and Regulations are a part.
9. Any person employed by any Lessee to do janitor, char and/or maintenance work must comply with all instructions issued by the Lessor, its Agents and employees while in the Building.

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10. Each Lessee, before closing and leaving the Demised Premises, shall see that all windows and doors are closed and locked.
11. The Demised Premises shall not be used for lodging or sleeping or for any illegal purpose.
12. Canvassing, soliciting and peddling in the Building is prohibited, and each Lessee shall cooperate to prevent the same.
13. All equipment of any gas, electrical or mechanical nature, including water fountains and coolers, shall be placed by Lessees in approved locations in the Demised Premises to absorb or prevent any vibration, noise or annoyance.
14. Lessee will not use nor allow the Demised Premises or any part thereof to be used for any noisy, boisterous, or other manner offensive to any other occupant of the Building of which the Demised Premises form a part.
15. Lessee will deposit all garbage, trash, rubbish and refuse in containers supplied by Lessor until removed by Lessor's contractor.
16. No inflammable, combustible or explosive fluid, chemical or substance shall be brought or kept upon the Demised Premises, except for those materials required for general office use.
17. Mats, trash or other objects shall not be placed in the public corridors.
18. Window treatment installed by the Lessee for their use which is visible from the exterior of the Building must be approved by Lessor in writing and be cleaned by the Lessee.
19. The Lessor will furnish and install building standard florescent or incandescent fixtures only. Lessee will stock his own special fixtures bulbs, which will be installed by the Lessee.
20. Any moving of furniture and equipment in and out of the Demised Premises shall be done only by prior arrangement with Lessor and only at a date and time mutually agreed upon by the parties. No furniture or equipment shall be brought in or taken out of the Demised Premises unless the elevator cab has been padded and the marble floors in both the elevators and the Building lobby have been adequately covered to protect the marble. Nothing shall be stacked against or leaned against lobby walls. It will be Lessee's responsibility to schedule such moves with Lessor and to instruct its employees and movers concerning these requirements. Any damage to the Building as a result of any such moving, whether caused by Lessee or its contractors, shall be repaired by Lessor at Lessee's expense.
21. Lessee, without prior permission, may not park personal vehicles in the alley during regular business hours.
22. Lessees receiving shipments through the alley load-in door must be sure that the vehicle being unloaded does not block the lobby entrance to the lower level. Once the shipment is unloaded, the vehicle must be moved from the alley (this includes the unloading of materials from personal vehicles).
23. The Lessor may, upon request by any Lessee, waive the compliance by such Lessee of any of the foregoing rules and regulations, provided that (i) no waiver shall be effective unless signed by Lessor or Lessor's authorized agent, (ii) any such waiver shall not relieve such Lessee from the obligation to comply with such rule or regulation in the future unless expressly consented to by Lessor, and (iii) no waiver granted to any Lessee shall relieve any other Lessee from the obligation of complying with the foregoing rules and regulations unless such other Lessee has received a similar waiver in writing from Lessor.
24. No recumbent bicycles shall be brought into the Building or placed anywhere within the Building at any time for any reason.

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25. The 4th Floor terrace shall be available for use to Lessee. Lessee shall seek Lessor approval for all events (defined as 5 people or more) on the 4th Floor terrace. All events will require Lessee to obtain 48-hour prior written approval by Lessor. Events may not take place during work-hours (8am-5pm). Lessee is responsible for the behavior of all guests. All applicable aforementioned rules and regulations will continue to apply for the 4th Floor terrace, including a prohibition on smoking.

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EXHIBIT D

660 Pennsylvania Ave. SE Common Area Maintenance and Operating 4/29/2016 SF of Bldg. 56,703		
OFFICE		
ITEM	Annual Expense	Expense/sf
	2016	
Char of Common Area	\$ 49,798.30	\$ 0.88
Utilities (water/sewer/Electric/Gas)	\$ 100,291.90	\$ 1.77
Trash Removal	\$ 55,764.33	\$ 0.98
HVAC Service / FIRE ALARM	\$ 88,583.40	\$ 1.56
Landscaping/Snow Removal*14	\$ 15,996.52	\$ 0.28
Door & Fences	\$ 1,037.21	\$ 0.02
Maintenance and Repair	\$ 63,721.34	\$ 1.12
Window Washing/Dressing	\$ 10,438.02	\$ 0.18
Elevator Maintenance	\$ 13,825.16	\$ 0.24
Security	\$ 12,087.38	\$ 0.21
Pest Control	\$ 13,919.10	\$ 0.25
Surcharge for Trash		
SUB-TOTAL CAM	\$ 425,463	\$ 7.50
Operating Expenses:		
Real Estate Taxes	\$ 293,246.00	\$ 5.17
Insurance	\$ 41,621.99	\$ 0.73
Management	\$ 162,173.50	\$ 2.86
General Admin (equpt rental, acctng)	\$ 2,278.54	\$ 0.04
	\$ 499,320	\$ 8.81
	\$ 924,783	\$ 16.31

EXHIBIT E

This Lease is contingent upon the majority approval by a quorum of the Commission members of the Texas Facilities Commission taken at public meeting. If the Commission does not approve the Lease, it may be terminated by the Commission on behalf of Lessee without liability upon thirty (30) days' notice to the Lessor.

This Lease is made and entered into in accordance with and subject to the provisions of Article III, Sections 49 and 49a of the Texas Constitution, which was delegated to the Commission by Section 2167.005, Texas Government Code, and Title 1, Texas Administrative Code, and codified in Section 2167.055(e), Texas Government Code. Lessor agrees that funding for this Lease is contingent upon the continued availability of funding; if funds become unavailable through lack of appropriations, legislative or executive budget cuts, amendment of the Texas Appropriations Act, state agency consolidations, or any other disruptions of current appropriations, Lessee may terminate this lease, without liability upon thirty (30) days' notice to the Lessor.

If appropriated funds are not available to pay for remaining term of the Lease as determined by TOSFR, or if either the Commission or TOSFR cease to exist as a result of the Legislative sunset review process or otherwise abolished by the Texas Legislature, the remaining term of the Lease may be terminated by the Commission on behalf of Lessee without liability upon thirty (30) days' notice to the Lessor. To the extent allowed by Texas law, Lessee agrees to reimburse Lessor for the commission paid by Lessor to coop broker, CBRE, for that amount of the commission for the period Lessee ceases paying rent or vacates the premises through May 21, 2021, but not thereafter.

Any notice of termination under this Exhibit shall be served in accordance with Section 24 of this Lease.