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GROUND LEASE AGREEMENT

By and Between

THE DISTRICT OF COLUMBIA

as LANDLORD

and

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY

as TENANT

October 10, 2007

770 Kenyon Street, N.W.
Washington DC

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Exhibits:

- Exhibit A – Leased Premises
- Exhibit B – Measurement Certificate
- Exhibit C - Concept Drawings
- Exhibit D – Redevelopment Project Schedule
- Exhibit E – Title Commitment
- Exhibit E-1- Owner's Affidavit
- Exhibit F – Form of Temporary License
- Exhibit G – Outline of Community Participation and Public Benefits

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GROUND LEASE AGREEMENT

THIS GROUND LEASE (this "Lease" or "Agreement") is entered into as of this 10th day of OCTOBER 2007 (the "Lease Commencement Date") by and between the District of Columbia, a municipal corporation by and through its Office of Property Management ("Landlord" or "District"), and Cesar Chavez Public Charter Schools for Public Policy, a District of Columbia non-profit corporation and public charter school, having its principal address at 709 12th Street, S.E., Washington, DC 20003 ("Tenant").

RECITALS:

R-1. District owns the real property located at 770 Kenyon Street, N.W., in Washington, D.C., more specifically known for tax and assessment purposes as Square 2891, Lot 823 ("Property") and as more fully depicted on Exhibit A attached hereto and made a part hereof. District has selected Tenant pursuant to the Solicitation of Offers ("Solicitation") issued by its Office of Property Management for the development of the Property, pursuant to Proposed Resolution 16-541 approved by the Council of the District of Columbia on March 6, 2006 in accordance with D.C. Official Code §10-801(c).

R-2. District desires to lease the Property to Tenant and Tenant wishes to lease the Property from District pursuant to the terms and conditions contained herein.

R-3. The Property has a unique and special importance to the District. Accordingly, this Agreement makes particular provisions in an effort to achieve the potential excellence and integrity of the design, renovation and construction of the Redevelopment Project (defined below) as a school facility together with the possibility, subject to the Tenant's receipt of zoning and other governmental approvals, of the development of a basketball court, green space and parking spaces on the Property, all as more particularly set forth in this Lease.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged by the Parties (defined below), District and Tenant do hereby agree as follows:

ARTICLE I

DEFINITIONS

The following terms, when used in this Lease, or in any Exhibit hereto, with initial capital letters, shall have the meanings ascribed to such terms below or at the applicable place of reference, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular. Defined terms used but not defined in this Lease shall have the meanings given to them in the First Source Agreement and the CBE Agreement.

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"Additional Cure Period" as defined in Section 12.7.1.

"Additional Insured" as defined in Section 6.1.10.

"Additional Rent" as defined in Section 3.5.

"Alterations" as defined in Section 8.3.1.

"Anti-Money Laundering Acts" as defined in Section 20.1.12.

"Anti-Terrorism Order" as defined in Section 20.1.12.

"Applicable Laws" means all federal and District laws, codes, statutes, ordinances, by-laws, regulations, rules, licenses, permits, variances, governmental orders, and governmental approvals applicable to any subject facts, things, circumstances or events, including without limitation, the District of Columbia School Reform Act of 1995, as amended (D.C. Official Code § 38-1800.01 et seq. (Supp. 2005)) and all regulations promulgated thereunder.

"Approved Mortgagee" as defined in Section 12.1.1.

"Architect" means Boggs & Partners Architects or such substitute or substitutes therefor from time to time as may be named by Tenant for the Redevelopment Project, licensed to practice architecture in the District of Columbia and approved by Landlord, but shall not mean any landscape architect, or interior designers retained by the Tenant or the Architect.

"Assign" as defined in Section 9.1.1.

"Base Building Alterations" means any replacement, alteration, change or expansion made to the Base Building Conditions after the Final Completion of the Redevelopment Project Improvements.

"Base Building Conditions" means the exterior elements of the Bruce School building located on the Property, load bearing elements, foundations, roof, mechanical and utility core areas thereof, and utilities located on the Property serving the Bruce School building (including storm water, sewer, water and electric pipes or lines), all as upgraded or constructed as a part of the Redevelopment Project Improvements.

"Base Rent" as defined in Section 3.1.1.

"Binding Agreement" or **"Binding Agreements"** as defined in Section 2.2.1.

"BOMA Measurement Standard" means the Building Owners and Managers Association Standard Method for Measuring Floor Area in Office Buildings (BOMA/ANSI Z65.1-1996) for rentable floor area (i.e. Tenant's gross square footage of the entire building floor, minus the elevator core, flues, pipe shafts, vertical ducts, balconies, stairwell areas, and other similar columns and projections).

"Broker" as defined in Section 20.1.8.

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"Building Service Equipment" means all apparatus, machinery, devices, fixtures, appurtenances, equipment, and personal property necessary for the proper maintenance, protection, conservation, and operation of the Redevelopment Project Improvements located on the Leased Premises from time to time, other than **Decorations, Furnishings, Equipment, and Inventory**, and, in particular, shall include, without limiting the generality of the foregoing, the following, if any, on the Leased Premises: awnings, shades, screens, and blinds; asphalt; vinyl composition and other floor, wall and ceiling coverings; partitions, doors, and hardware; elevators, escalators, and hoists; heating, plumbing, and ventilating apparatus; gas, electric and steam fixtures; chutes, ducts, and tanks; oil burners, furnaces, heaters, incinerators, and boilers; air cooling and air conditioning equipment; washroom, toilet, and lavatory fixtures and equipment; engines, pumps, dynamos, motors, generators, electrical wiring, and equipment; tools, building supplies, lobby decorations, and window washing hoists and equipment; garage equipment; gardening and landscaping equipment; and all additions to and replacements of any of the foregoing. Without limiting the foregoing, Building Service Equipment shall encompass, as applicable, those of the foregoing items located on the Leased Premises on the Lease Commencement Date and the replacements thereof installed on the Leased Premises. Building Service Equipment shall specifically exclude, however, any Decorations, Fixtures, Furnishings, Equipment and Inventory used or owned by Tenant or Tenant's Related Party, in connection with the operation of the respective spaces and not in connection with the operation of the Redevelopment Project Improvements as a whole.

"Business Day" means Monday through Friday, other than (i) holidays recognized by the District or the federal government and (ii) days on which the District or federal government closes for business as a result of severe inclement weather or a declared emergency which is given legal effect in the District of Columbia. If any item must be accomplished or delivered under this Agreement on a day that is not a Business Day, then it shall be deemed to have been timely accomplished or delivered if accomplished or delivered on the next following Business Day. Any time period that ends on a day other than a Business Day shall be deemed to have been extended to the next Business Day.

"CBE" means a certified business enterprise pursuant to the Small, Local and Disadvantaged Business Enterprise Development and Assistance Act of 2005, as amended, DC Official Code §2-218.01, *et seq.*

"CBE Agreement" means an agreement between the Government of the District of Columbia Department of Small, Local and Disadvantaged Business Enterprise Development and Cesar Chavez Public Charter Schools for Public Policy, as same may be amended from time to time.

"Certificate of Occupancy" means a certificate of occupancy or similar document or Permits (whether conditional, unconditional, temporary, or permanent) that must be obtained from the appropriate Governmental Authority as a condition to the lawful occupancy of the Redevelopment Project Improvements, or any phase, component or portion thereof, to be located on the Leased Premises.

"Chavez School" means the Cesar Chavez Public Charter School for Public Policy, a public charter school with a charter in effect pursuant to the District of Columbia School Reform Act of

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1995 (D.C. Official Code § 38-1800.01 et Seq. (Supp. 2005) to be operated at the Leased Premises upon Final Completion of the Redevelopment Project Improvements.

"Chief Property Management Officer" means the Director of the District of Columbia Office of Property Management, the executive agency within the Government of the District of Columbia authorized, pursuant to D.C. Official Code § 10-1001, *et seq.*, to manage leased space and other real property assets controlled by Landlord.

"Commencement of Construction" means the time at which the Tenant has (i) executed the Construction Contract with the General Contractor for the renovation and construction of the Redevelopment Project Improvements, (ii) given such General Contractor notice to proceed for the Redevelopment Project Improvements, and (iii) obtained all Permits required to commence such renovation and construction.

"Comparable Buildings" shall mean properties and buildings in the District of Columbia reasonably comparable to the Leased Premises in size, age, use, design, general metropolitan location, type of construction and construction quality comparable to the completed Redevelopment Project Improvements, and used for school purposes.

"Construction Deadlines" means the dates for performing renovation and construction of the Redevelopment Project Improvements, including Construction Commencement, Milestone Events, Substantial Completion, and Final Completion, set forth in the Redevelopment Project Schedule.

"Construction Contract" means each contract with a General Contractor for the renovation and construction of all or any part of the Redevelopment Project Improvements.

"Construction Drawings" mean the drawings setting forth in detail the requirements for renovation and construction for the Redevelopment Project Improvements, which shall be based upon the approved Design Development Drawings. The Construction Drawings shall include drawings and specifications that establish in detail the quality levels of materials and systems required for the Redevelopment Project Improvements.

"Construction Financing" means financing obtained by Tenant from Institutional Lender(s) and used solely for the purpose of designing, renovating, constructing, and otherwise completing the Redevelopment Project (including environmental remediation, if any).

"Contaminant Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment (including the abandonment or discharge of barrels, containers and other closed receptacles containing any Hazardous Materials) of any Hazardous Materials.

"DCCH" means the Development Corporation of Columbia Heights.

"Decorations, Fixtures, Furnishings, Equipment and Inventory" shall mean all trade fixtures, furnishings, equipment, inventory, chattels and other personal property of Tenant, Tenant's Related Parties, and Tenant's subtenants and assignees permitted under this Lease, and all additions, replacements and substitutions thereto or therefor, located on the Leased Premises

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from time to time used for or in connection with the occupancy of the particular premises of Tenant and such tenants and parties and the operation of their businesses therein.

"Depository" as defined in Section 7.1.

"Design Development Drawings" means the drawings that illustrate and describe the refinement of the design of the Redevelopment Project Improvements, establishing the scope, relationships, forms, size and appearance of the such improvements by means of plans, sections and elevations, typical constructions details, and equipment layouts, which shall be based upon the approved Schematic Drawings, as applicable. The Design Development Drawings shall identify major materials and systems and establish in general their quality levels.

"Disapproval Notice" as defined in Section 5.4.2.

"DOES" means the District of Columbia Office of Employment Services.

"DOL" means the Department of Labor.

"Election Notice" as defined in Section 19.1.

"Environmental Claims" as defined in Section 5.9.1.

"Environmental Laws" means any federal or District law, statute, code, ordinance, rule, regulation, requirement, permit, license, approval, policy or guidance, resolution, or judicial or administrative decision, order, judgment, injunction, award, decree, writ, or similar item (including, without limitation, consent decrees) relating to environmental matters, the protection of the environment or the protection of human health and safety from environmental concerns, including without limitation all those relating to or regulating the presence, use, generation, handling, storage, treatment, transportation, decontamination, processing, clean-up, removal, encapsulation, enclosure, abatement, disposal, reporting, licensing, permitting, monitoring, investigation, remediation, or release (including, without limitation, to ambient air, surface water, ground water, land surface or subsurface strata) of any Hazardous Material, pollutant, contaminant, or other substance or waste, including without limitation:

(a) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, *et seq.*, the Toxic Substance Control Act, 15 U.S.C. § 2601, *et seq.*, the Clean Water Act, 33 U.S.C. § 1251 *et seq.*, the Clean Air Act, 42 U.S.C. § 7401, *et seq.*, and their District and local counterparts and related regulations; and

(b) any other legal requirement, legal rule, or order given legal force and effect in the District regulating, relating to, imposing standards of conduct for, or imposing or allocating any liability concerning any Hazardous Material, pollutant, or contamination or any remedial action.

"Environmental Liabilities and Costs" any and all losses (including, without limitation, those related to remedial action, personal injuries, property damage, natural resource damages on or off the Leased Premises, and costs reasonably necessary to ensure full value or use of the Leased

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Premises) and claims or causes of action of any nature whatsoever incurred by or asserted against Landlord and/or any Landlord Related Party (including costs and attorneys' fees) in connection with, arising out of, in response to, or in any manner relating to (i) the violation at any time, past, present, or future, of any Environmental Law by the Tenant or any Tenant Related Party, at the Leased Premises or relating in any manner to the Leased Premises or its use or condition, or (ii) any past, present, or future Contaminant Release or threatened Contaminant Release of any Hazardous Material on, under, about, or from the Leased Premises by Tenant or any Tenant Related Party, or (iii) any past, present, or future condition of pollution, contamination, or presence of Hazardous Material on, under, about, or from the Leased Premises by Tenant or any Tenant Related Party, regardless of how or when such violation, release or threatened release, or condition occurred, was caused, or discovered.

"Event of Default" shall mean a default by Tenant under this Lease as enumerated and described in Section 11.1.

"Extension Option" as defined in Section 19.1.

"Extension Period" as defined in Section 19.1.

"Extension Term" or **"Extension Terms"** shall mean two (2) fifteen (15) year renewals, as applicable.

"Facility Allowance" means the amount of money Tenant may receive from the District of Columbia pursuant to D.C. Official Code §38-2908, as amended, and may also be identified as non-residential facilities allotment.

"Fair Market Rental Value" as defined in Section 19.2.

"Feasibility Expiration Date" as defined in Section 2.12.4.

"Feasibility Studies" means Tenant's performance of the following activities at its sole cost and expense: soil, engineering (including without limitation structural and roof inspections), environmental sampling, testing, and investigations (including without limitation, those that may relate to the removal of asbestos and lead as required by Applicable Laws, regulations, and codes), and other pre-design investigations, tests and studies in, on, under or about the Property.

"Feasibility Studies Period" means the ninety (90) calendar day period from the Lease Commencement Date to Feasibility Expiration Date for Tenant to conduct Feasibility Studies on the Property pursuant to the terms and conditions set forth in Section 2.12.

"Final Completion" means following Substantial Completion (i) the completion of all Punch List Items, (ii) the close-out of all construction contracts for the Redevelopment Project Improvements, (iii) the payment of all costs of constructing the Redevelopment Project Improvements, and receipt by Tenant of fully executed and notarized valid releases of liens from all manufacturers, suppliers, subcontractors, general contractors and all other Persons furnishing supplies or labor in connection with the Redevelopment Project Improvements, (iv) the receipt by Tenant of the Certificate of Occupancy, and (v) the receipt by District of a certification by Tenant of the items in clauses (i) through (iv) of this definition.

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"First Source Agreement" means that certain First Source Agreement to be negotiated by and between Tenant and the District of Columbia Department of Employment Services.

"Force Majeure Event" means any of the following that directly cause any of Tenant's obligations under the Agreement not to be performed in a timely manner: An act of God, fire, earthquake, flood, explosion, war, invasion, acts of terrorism, insurrection, riot, mob violence, sabotage, inability to procure or a general shortage of labor, equipment, facilities, materials or supplies in the open market, failure or unavailability of transportation, strike, lockout, actions of labor unions, a taking by eminent domain, requisition, laws or orders of government or of civil, military or naval authorities, or any other federal or local governmental acts or omissions (other than those in response to a rightful action of Landlord, as lessor under this Lease, that is consistent with this Agreement), or any other cause, whether similar or dissimilar to the foregoing that is not within the reasonable control of Tenant or Tenant's Related Parties (or their respective affiliates, as applicable) or caused by the fault or negligence of Tenant or Tenant's Related Parties, or their respective affiliates; but specifically excluding shortage or unavailability of funds or financial condition, failure of Tenant to comply with any law, rule or regulation of any Governmental Authority, and excluding any actions or omissions of a Governmental Authority arising out of or in connection with Tenant's applications for, or obtaining of Permits from a Governmental Authority incident or necessary to effect the Redevelopment Project.

"Foundation Level" means the amount of funding per weighted student needed to provide adequate regular education services to students as defined in D.C. Official Code Section 38-2901, as amended.

"General Contractor" means Turner Construction Company or each general contractor approved by the District.

"Governmental Authority" means any and all federal or District of Columbia governmental or quasi-governmental board, agency, authority, department or body having jurisdiction over any or all of the Leased Premises.

"Governmental Requirement" means building, zoning, subdivision, traffic, parking, land use, environmental, occupancy, health, accessibility for disabled and other applicable laws, statutes, codes, ordinances, rules, regulations, requirements, and decrees, of any federal or District governmental or quasi-governmental authority or agency pertaining (i) to any or all of the Leased Premises, (ii) to the use and operation of the Leased Premises, or (iii) to the subject matter described in the paragraph in which the term is used if the context of the sentence establishes this term is being used in connection with a different subject than those described in clauses (i) or (ii).

"Hazardous Materials" or "Hazardous Material" means any substance or material:

(i) the presence or suspected presence of which requires or may require investigation, response, clean-up, remediation, or monitoring, or may result in liability, under any Environmental Law or other Governmental Requirement; or

(ii) that is or contains a hazardous substance, waste, extremely hazardous substance, hazardous material, hazardous waste, hazardous constituent, solid waste, special

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waste, toxic substance, pollutant, contaminant, petroleum or petroleum derived substance or waste, and related materials as such materials are defined, listed, identified under or described in any Environmental Law; or

(iii) which is flammable, explosive, radioactive, reactive, toxic, corrosive, infectious, carcinogenic, mutagenic, or otherwise hazardous, or is or becomes regulated under any Environmental Law; or

(iv) which is or contains asbestos (whether friable or non-friable), any polychlorinated biphenyls or compounds or equipment containing polychlorinated biphenyls, or medical waste; or

(v) without limitation, which is or contains or once contained gasoline, diesel fuel, oil, diesel and gasoline range organics (TPH-DRO / GRO), or any other petroleum products or petroleum hydrocarbons, or additives to petroleum products, or any breakdown products or compounds of any of the foregoing; or

(vi) without limitation, radon gas.

"Impositions" as defined in Section 4.1.1.

"Improper Influence" as defined in Section 20.2.9.

"Improvements" shall mean all buildings, structures, interiors, landscaping, paving, lighting, pipes, conduits, fixtures, roads, walkways, fencing, utility lines and other improvements on the Leased Premises from time to time, and any and all Alterations thereto or thereof from time to time, the aforesaid elements existing on the Leased Premises on the Lease Commencement Date and/or the replacements thereof. However, Decorations, Fixtures, Furnishings, Equipment and Inventory owned by Tenant shall not be deemed Improvements.

"Indemnified Parties" as defined in Section 5.9.1.

"Institutional Lender" means a lender or equity investor in real estate that is not a Prohibited Person but is: (i) a commercial bank, investment bank, investment company, savings and loan association, trust company or national banking association, acting for its own account, (ii) a finance company principally engaged in the origination of commercial mortgage loans or any financing-related subsidiary of a Fortune 500 company (such as AT&T Capital Corporation or General Electric Capital Corporation), (iii) an insurance company, acting for its own account or for special accounts maintained by it or as agent or manager or advisor for other entities covered by any of clauses (i)-(xi) hereof, (iv) a public employees' pension or retirement system, (v) a pension, retirement, or profit sharing, or commingled trust or fund for which any bank, trust company, national banking association or investment adviser registered under the Investment Advisors Act of 1940, as amended, is acting as trustee or agent, (vi) a real estate investment trust (or umbrella partnership or other entity of which a real estate investment trust is the majority owner), real estate mortgage investment conduit or securitization trust or similar investment entity, (vii) any federal, state, or District agency regularly making, purchasing or guaranteeing mortgage loans, or any governmental agency supervising the investment of public funds, (viii) a profit-sharing or commingled trust or fund, the majority of equity investors in which are pension

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funds having in the aggregate no less than \$1,000,000,000.00 in assets; (ix) any entity of any kind actively engaged in commercial real estate financing (including without limitation, affordable housing financing) and having total assets (on the date when its interest in the Project, or any portion thereof, is obtained) of at least \$30,000,000.00, (x) a corporation, other entity or joint venture that is a wholly owned subsidiary or combination of any one or more of the foregoing entities (including, without limitation, any of the foregoing entities described in clauses (i)-(ix) when acting as trustee or manager for other lender(s) or investor(s), whether or not such other lender(s) or investor(s) are themselves Institutional Investors) or (xi) such other lender or equity investor which at the time of making the investment is of a type which may customarily be utilized as an investor or lender on projects like the portion of the Project upon which such financing is placed. Landlord agrees that Building Hope: A Charter School Facilities Fund® and affiliates thereof each qualify as an Institutional Lender).

"Interest Rate" means the annual rate equal to (i) the Prime Rate plus (ii) two percent (2%) adjusted on a daily basis, based on such Prime Rate in effect at the time in question, and shall be calculated on the basis of a 365-day year.

"Landlord Delay" as defined in Section 2.9.

"Landlord's Related Parties" or **"Landlord Related Party"** as defined in Section 2.1.1.

"Landlord's Address" as defined in Article XVI.

"Lease Commencement Date" means that date stated in the first paragraph on Page 1 of the Lease.

"Lease Expiration Date" means the last day of the month in which the thirtieth (30th) anniversary of the Rent Commencement Date occurs or such earlier date as the Lease is terminated in accordance with its terms.

"Leasehold Mortgage" as defined in Section 12.1.2.

"Leasehold Mortgagee" as defined in Section 12.1.2.

"Leased Premises" as defined in Section 2.1.

"Lease Term" as defined in Section 2.3.

"Lease Year" shall mean a period of twelve (12) consecutive months commencing on the Rent Commencement Date, and each success twelve (12) month period thereafter until the Lease Term ends.

"Liability Insurance" as defined in Section 6.1.4.

"Milestone Events" as defined in Section 5.7.

"Milestone Notices" as defined in Section 5.7.

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"Modifications" as defined in Section 5.4.1.

"Mortgage" as defined in Section 12.2.1.

"Notice to Terminate" as defined in Section 11.2.1.

"OPM" means the District of Columbia Office of Property Management.

"Party" means either Landlord or Tenant, as applicable.

"Parties" means Landlord and Tenant together.

"Permits" means all demolition, site, building, construction, and other permits, approvals, licenses and/or rights required to be obtained from the District of Columbia government or other Governmental Authorities having jurisdiction over the Property (including, without limitation, any utility company) necessary to commence and complete construction of, and operate and maintain, the Redevelopment Project Improvements.

"Permitted Financing" means Construction Financing for up to one hundred percent (100%) of the total costs for the Redevelopment Project Improvements.

"Permitted Uses" means the design, renovation, and construction of the Redevelopment Project Improvements, and the use of the Leased Premises for: (i) the operation of Chavez School or a public charter school established pursuant to D.C. Official Code §§ 31-2853.11 through 31-2853.25, to include pre-school through secondary level programs, and related administrative uses; (ii) the operation of a District of Columbia Public School; (iii) educational purposes under a permitted sublease pursuant to the terms and conditions set forth in Section 9.1.1; or (iv) any purposes permitted under a license agreement between Tenant and DCCH as contemplated under Section 9.1.5 below.

"Person" means any individual or entity.

"Prime Rate" means the lowest prime rate of interest as published or announced in the Money Rates Section of The Wall Street Journal, from time to time or, if such index ceases to be published, any comparable successor thereto from time to time.

"Prohibited Person" means solely with respect to any Person in any tier of membership, partnership, or ownership of Tenant that is no more than two (2) tiers removed from the primary Person in question or at issue: (a) any such Person that has been convicted of a felony or pleaded *nolo contendere* or any pleading similar thereto; or (b) any such Person who or which, at any time, has been in default of any contractual obligation to Landlord, beyond any applicable notice and/or cure periods afforded to such Person by Landlord or afforded to such Person pursuant to applicable laws; or (c) any Person on the District's list of debarred, suspended or ineligible persons.

"Property" means the real property as described in the attached and incorporated Exhibit A to the Lease, any appurtenance to the real property or improvements thereon as of the day before the Lease Commencement Date, and trade name and intellectual property rights related to the

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name "Bruce School" or address of the Property located at 770 Kenyon Street, N.W., Washington D.C.

"Property Insurance Policy" is defined in Section 6.1.1.

"Punch List Items" means items of base building work and adjustment of base building equipment and fixtures and finish work required to be installed or constructed by Tenant without causing substantial interference with its use of its premises and the absence of which would not result in the Leased Premises being ineligible for a Certificate of Occupancy, and such other items that are otherwise of the scope and nature as the term "Punch List" is commonly understood in the Washington, D.C. construction industry.

"Redevelopment Project" means the Property and Improvements to be constructed on the Property by or on behalf of Tenant, and the development, design, construction, erection, and operation thereof in accordance with the Redevelopment Project Schedule, Concept Drawings, Construction Drawings, First Source Agreement, and this Lease.

"Redevelopment Project Improvements" means the improvements and Building Service Equipment which Tenant shall construct, erect, renovate, or install on the Leased Premises (including without limitation, the renovation of the existing Bruce School building comprising of approximately 35,050 square feet (subject to adjustment made pursuant to BOMA Measurement Standard) and, if and to the extent permitted by Applicable Laws, an ancillary basketball court, green space and parking spaces, as described in the Concept Drawings and to be specified in the Landlord-approved Construction Drawings; provided, however, that in no event shall any Decorations, Fixtures, Furnishings, Equipment and Inventory used or owned by Tenant or Tenant's Related Party be deemed included in the term **"Redevelopment Project Improvements"** as used in this Agreement.

"Redevelopment Project Schedule" means the comprehensive design, review, construction and completion schedule (including Construction Deadlines) set forth in Exhibit D attached hereto and incorporated by reference.

"Rent" shall mean the Base Rent, all Additional Rent and any other charges due from Tenant hereunder, each individually in a general sense or all of the foregoing collectively, as the context shall require.

"Rent Commencement Date" shall be September 1, 2008.

"Required Insurance" as defined in Section 6.1.

"Restricted Person" as defined in Section 20.1.12.

"Right of Entry" means that certain Right of Entry between the District and Tenant dated as of March 20, 2007, as amended.

"ROE Date" means March 20, 2007, the effective date of that certain Right of Entry granted by the District to Chavez School for the use of the Property.

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"Schematic Design" means the conceptual design of the Redevelopment Project Improvements illustrating the scale and relationship of the Redevelopment Project components. The documents shall include a conceptual site plan and preliminary building plans, sections and elevations. Preliminary selections of major building systems and construction materials shall be noted on the drawings or described in writing and shall be not less than ninety-five percent (95%) complete at the time of delivery to Landlord.

"Solicitation" as defined in Recital R-1.

"Sublet" as defined in Section 9.1.1.

"Substantial Completion" means the completion of all Redevelopment Project Improvements in accordance with and to the extent required by the certification given by Tenant's Architect or such architect as Landlord may approve, such approval not to be unreasonably withheld, delayed, or conditioned, on an AIA Form G-704, with the Construction Drawings, and with all Applicable Laws to the point where only the following remain: (i) items of work necessary to complete the Redevelopment Project Improvements that will not materially interfere with the use and occupancy of the Redevelopment Project Improvements for their intended purposes; and (ii) Punch List Items; (iii) any retention for completion of Punch List Items from funds otherwise due to contractors and subcontractors; and (iv) lien releases for any work by contractors and subcontractors which remains unperformed.

"Taxable Area" as defined in Section 4.1.1.

"Tenant's Address" as defined in Article XVI.

"Tenant's Base Building Alterations Certification" as defined in Section 8.3.1.

"Tenant's Related Parties" or **"Tenant Related Party"** means Tenant's affiliates, agents, officers, employees, members, contractors, subcontractors, representatives and officers.

"Term" as defined in Section 2.3.

"Terrorist Acts" as defined in Section 20.1.12.

ARTICLE IIARTICLE II

LEASED PREMISES

Section 2.1 Demise.

The foregoing Recitals and definitions are incorporated in this Lease by reference and expressly made a part hereof. Subject to the terms, provisions and conditions hereinafter set forth, and in consideration of the covenants of payment and performance stipulated herein, Landlord hereby leases, demises and lets unto Tenant, and Tenant hereby leases from Landlord, for the Lease Term and for the Permitted Uses the Property ("Leased Premises"). The rentable

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area of the Leased Premises is estimated to be 35,050 square feet. The exact rentable area of the Leased Premises shall be determined by Tenant's architect and confirmed by Landlord based upon the BOMA Measurement Standard, such confirmation by Landlord to be provided in a notice ("Landlord's Confirmation Notice") to Tenant to occur no later than thirty (30) calendar days following the Lease Commencement Date. Within five (5) Business Days from determining the exact rentable area of the Leased Premises, Landlord and Tenant shall execute a Measurement Certificate attached and incorporated herein as **Exhibit B**.

TO HAVE AND TO HOLD said Leased Premises, together with any rights, easements, privileges, both subterranean and vertical, and the appurtenances and improvements thereunto attaching or in anywise belonging unto Tenant for and during the Lease Term hereinafter set forth.

2.1.1 Neither Landlord (nor any of Landlord's affiliates, agents, officers, employees, attorneys, accountants, brokers, contractors, subcontractors, licensees, invitees or representatives) (each a "Landlord Related Party" and collectively, "Landlord's Related Parties") make any representations as to any matter or thing affecting or relating to the Leased Premises, or this Lease, including, without limitation, relating to physical condition, layout, leases, footage, rents, income, expenses, operation, zoning or floor area ratio, all of which are expressly disclaimed, except as herein specifically set forth, and neither Party may rely upon any statement or representation previously made that is not embodied in this Lease.

2.1.2 EXCEPT AS OTHERWISE SPECIFICALLY SET FORTH IN THIS LEASE, TENANT ACCEPTS THE LEASED PREMISES IN "AS IS" CONDITION AND "WITH ALL FAULTS," THAT IS, THE CONDITION OR STATE IN WHICH THEY EXIST UPON THE LEASE COMMENCEMENT DATE, WITHOUT REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, IN FACT OR BY LAW, ORAL OR WRITTEN, BY LANDLORD, OR ANY OF LANDLORD'S RELATED PARTIES, INCLUDING, WITHOUT LIMITATION, THE VALUE, CONDITION, MERCHANTABILITY, HABITABILITY, MARKETABILITY, PROFITABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. TENANT HEREBY ASSUMES AND AGREES TO ACCEPT ALL RISK OF AND RESPONSIBILITY FOR ANY AND ALL DEFECTS, INFIRMITIES AND UNSAFE CONDITIONS IN OR ON THE LEASED PREMISES AND FOR ANY AND ALL OTHER CONDITIONS ADVERSELY AFFECTING THE VALUE OR USE OF THE LEASED PREMISES, WHETHER SUCH DEFECTS, INFIRMITIES, OR OTHER CONDITIONS ARE PATENT OR LATENT AND WOULD OR WOULD NOT BE DISCLOSED BY REASONABLE INSPECTION.

Section 2.2 Exceptions, Limitations and Reservations With Respect to Demise.

2.2.1 Tenant acknowledges that the demise under this Lease is subject to the following:

- (a) Any and all of the terms and provisions of the First Source Agreement, and CBE Agreement (each of the foregoing being a "Binding Agreement" and collectively, the "Binding Agreements");

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- (b) Except as expressly provided otherwise in Section 4.4 below, real estate taxes, if any, accruing from and after the Lease Commencement Date, whether or not a lien on the Leased Premises, not yet due and payable;
- (c) Landlord's reserved rights as more particularly set forth in this Lease;
- (d) Rights or easements, if any, acquired prior to the Lease Commencement Date by any public service corporation or private utility to maintain wires, pipes, cables, conduits, and distribution boxes;
- (e) Easements, encumbrances, and restrictions, if any, of record on or prior to the Lease Commencement Date and affecting the title to the Leased Premises;
- (f) Any state of facts, an accurate survey, and an inspection of the Leased Premises would disclose;
- (g) Building restrictions and regulations set forth in Applicable Laws, and the amendments and the additions thereto, in the District of Columbia;
- (h) All Applicable Laws, including but not limited to any zoning laws, ordinances, resolutions and regulations of the District of Columbia and all ordinances, laws, regulations and orders of all boards, bureaus, commissions and bodies of any District of Columbia or federal sovereigns now or hereafter having or acquiring jurisdiction of the Leased Premises and the use and improvement thereof;
- (i) All surface and subterranean physical conditions of the Property as they exist as of the Lease Commencement Date; and
- (j) Except as expressly provided otherwise in Section 4.4 below, all outstanding Impositions as of the Lease Commencement Date.

2.2.2 Notwithstanding the foregoing, fee title to the Leased Premises shall continue to vest in Landlord or its successors at all times during the Lease Term and any Extension Terms. Nothing contained in this Lease shall be construed to convey any legal or equitable title in the Leased Premises to Tenant other than the leasehold estate described in this Section 2.2, which conveyance is subject to the terms and conditions of this Lease. Title to all Improvements used or erected by or for Tenant on the Leased Premises shall be in and remain in Tenant for and during the entire Term, but upon the termination of the Term (except termination resulting from a condemnation or from a purchase by Tenant of the Landlord's fee simple interest), shall vest in Landlord to the extent that the Improvements are then upon the Leased Premises.

Section 2.3 Term.

All of the provisions of the Lease shall be in full force and effect from and after the Lease Commencement Date, unless specifically stated otherwise in the Lease. The term of this Lease ("Term" or "Lease Term") shall commence on the Rent Commencement Date and continue in full force and effect until the Lease Expiration Date, unless terminated sooner pursuant to the terms of the Lease, and subject to the extension provisions in Article XIX.

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Section 2.4 Use.

2.4.1 Tenant shall construct the Redevelopment Project Improvements on the Leased Premises as described in the Concept Drawings attached and incorporated herein as Exhibit C, substantially in accordance with the Construction Drawings and the Redevelopment Project Schedule attached and incorporated herein as Exhibit D, and in compliance with Applicable Laws.

2.4.2 Tenant shall use the Leased Premises for Permitted Uses only. Any changes to the Permitted Uses shall be subject to Landlord's prior written approval which shall be within Landlord's sole and absolute discretion.

2.4.3 Tenant shall not use, allow or suffer the Leased Premises or any part thereof to be used or occupied for any unlawful purpose or in violation of any Certificate of Occupancy or any law or certificate of compliance covering or affecting the use of the Leased Premises, or any part thereof, and, subject to the provisions of Article V, shall not allow or suffer any act to be done or any condition to exist on the Leased Premises or any part thereof or any article to be brought thereon, which may be dangerous to person or property unless safeguarded as required by law, or which may in law constitute a nuisance, public or private, or which may make void or voidable any insurance then in force with respect thereto or shall make it impossible to obtain fire or other insurance thereon required to be furnished by Tenant hereunder.

Section 2.5 District.

2.5.1 For the purposes of this Lease, all references to "Landlord" or "District" shall mean the Landlord solely in its capacity as a contract party to this Lease and the documents expressly contemplated to be signed in this Lease, acting through OPM, and not any other governmental or quasi-governmental agency of the District of Columbia, such that the acts or omissions of any governmental or quasi-governmental agency of the District of Columbia, other than the District of Columbia solely in its capacity as a contract party to the Lease and the documents expressly contemplated to be signed in this Lease (acting through OPM), shall not constitute the acts or omissions of "Landlord" or "District" for the purposes of this Lease.

2.5.2 To the extent permitted by law and without diminishing the benefits afforded to Tenant hereunder, District shall have the right, pursuant to Article X, to assign this Lease, or delegate any of its rights hereunder, to any agency or instrumentality of the District or to any other Person provided, the District provides at least thirty (30) calendar days' prior written notice to Tenant of such assignment or delegation.

2.5.3 All rights of the District in this Lease shall be exercised by the Chief Property Management Officer.

Section 2.6 Relationship of Parties.

2.6.1 Tenant agrees to perform or cause to be performed the duties and obligations imposed upon or assumed by Tenant in this Lease.

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2.6.2 Tenant is an independent party and not an agent, partner or joint venture of or with the Landlord. Nothing contained in this Agreement shall be deemed or construed by any Person as creating a relationship of principal and agent or of partnership or joint venture between Tenant and Landlord. Tenant is not authorized to act in any manner on behalf of Landlord.

Section 2.7 Authorized Representatives.

2.7.1 For the purposes of administering this Lease, Tenant hereby appoints Bryan Patten as its sole and exclusive representative whose authority shall be binding upon Tenant, and, upon written notice to Landlord, Tenant may delegate such authority to another person in writing in which case that person's authority shall be binding upon Tenant. Tenant shall appoint a single officer or other position to act as its day-to-day single point of communication, which person shall initially be Joaquin Gonzalez.

2.7.2 For the purposes of administering this Lease, OPM shall be the sole and exclusive agency whose authority shall be binding upon Landlord. OPM shall appoint a single officer or other position to act as its day-to-day single point of communication. However, it is specifically understood and agreed that any review, analysis, examination, investigation or approval or consent by Landlord pursuant to the terms of this Agreement or otherwise, in connection with the Leased Premises, is solely for the benefit of Landlord and shall not be relied upon or construed by Tenant or any other Person as acceptance by Landlord of any responsibility or liability therefor as to completeness or sufficiency thereof for any particular purpose or compliance with Applicable Laws. In furtherance of the foregoing, the grant of consent or approval by Landlord under this Lease shall be intended solely to satisfy Landlord's rights under this Lease and for no other purposes and shall not be binding upon any particular Governmental Authority having jurisdiction over the Leased Premises.

2.7.3 Each Party to this Lease may change its identified authorized representative from time to time upon delivery of written notice thereof to the other Party.

Section 2.8 Anti-Deficiency Provision.

2.8.1 Landlord and Tenant acknowledge and agree that the obligations of Landlord to fulfill financial obligations of any kind pursuant to any and all provisions of this Lease, or any subsequent Lease, amendment, or addendum, entered into pursuant to this Lease or referenced herein to which Landlord is a party, are and shall remain subject to the provisions of (i) the federal Anti-Deficiency Act, 31 U.S.C. §§ 1341, 1342, 1349, 1351, (ii) D.C. Official Code § 47-105, (iii) the District of Columbia Anti-Deficiency Act, D.C. Code §§ 47-355.01 - 355.08, as the foregoing statutes may be amended from time to time, and (iv) Section 446 of the District of Columbia Home Rule Act, regardless of whether a particular obligation has been expressly so conditioned. Landlord agrees to exercise all lawful and available authority to satisfy any financial obligations of Landlord that may arise under this Lease, including, without limitation, attempting to obtain the necessary appropriations and/or the reprogramming of available funds if such reprogramming is legal and necessary to satisfy Landlord's financial obligations, if any; however, since funds are appropriated annually by Congress on a fiscal year basis, and since funds have not yet been appropriated for the undertakings contemplated herein, Landlord's legal liability for the payment of any costs shall not arise unless and until appropriations for such costs

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are approved for the applicable fiscal year by Congress. Landlord makes no representation or assurance that Congress will grant the authorizations and appropriations necessary for Landlord to perform its financial obligations under this Lease. Nothing in this Lease shall be construed as an attempt to create an obligation of Landlord in advance or in anticipation of an appropriation.

Section 2.9 Landlord Delay.

2.9.1 "Landlord Delay" shall mean the occurrence of the following: (i) (a) with respect to any matter that requires the consent or approval of Landlord under this Lease, if Landlord unreasonably withholds, conditions, or delays its consent or approval of such matter (if Landlord's consent or approval is not to be unreasonably withheld, condition, or delayed according to this Lease) or fails to specify in reasonable detail the reason for Landlord's disapproval or rejection of such matter (unless Landlord's consent or approval may be given or withheld in Landlord's sole discretion), or (b) if Landlord fails to take any other action required of Landlord under this Lease by the date such action is required; and (ii) Tenant shall notify Landlord in writing of the potential Landlord Delay and that Landlord has five (5) Business Days after the date of such notice to cure the potential Landlord Delay; and (iii) Landlord does not cure such potential Landlord Delay within such five (5) Business Days; but excluding the failure of Landlord's approval of certain documents which results in those documents to be deemed approved pursuant to the terms and conditions set forth in Article V of the Lease. If no date is specified in this Lease for an action required of Landlord, and the failure to take such action will materially and adversely affect Tenant's ability to comply with the approved Redevelopment Project Schedule, including Construction Deadlines, Tenant may by written notice to Landlord specify a date (in no event less than fifteen (15) calendar days from the date of such notice) by which such action must be taken, and such notice shall state clearly that a Landlord Delay or a deemed approval, as applicable, shall result if Landlord fails to take such action by such date, and in such event, any failure of Landlord to take such action by such specified date shall constitute a Landlord Delay; provided, however, this sentence shall in no event serve to shorten any specific period of time that the Landlord has under this Lease in order to render a consent, approval or disapproval of a particular matter under this Lease.

2.9.2 If there shall occur a Landlord Delay, and such Landlord Delay shall delay or prevent Tenant from performing any obligation under this Lease, then the required date for the Tenant's performance of such obligation shall be extended on a day-for-day basis.

Section 2.10 Landlord Liability.

Any review, analysis, examination, investigation or approval or consent by Landlord pursuant to the terms of this Agreement or otherwise, in connection with the Leased Premises, is solely for the benefit of Landlord and shall not be relied upon or construed by Tenant or any other Person as acceptance by Landlord of any responsibility or liability therefor as to completeness or sufficiency thereof for any particular purpose or compliance with Applicable Laws. In furtherance of the foregoing, the grant of consent or approval by Landlord under this Lease shall be intended solely to satisfy Landlord's rights under this Lease and for no other purposes and shall not be binding upon any particular Governmental Authority having jurisdiction over the Leased Premises.

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Section 2.11 Title.

As of the Lease Commencement Date, Landlord is, and Tenant acknowledges Landlord to be, the fee simple owner of the Property. Tenant has provided Landlord with a copy of the commitment to insure title of the Property (the "Title Commitment"), which is attached and incorporated for all purposes as Exhibit E. Upon Landlord's delivery of its owner's affidavit (in substantially the same form as the attached and incorporated Exhibit E-1) as required by the Title Commitment within thirty (30) days from the Lease Commencement Date, Landlord shall have deemed to have conveyed good and valid leasehold title to the Property to Tenant, free and clear of any and all liens, defects, encumbrances, leases, easements, covenants, restrictions or other matters whatsoever, whether recorded or unrecorded, except for: (i) the lien of real estate taxes, general assessments, special assessments, water rents and sewer charges, in each case not yet due and payable (but subject to adjustment upon execution as is customary); and (ii) the Standard Exceptions (as hereinafter defined). The term "Standard Exceptions", as used in this Agreement, shall mean the general exceptions from coverage listed in Schedule B of the form ALTA Lessee's Policy as set forth in the Title Commitment, exclusive of exceptions for mechanic's or materialmen's liens.

Section 2.12 Additional Feasibility Studies.

2.12.1 Tenant and Tenant's Related Parties, if any, have had a preliminary opportunity to inspect the condition and nature of the Leased Premises, including any sub-surface conditions, and the present uses and non-uses thereof, and the zoning and building laws, capability and regulations affecting the Leased Premises. Subject to the terms and provisions of this Section 2.12, and notwithstanding that the Parties have previously executed and delivered to one another the Right of Entry, enabling Tenant to perform certain Feasibility Studies on the Property using experts of its own choosing and to access the Property for the purposes of performing certain Feasibility Studies as described therein, Tenant shall have the right to continue to perform, or cause to be performed, such Feasibility Studies to determine whether Tenant can use the Property and its improvements existing in, upon, about, or under the Property for Tenant's intended use for a period not to exceed ninety (90) calendar days from the Lease Commencement Date ("Feasibility Studies Period"). Further, during the Feasibility Studies Period Tenant shall provide Landlord with a copy of the fully executed First Source and CBE Agreements. Failure to timely provide the required agreements shall constitute an Event of Default by Tenant.

2.12.2 Further, Tenant shall provide a progress report on its Feasibility Studies to the Chief Property Management Officer or his designee once every thirty (30) days from the Lease Commencement Date throughout the Feasibility Studies Period. Such progress report shall specify in detail the Feasibility Studies performed by Tenant, including due diligence work performed by Tenant in anticipation of a complete renovation of the Leased Premises and environmental study/testing/remediation performed by Tenant, and each Person performing such Feasibility Studies. Tenant shall promptly provide written notification to Landlord of the results of the Feasibility Studies and any other investigation of the Property and shall provide Landlord with copies of all sampling results and any written summaries, reports, or evaluations of such results. Notwithstanding the provisions of the immediately preceding sentence of this Section, Tenant is not obligated to deliver any documents created solely by Tenant's attorneys that may

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reasonably constitute attorney-client privileged communications or attorney work-product. Tenant makes no representations or warranties, express or implied, as to the truth, accuracy or completeness of any materials provided by third parties that are supplied to Landlord by Tenant or its Agents. Tenant expressly disclaims any responsibility or liability for the accuracy, veracity, or suitability of any reports or results so delivered to Landlord. Landlord expressly assumes all risk associated with Landlord's receipt, use, and further dissemination of such results, summaries, reports, or evaluations provided or caused to be provided by Tenant. Landlord hereby releases and discharges the providers of any such results, summaries, reports, or evaluations from any and all liability, losses, claims, or other damages that Landlord may incur by the receipt, use, and further dissemination of such results, summaries, reports, or evaluations by or through Landlord, it being agreed by the Parties hereto that each such provider of such results, summaries, reports, or evaluations is intended to be, and each of them hereby is, an express third party beneficiary of this Section entitled to enforce its provisions as if it were a party hereto. Landlord makes no representations or warranties as to the presence or absence of Hazardous Materials (defined hereinafter).

2.12.3 Tenant shall pay for all such Feasibility Studies of the Property, for labor performed on the Property in connection therewith and for all materials furnished to the Property in connection with any Feasibility Studies done on the Property by or for Tenant. Tenant agrees, and will require Tenant's Related Parties, to comply in all Applicable Laws pertaining to such Feasibility Studies performed in, at, or under the Property by or for Tenant, including, but not limited to, all Environmental Laws.

2.12.4 If any of the Feasibility Studies referenced in Section 2.12 reflect results adverse to Tenant's intended design, development, economics, or use of the Property as determined by Tenant in Tenant's sole and absolute discretion or if Tenant is unable to obtain sufficient financing to undertake the Redevelopment Project, including without limitations, obtaining one or more Institutional Lender's approval of this Lease in connection with Tenant's granting a Leasehold Mortgage upon its leasehold estate in this Lease to such Institutional Lender, Tenant shall have the right to terminate this Agreement by giving written notice to Landlord on or before 5 p.m. local Washington, D.C. time on the date that is ninety (90) calendar days after the Lease Commencement Date (the "Feasibility Expiration Date"). Further, on the eightieth (80th) day of the Feasibility Studies Period and every thirty (30) days thereafter, Tenant shall provide Landlord a written report in reasonable detail of Tenant's due diligence effort to obtain financing for the Redevelopment Project and the current status of any pending financing. If Tenant shall have been unable to obtain sufficient financing to undertake the Redevelopment Project within such Feasibility Studies Period and provided Tenant has submitted timely the written report of its effort to obtain financing as required herein, Landlord shall extend such Feasibility Studies Period for up to three (3) additional periods of thirty (30) days each. If Tenant shall fail to comply with the conditions set forth herein during the first thirty (30) day extension period, Landlord may terminate the Agreement with written notice to Tenant and without granting extension of the second thirty (30) day period. If Tenant shall fail to comply with the conditions set forth herein during the second thirty (30) day extension period, Landlord may terminate the Agreement with written notice to Tenant and without granting extension of the third thirty (30) day period. If Tenant shall fail to obtain sufficient financing for the Redevelopment Project to the satisfaction of Landlord at the end of the third thirty (30) day period, this Agreement shall terminate without further notice. If the Agreement is terminated pursuant to this Section 2.12.4 except as expressly provided otherwise in this Agreement, the Parties shall be automatically

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released and discharged from any liability or obligation hereunder. If Tenant does not give written notice of termination of this Agreement prior to the Feasibility Expiration Date, Tenant shall be deemed to have waived its termination right under this Section 2.12.4, this contingency shall be deemed satisfied and removed, this Agreement shall automatically remain in full force and effect, and Tenant shall have no further right to terminate this Agreement pursuant to this Section 2.12.4.

2.12.5 If the Agreement is terminated pursuant to Section 2.12.4, except to the extent caused or precluded by the actions or inactions of Landlord or any Landlord Related Party, Tenant shall, at Tenant's sole cost and expense, restore, or cause to be restored, the Property to substantially the same condition it was in prior to engaging in the Feasibility Studies, including the repair or replacement of any and all material physical damage to the Property, including using its commercially reasonable efforts to properly contain all Hazardous Materials disturbed or released by or during Tenant's Feasibilities Studies. Tenant shall not be obligated to so restore the Property or to repair or replace any physical damage to the Property to the extent that: (i) such restoration, repair, or replacement would involve the re-incorporation of any Hazardous Materials in, on, or about the Property; or (ii) Tenant has obtained Landlord's prior written consent not to do so. Tenant shall not be obligated to remove, remediate, or otherwise abate any environmental contamination which pre-existed the ROE Date except for: (i) the disposal, at Tenant's sole cost and expense, by or upon behalf of Tenant in accordance with Applicable Laws of any samples or other materials removed by or on behalf of Tenant; and (ii) the containment by or behalf of Tenant, at Tenant's sole cost and expense, of any Hazardous Materials disturbed or released by or as a result of Tenant's use of the Property from the ROE Date, including without limitation its Feasibility Studies (the "Containment Obligations"). Further, Tenant's obligations stated herein shall survive termination of the Agreement. Notwithstanding the foregoing, the terms and conditions contained herein shall not constitute a waiver of any rights or obligations agreed to by the parties in any future agreement relating to the Property.

ARTICLE III

BASE RENT AND OTHER PAYMENTS

Section 3.1 Base Rent Payment.

3.1.1 Beginning on the Rent Commencement Date and continuing throughout the Lease Term, Tenant covenants and agrees to pay to Landlord without demand, abatement, deduction or offset, in lawful money of the United States, the base rent ("Base Rent") in the amount set forth herein. The Base Rent for the first year immediately following the Rent Commencement Date shall be \$1.83 per rentable square foot; the Base Rent for the twelve months beginning on the first anniversary following the Rent Commencement Date shall be \$2.67 per rentable square foot. The Base Rent for the twelve months beginning on the second anniversary of the Rent Commencement Date shall be \$3.50 per rentable square foot. Beginning on September 1, 2011 and every year thereafter, the Base Rent then in effect shall escalate at the rate of two percent (2%) per year. However, every fifth (5th) year following the Rent Commencement Date, the Base Rent shall be increased by a certain percentage, in lieu of the two

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percent (2%) escalation. That certain percentage shall be calculated based on the percentage increase in the Facility Allowance over the same five year period less eight percent (8%); provided however, that certain percentage shall not be less than two percent (2%) of the then escalated Base Rent.

3.1.2 If the Rent Commencement Date is not the first day of a month, then the Base Rent from the Rent Commencement Date until the first day of the following month shall be prorated on a per diem basis at the rate of one-thirtieth (1/30th) of the monthly installment of the Base Rent payable during the first Lease Year, and Tenant shall pay such prorated installment of the Base Rent after the Rent Commencement Date, in advance.

3.1.3 Notwithstanding any other provisions of the Lease, if Final Completion shall not have occurred on or before **December 31, 2008**, ("Completion Date") then for the six (6) month period following such date, or partial period until Final Completion, monthly installments of the then current Base Rent shall increase by an amount equal to one hundred percent (100%) of the then current Base Rent. For the six (6) month period after the first six month period following December 31, 2008 or partial period until Final Completion, such increase in Base Rent shall be increased to an amount equal to two hundred percent (200%) of the then current Base Rent. For the next six (6) month period thereafter or partial period until Final Completion, such increase in Base Rent shall be increased to an amount equal to three hundred percent (300%) of the then current Base Rent; provided that in no event shall Base Rent increase to an amount which is more than three hundred percent (300%) of the Base Rent. The foregoing increase in Base Rent shall cease on the day Final Completion is achieved and Tenant shall resume paying Base Rent as otherwise calculated pursuant to the terms of this Lease. Notwithstanding the foregoing, if Tenant fails to achieve Final Completion by the Completion Date due to events of Force Majeure, then the Final Completion shall be extended on a day-for-day basis based on such Force Majeure events.

Section 3.2 Intentionally Omitted.

Section 3.3 Rent Absolutely Net/Payment of Rent.

3.3.1 Except as expressly provided otherwise in this Agreement, this Lease shall be deemed and construed to be a "net lease" and Tenant shall pay all payments of Rent to Landlord, absolutely net throughout the Lease Term, free of any charges, assessments, impositions, costs or deductions of any kind and without demand, offset, abatement, notice, deduction, counter-claims or set-off, except as expressly set forth in the Lease, as applicable. All costs, fees, interest, charges, expenses, and obligations of every kind and nature whatsoever relating to the Leased Premises, which may accrue during the Lease Term shall be paid or discharged timely by Tenant.

3.3.2 Tenant's covenant to pay Rent is an independent covenant. Except as expressly provided otherwise in this Lease, no happening, event, occurrence, or situation whatsoever during the Lease Term, whether foreseen or unforeseen, and however extraordinary shall permit Tenant to quit or surrender the Leased Premises or this Lease or shall relieve Tenant from its liability to pay all Rent payable under this Lease, or relieve Tenant from any of its other obligations under this Lease. Tenant hereby waives any rights now or hereafter conferred upon it

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by statute, proclamation, decree, order or otherwise, to quit or surrender the Leased Premises or this Lease, or any part thereof, or to any abatement, diminution, reduction or suspension of Rent on account of any such event, happening, occurrence or situation.

3.3.3 Tenant shall pay all Rent payable by Tenant to Landlord pursuant to the terms hereof, at D.C. Lock Box 206, Washington, DC 20055-0206, in such United States coin or currency as shall, at the time of payment, be legal tender for the payment of public and private debts. If Tenant fails to pay any installment of Base Rent within ten (10) calendar days after the same shall be due and payable, Tenant shall pay Landlord a late fee equal to five percent (5%) of such delinquent payment of the then current Base Rent. In addition to any late fee that may be payable, Tenant will pay to Landlord interest on any payment of Base Rent that is not paid timely at the Interest Rate plus five percent (5%) per annum from the date such amount is due until the date such amount is paid. Tenant acknowledges and agrees that the actual loss that Landlord will suffer as a result of the nonpayment of Base Rent is difficult to estimate, and that the amount of such default interest and such late fees is a fair and reasonable estimate of the actual loss to Landlord as a result of the nonpayment of Base Rent, and that such fixed amounts are reasonably related to the likely loss that Landlord will suffer as a result of such nonpayment. If any sums other than Base Rent due by Tenant to Landlord hereunder are not paid within thirty (30) calendar days after Tenant receives notice from Landlord that the same are due, such sums shall bear interest from and after such thirty (30) day period until paid at the Interest Rate.

Section 3.4 Intentionally Omitted.

Section 3.5 Additional Rent.

3.5.1 In addition to the amounts otherwise set forth in this Article III, Tenant shall pay as additional rent (the "Additional Rent"), all Impositions, and any and all other costs, expenses, and charges which Tenant in any of the provisions of this Lease assumes or agrees to pay, including without limitation, Landlord's costs, including reasonable attorney's fees and costs, of enforcing its rights under this Lease after a default by Tenant under this Lease (or after an Event of Default by Tenant under this Lease), and any professional fees incurred by Landlord to carry out inspections and reviews of plans and documents for purposes of giving Landlord's consent, approval or certification, expressly provided for under this Lease or requested by Tenant. Except as otherwise set forth in this Lease, Additional Rent shall be deemed "Rent" for the purposes of this Lease, and any and all of the provisions of this Lease governing Rent shall also apply to Additional Rent.

ARTICLE IV

IMPOSITIONS

Section 4.1 Definition of Impositions.

4.1.1 The term "Impositions" shall mean all ad valorem and other taxes, assessments, business improvement district fees, water and sewer rents and charges, use and occupancy taxes, license and permit fees, vault space rent and other governmental charges, obligations under Binding Agreements, general and special, ordinary and extraordinary, foreseen

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and unforeseen, of any kind and nature whatsoever, which shall or may during the Lease Term be assessed, levied, charged, confirmed or imposed by public authority upon or accrue or become due or payable out of or on account of or become a lien on the Leased Premises, or the sidewalks, streets or vaults adjacent to the Leased Premises, and all improvements thereon (collectively, the "Taxable Area").

Section 4.2 Additional Rent During the Term.

4.2.1 Subject to the provisions of Section 4.4, Tenant will pay or cause to be paid, as and when the same shall become due (and before any fines, penalties, interest or cost may be added thereto), as Additional Rent all Impositions imposed on Landlord as a result of Tenant's use and occupancy of the Leased Premises, except that:

4.2.2 All Impositions for the fiscal year or tax year in which the term of this Lease commences, as well as during the year in which the Term expires, shall be apportioned so that the Tenant shall pay its proportionate share of the Impositions which are payable in the year in which the Term commences and in the year in which the Term expires, and Landlord shall pay its proportionate part; any sum payable by Tenant, as provided in this Article IV, which would not otherwise be due until after the date of the termination or expiration of this Lease (but attributable to the period of time preceding such Lease termination or expiration), shall be paid by Tenant to Landlord upon such termination or expiration.

4.2.3 Where any Impositions are permitted by law to be paid in installments, Tenant may pay such Imposition in installments as and when such installments become due; provided, however, that the amount of all installments of any such Impositions which are to become due and payable after the expiration of the Term shall not be apportioned (except as provided in Section 4.2.2 hereof).

4.2.4 The provisions of this Article IV shall not be construed as imposing any liability upon Tenant for the payment of any taxes, assessments or other charges imposed by city or federal laws or ordinances or any other laws or ordinances, upon the net income of Landlord, or upon the transfer or passing of any interest owned by Landlord in the Leased Premises, generally known as income, inheritance, estate, succession or transfer taxes, nor shall Tenant be obligated to pay any withholding, profit or revenue tax or charge levied upon the rents payable to Landlord under the terms of this Lease, or any corporate franchise tax or corporate license fee which may be levied upon or against any successor corporate Landlord. The payment of all such taxes, assessments and other charges referred to in this Section 4.2.4 shall be the sole liability of Landlord. Notwithstanding the foregoing, if, at any time during the Term of this Lease, the methods or scope of taxation prevailing on the Lease Commencement Date shall be altered or enlarged so as to cause the whole or any part of the taxes, assessments, levies, charges, or any other Impositions now or hereafter levied, assessed or imposed on real estate and the improvements thereof to be levied, assessed and imposed, wholly or partially as a capital levy, or otherwise, on the rents received therefrom, or, if, by reason of any such alteration or enlargement of the methods or scope of taxation, any tax, corporation franchise tax, assessment, levy (including but not limited to any municipal, state, or federal levy), charge or any other Impositions or any part thereof, shall be measured by or based solely upon the Taxable Area, or the value thereof, and shall be imposed upon Landlord, then all such taxes, assessments, levies,

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charges or Impositions, or the part thereof, so measured or based, shall be deemed to be included within the term "Impositions" for the purposes hereof, to the extent that such Impositions would be payable if the Taxable Area were the only property of Landlord subject to such Impositions.

Section 4.3 Payment of Impositions Directly Imposed.

Tenant shall pay all such Impositions to be paid by it directly to the appropriate authority. Tenant covenants to furnish to Landlord before any penalty, fine, interest or cost would become payable thereon for non-payment thereof official receipts of the appropriate taxing authority or other reasonable evidence of the payment of any Imposition payable by Tenant pursuant to this Lease. If Landlord receives any bills for such charges, Landlord shall promptly furnish the same to Tenant.

Section 4.4 Exemption from Certain Tax Impositions.

Landlord, in its capacity as owner of the Property only, shall use reasonable efforts, at no cost to Landlord, to cooperate with Tenant in Tenant's applications for any and all property tax, transfer tax, or recordation tax exemption to the extent such cooperation would be required by Governmental Requirements of any property owner similarly situated. In the event Tenant fails to file any such tax exemption forms or applications within the time period permitted by the Applicable Laws of the District, Tenant's obligations to pay any and all taxes, as stated herein in Section 4.4, shall be consistent with the terms and conditions contained in this Lease.

Section 4.5 Contest.

If any Impositions are to be paid by Tenant, Tenant shall be permitted to contest in good faith and diligently any Impositions to the extent permitted by Applicable Laws; provided that Tenant shall pay all such Impositions prior to the imposition of any penalties, fees or other liabilities in connection therewith if required to do so by law in order to contest same or shall have furnished a good and sufficient bond or surety reasonably satisfactory to Landlord or, at Tenant's option, deposited with Landlord the amount of the item so contested (or, where permitted by law, paid the same under protest), together with such additional sums as may reasonably be required to cover interest or penalties accrued or to accrue on any such item or items. Except with respect to impositions directly imposed to Tenant, Landlord shall lend all reasonable assistance to Tenant in any such contest proceeding; however, if significant third-party out-of-pocket costs or expenses are incurred by Landlord, Tenant shall reimburse such expenses upon demand and presentation of a reasonably detailed invoice therefor. Landlord shall not be required to join in any proceedings referred to in this Section 4.4 unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the fee owner's name. In such event, Landlord shall join in such proceedings.

Section 4.6 Utilities.

Tenant shall be responsible for all charges for gas, heat, light, power, telephone, water, sewer, trash removal, and drainage charges and other charges by public utilities of every kind for services furnished to any improvements located on the Leased Premises during the Lease Term. The Landlord shall reasonably cooperate with the Tenant to cause such utilities and services, if

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any, to be transferred to the Tenant. Tenant shall, (1), pay for the cost of having the relevant utility services separately metered or submetered (if necessary), (2) establish separate accounts with each utility, and (3) be responsible for making timely payment for utility services directly to each utility.

ARTICLE V

CONSTRUCTION OF REDEVELOPMENT PROJECT

Section 5.1 Obligation to Construct Improvements.

5.1.1 Tenant hereby agrees to develop, renovate, construct, use, maintain, and operate the Redevelopment Project Improvements on the Property in accordance with Applicable Laws, and the terms and conditions set forth herein, and in a diligent manner in accordance with industry standards for Comparable Buildings. The cost of developing the Property and construction of all Redevelopment Project Improvements thereon shall be borne solely by Tenant. Further, in prosecuting the Redevelopment Project, Tenant shall cooperate and comply with all applicable requirements that are set forth by the District of Columbia Office of Planning, but only to the extent that such requirements are expressly set forth in Applicable Laws. Unless otherwise required by Applicable Laws, Tenant shall submit all plans, designs and drawings concerning the Redevelopment Project Improvements to the Office of Property Management for review and approval, in addition to other Governmental Authorities to the extent required by Applicable Laws.

5.1.2 Landlord's review and approval of any documents proposed by Tenant, including without limitation, the Redevelopment Project Schedule, the plans and specifications set forth in Section 5.2, and the Modifications, is not and shall not be construed as a representation or other assurance that it complies with any building codes, regulations or standards, including, without limitation, building, engineering and structural design, or any other Applicable Laws. Landlord shall incur no liability in connection with its review of any such documents proposed by Tenant and is reviewing such documents solely for the purpose of protecting its own interests.

Section 5.2 Plans and Specifications.

5.2.1 Tenant shall comply with the Redevelopment Project Schedule, attached and incorporated as **Exhibit D**, to complete the plans and specification set forth in Section 5.2 and the Milestone Events set forth in Section 5.7 by the dates set forth in the Redevelopment Project Schedule, unless such dates are extended as a result of mutual agreement by the Parties or a Force Majeure Event.

5.2.2 Tenant shall use commercially reasonable efforts in all instances and cooperate with Landlord, to achieve completion of the plans and specifications set forth below within the time periods indicated, to design the Redevelopment Project Improvements consistent with the provisions of this Section 5.2 and the concept drawings (including the site plan) ("Concept Drawings") attached and incorporated as **Exhibit C**.

(a) Schematic Design

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Except as may otherwise be agreed upon with Landlord pursuant to Section 5.2.5, Tenant shall complete and deliver copies to Landlord of the following Schematic Drawings and plans of the Redevelopment Improvements (subject to modifications as may be mutually agreed upon) at the indicated scale (or other scale satisfactory to Landlord) by the date set forth in the Redevelopment Project Schedule:

- (i) site plans (1"=30') showing location and type of all buildings and structures, location of loading and parking, and location and type of site amenities and community space, treatment of open space areas, conceptual landscaping design, and location of adjacent buildings, structures, driveways, access roads, street and curb lines, and pedestrian structures;
- (ii) schematic building plans (1/20"=1');
- (iii) typical floor plans (1/20"=1');
- (iv) elevations and cross sections of proposed Redevelopment Improvements (1/20"=1');
- (v) A chart showing floor area, floor area ratio, building coverage of the Property, building height, number of parking spaces, area dedicated to pedestrian uses and loading docks, if any,
- (vi) A specific plan for trash/demolition debris disposal; and
- (vii) A specific plan for Hazardous Material disposal.

Landlord shall have fifteen (15) calendar days to review such submitted plans and notify Tenant in writing if Landlord disputes the conformance of the submitted plans to the Concept Drawings in all significant respects, which notice must set forth in detail the basis for Landlord's disapproval. Tenant shall revise the plans in accordance with Landlord's comments in the notice and resubmit the plans for Landlord's review within ten (10) calendar days from the receipt of Landlord's notice. Landlord then shall have five (5) calendar days from the receipt of Tenant's revised plans to review and approve it, such approval shall not be unreasonably withheld, conditioned, or delayed. If Landlord disapproves of a revised plan, Landlord shall list the reasons for disapproval with reasonable specificity. Notwithstanding the foregoing, if Landlord fails to approve or notify Tenant of the nonconformance of the submitted plans to the Concept Drawings within the fifteen (15) calendar day period or approve or disapprove Tenant's revised plans within the aforementioned five (5) calendar day period, such plans shall be deemed approved by Landlord.

(b) Design Development

Tenant shall complete and deliver copies to Landlord of the following Design Development Drawings of the Redevelopment Project Improvements (subject to modifications as may be mutually agreed upon) at the indicated scale (or other scale satisfactory to Landlord) by the date set forth in the Redevelopment Project Schedule:

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- (i) site plans (1"=30') showing lot lines and dimensions, location and type of all buildings and structures (including building footprint), location of loading and parking, location and type of site amenities and community space, treatment of open space areas, utilities, landscaping, schematic indication of surface drainage, and adjacent buildings, structures, driveways, access roads, street and curb lines, and pedestrian structures;
- (ii) A summary chart showing floor area, building coverage of the Property, building height, floor area ratio, and number of parking spaces, area dedicated to pedestrian uses and loading docks, if any;
- (iii) Lower level, first floor and typical floor plan (1/8" equals 1') showing Building entrances, service/loading, lobbies, public areas, elevators, stairs, other circulation, common spaces, toilets, ducts, etc., and structural system;
- (iv) Front, back and side elevations (1/8" equals 1') showing roof lines, proposed building materials, floor to floor dimensions, building heights, and elevations of surrounding buildings;
- (v) Typical sections of buildings (1/8" equals 1') showing floor to ceiling dimensions, footings, structural system and floor thickness, and relation to existing grades;
- (vi) description and samples of final building materials; and
- (vii) all appropriate details, including the location and type of mechanical/electrical and plumbing systems.

The Design Development Drawings shall be in a level of detail generally consistent with ninety percent (90%) complete design development drawings at the time of delivery to Landlord. Landlord shall have fifteen (15) calendar days to review such submitted plans and notify Tenant in writing if Landlord disputes the conformance of the submitted plans to the Schematic Drawings, in all significant respects, which notice must set forth in detail the basis for Landlord's dispute. Tenant shall revise the plans in accordance with Landlord's comments in the notice and resubmit the plans for Landlord's review within ten (10) calendar days from the receipt of Landlord's notice. Landlord then shall have five (5) calendar days from the receipt of Tenant's revised plans to review and approve it, such approval shall not be unreasonably withheld, conditioned, or delayed. If Landlord disapproves of a revised plan, Landlord shall list the reasons for disapproval with reasonable specificity. Notwithstanding the foregoing, if Landlord fails to approve or notify Tenant of the nonconformance of the submitted plans to the Schematic Drawings within the fifteen (15) calendar day period or approve or disapprove Tenant's revised plans within the aforementioned five (5) calendar day period, such plans shall be deemed approved by Landlord.

(c) Construction Drawings

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Tenant shall complete the Construction Drawings and deliver same to Landlord by the date set forth in the Redevelopment Project Schedule. The Construction Drawings shall be not less than ninety percent (90%) complete at the time of delivery to Landlord. Landlord shall have fifteen (15) calendar days to review such submitted plans and notify Tenant in writing if Landlord disputes the conformance of the submitted plans to the Design Development Drawings, which notice must set forth in detail the basis for Landlord's dispute. Tenant shall revise the plans in accordance with Landlord's comments in the notice and resubmit the plans for Landlord's review within ten (10) calendar days from the receipt of Landlord's notice. Landlord then shall have five (5) calendar days from the receipt of Tenant's revised plans to review and approve it, such approval shall not be unreasonably withheld, conditioned, or delayed. If Landlord disapproves of a revised plan, Landlord shall list the reasons for disapproval with reasonable specificity. Notwithstanding the foregoing, if Landlord fails to approve or notify Tenant of the nonconformance of the submitted plans to the Design Development Drawings within the fifteen calendar (15) day period or approve or disapprove Tenant's revised plans within the aforementioned five (5) calendar day period, such plans shall be deemed approved by Landlord.

5.2.3 Construction of the Redevelopment Project Improvements shall be in accordance with all Applicable Laws.

5.2.4 Tenant, at its sole cost and expense, shall be responsible for all preparation of the Leased Premises for development and construction substantially in accordance with the approved Construction Drawings, including costs associated with excavation, construction of the Redevelopment Project Improvements, utility relocation and abandonment, relocation and rearrangement of water and sewer lines and hook-ups, and construction or repair of alley ways on the Property and abutting public property necessary for the Redevelopment Project Improvements. All such work, including but not limited to, excavation, backfill, and upgrading of the lighting and drainage, shall be performed under all required Permits and in accordance with all Applicable Laws.

5.2.5 Notwithstanding the foregoing provisions of this Section 5.2, the Parties agree to work cooperatively as possible in developing Tenant's site plan design such that Tenant can submit its site plan to the District for its site plan permit as soon as possible.

Section 5.3 Construction Restrictions and Obligations.

5.3.1 Tenant agrees that it shall use its commercially reasonable efforts to achieve Commencement of Construction on or before the date set forth in the Redevelopment Project Schedule attached and incorporated as **Exhibit D** and diligently perform the development and construction of the Redevelopment Project Improvements in accordance with the Construction Drawings and Redevelopment Project Schedule.

5.3.2 Tenant shall not permit the construction of any Redevelopment Project Improvements on, over or within the boundary lines of any easement for public utilities, unless such construction is approved by the appropriate Governmental Authority or other Person having approval rights thereover.

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5.3.3 Tenant shall use its commercially reasonable efforts to achieve Final Completion on or before December 31, 2008.

5.3.4 As a requirement for achieving Substantial Completion, the Architect, in the certificate of Substantial Completion, also shall determine, among other things, that all of the requirements of this Article V relating to the obligations of Tenant to develop and construct the Redevelopment Project Improvements have been fully satisfied.

5.3.5 Tenant shall promptly notify Landlord upon Final Completion of the Redevelopment Project Improvements in accordance with the Redevelopment Project Schedule and provide all documents as required by Final Completion.

Section 5.4 Modifications to Approved Construction Drawings.

5.4.1 Tenant shall not make, or cause to be made, any material changes (each, a "Modification" and collectively, "Modifications") to the final version of the approved Design Development Drawings without Landlord's prior written approval. Tenant shall submit the proposed Modifications to Landlord for approval, which approval shall not be unreasonably withheld, delayed or conditioned, in accordance with this Section. Landlord shall have fifteen (15) business days to review such submitted Modification plans and notify Tenant in writing if Landlord disapproves the Modification plans, which notice must set forth in detail the basis for Landlord's disapproval. Tenant shall revise the plans in accordance with Landlord's comments in the notice and resubmit the Modification plans for Landlord's review within ten (10) calendar days from the receipt of Landlord's notice. Landlord then shall have five (5) calendar days from the receipt of Tenant's revised plans to review and approve it, such approval shall not be unreasonably withheld, conditioned, or delayed. If Landlord disapproves of a revised plan, Landlord shall list the reasons for disapproval with reasonable specificity. Notwithstanding the foregoing, if Landlord fails to approve or notify Tenant of disapproval of the submitted Modification plans with reasons for such disapproval within the fifteen calendar (15) day period or approve or disapprove Tenant's revised plans within the five (5) calendar day period, such plans shall be deemed approved by Landlord. Any approved Modification shall become part of the Construction Drawings.

5.4.2 Any notice from Landlord of its disapproval of the Modifications ("Disapproval Notice") shall state in reasonable detail the basis for such disapproval. If Landlord issues a Disapproval Notice, Tenant may revise the Modification to address the objections of Landlord and may resubmit the revised Modification for approval.

Section 5.5 Labor/Employment Covenants.

If Tenant receives federal or District of Columbia financial assistance, and if the Redevelopment Project is a union project with respect to the Property, during the construction of the Redevelopment Project Improvements, Tenant shall:

(a) send to each labor union or representative of workers with which it has a collective bargaining agreement, or other contract or understanding, a notice, to be provided by the Department of Labor ("DOL"), advising the said labor union or worker's representative of Tenant's commitments under Section 202 of the Executive Order 11246 of September 24, 1965,

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as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment;

(b) comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules and regulations and relevant orders of DOL, including the goals and timetables for minority and female participation and the Standard Federal Equal Employment Opportunity Construction Contract Specifications to the extent applicable;

(c) furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations, and orders of DOL and HUD, and will permit access to its books, records and accounts pertaining to its employment practices by DOL and HUD for purposes of investigation to ascertain compliance with such rules, regulations and orders; and

(d) require the inclusion of the provisions of paragraphs (a) through (c) of this subsection in every contract, subcontract or purchase order, unless exempted by rules, regulations, or orders of DOL issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each contractor, subcontractor and vendor.

Tenant will take such action with respect to any contract, subcontract or purchase order as District, DOES or DOL may direct as a means of enforcing such provisions, including sanctions for noncompliance. In the event of Tenant's non-compliance with the nondiscrimination clause of this Section or with any applicable rule, regulation, or order, the District, DOES and/or DOL may take such enforcement against Tenant, including, but not limited to, an action for injunctive relief and/or monetary damages, as may be provided by Applicable Laws.

Section 5.6 Monitoring and Inspecting the Construction of the Redevelopment Project Improvements.

5.6.1 In addition to and notwithstanding any monitoring and inspecting requirements of Tenant's Leasehold Mortgagee or any other construction lender and any applicable District of Columbia building and health code requirements, Landlord shall have the following rights:

(a) Inspection of site. During the construction of the Redevelopment Project Improvements, Landlord reserves for itself and its representatives the right to enter the Property from time to time during Tenant's normal business hours and at no cost or expense to Landlord, upon two (2) Business Day's advance notice to Tenant, for the purpose of performing routine inspections in connection with the development and construction of the Redevelopment Project Improvements. Tenant understands that Landlord or its representatives will enter the Property from time to time for the sole purpose of undertaking the inspection of the Redevelopment Project Improvements to determine conformance to the Construction Drawings, the covenants stated herein and the Redevelopment Project Schedule, as applicable. Tenant shall have the right to accompany those persons during the inspections. Landlord and its representatives shall comply at all times while on site with all reasonable safety requirements of Tenant's General Contractor, provided Landlord shall be given prior notice of such safety requirements. Tenant

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waives any claim that it may have against Landlord and Landlord Related Parties, arising out of Landlord's entry upon the Property unless resulting from the negligence or willful misconduct of Landlord or Landlord Related Parties. Any inspection of the Redevelopment Project Improvements or access of the Property by Landlord hereunder shall not be deemed an approval, warranty, or other certification as to the compliance of the Redevelopment Project Improvements or Property with any building codes, regulations, or standards, including, without limitation, building engineering and structural design, or other Applicable Laws.

(b) Progress Reports. From and after the Commencement of Construction and until Final Completion, Tenant, upon request by Landlord, shall make written reports to Landlord as to the progress of the construction of the Redevelopment Project Improvements, in such form and detail as may reasonably be requested by Landlord, and shall include a reasonable number of construction photographs taken since the last report submitted by Tenant. Such progress reports shall be delivered to Landlord by the Tenant within ten (10) calendar days after request by Landlord, but not more frequently than on a monthly basis.

(c) Audit Rights. Upon reasonable prior notice at any time prior to Final Completion, Landlord shall have the right (at the cost of Landlord unless Tenant is found to be in violation of any obligation imposed hereunder, in which event such expense shall be borne by Tenant) to inspect the books, records and corporate documents of Tenant for the purpose of ensuring compliance with this Article V and to have an independent audit of the Redevelopment Project documents and records. Tenant shall cooperate with Landlord in providing Landlord reasonable access to its books and records during normal business hours at Tenant's offices for these purposes. Tenant shall maintain its books and records in accordance with generally accepted accounting principles, consistently applied. Tenant and Landlord may, but shall not be obligated to, jointly agree to use a common accounting firm for the purpose of conducting any such audits; provided however, that in such event, the accounting firm shall have a valid contract with District in compliance with the Procurement Practices Act of 1985, as amended, D.C. Official Code §§2-301.01 et seq. (2001), and shall execute a separate engagement letter with District. In the event that the audit reveals any default under the terms of this Article V, whether or not such default is cured, Tenant shall be responsible for payment of all costs and expenses incurred by the common accountant in connection with the audit, or, at Landlord's election, Tenant shall make a payment to Landlord in the amount of the costs and expenses incurred by Landlord and paid to the common accountant under its contract with District, as Additional Rent.

Section 5.7 Milestone Notices.

Tenant shall notify Landlord in writing (the "Milestone Notices") of the following stages (collectively, the "Milestone Events") based on the Redevelopment Project Schedule, and Landlord shall have the right to have an inspector review the construction (subject to Landlords' compliance with the inspection-related requirements described in Section 5.6.1(a) above) within five (5) calendar days after written notification from Tenant of:

- (a) Commencement of environmental testing and abatement;
- (b) Completion of environmental testing and abatement;

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(c) Commencement of Construction and renovation of existing building for the Chavez School;

(d) Substantial Completion of renovation of the Redevelopment Project Improvements; and

(e) Final Completion.

Section 5.8 Nondiscrimination Covenants.

5.8.1 Tenant shall not discriminate upon the basis of race, color, religion, sex, national origin, ethnicity, sexual orientation, or any other factor which would constitute a violation of the D.C. Human Rights Act or any other Applicable Laws, regulation, or court order, in the sale, lease, or rental or in the use or occupancy of the Property or any Redevelopment Project Improvements thereon.

5.8.2 Tenant shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, or any other factor which would constitute a violation of the D.C. Human Rights Act or other Applicable Laws, regulation, or court order.

5.8.3 Tenant will take affirmative action to ensure that employees are treated equally during employment, without regard to their race, color, religion, sex, or national origin, age, marital status, personal appearance, sexual orientation, family responsibilities, matriculation, political affiliation, or physical handicap. Such affirmative action shall include, but not be limited to, the following: (i) employment, upgrading, or transfer; (ii) recruitment or recruitment advertising; (iii) demotion, layoff, or termination; (iv) rates of pay or other forms of compensation; and (v) selection for training and apprenticeship. Tenant agrees to post in conspicuous places available to employees and applicants for employment notices to be provided by DOES and/or District setting forth the provisions of this non-discrimination clause.

5.8.4 Tenant will, in all solicitations or advertisements for potential employees placed by or on behalf of Tenant, include the federal U.S. Equal Employment Opportunity Commission's logotype, statement, or slogan as a means of educating the public that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin or any other factor which would constitute a violation of the D.C. Human Rights Act or other Applicable Laws, regulation or court order.

Section 5.9 Environmental Claims and Indemnification.

5.9.1 Tenant hereby covenants that, at its sole cost and expense (as between District and Tenant provided that the foregoing shall not prohibit Tenant from the pursuit of any third party responsible for non-compliance with Environmental Laws), it shall comply with all provisions of Environmental Laws applicable to the Property and all uses, improvements, and appurtenances of and to the Property, and shall perform all investigations, removal, remedial actions, cleanup and abatement, corrective action, or other remediation that may be required pursuant to any Environmental Laws, and Landlord and Landlord Related Parties shall have no responsibility or liability with respect thereto except to the extent caused by the negligence or willful misconduct of Landlord or any Landlord Related Party after the Lease Commencement Date. Subject to the

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limitations contained in Section 21.22 below, and except to the extent that any Environmental Liabilities and Costs and Environmental Claims (defined below) are released, settled, or otherwise discharged by reason of any insurance coverage maintained by Tenant, and except to the extent caused by the negligence or willful misconduct of Landlord or any Landlord Related Party or by the condition of the Property which pre-existed the ROE Date which was not caused by the negligence or willful misconduct of Tenant or any Tenant Related Party, Tenant shall indemnify, defend, and hold Landlord and Landlord Related Parties (collectively, the "Indemnified Parties") harmless from and against any and all Environmental Liabilities and Costs and unreleased, undischarged, unsettled losses, costs, claims, damages, liabilities and causes of action of any nature whatsoever, including, without limitation, the reasonable costs and fees (including attorneys' fees and engineering consultant fees), incurred by or asserted against any of the Indemnified Parties in connection with, arising out of, in response to, or in any manner relating to (i) Tenant's or any Tenant Related Party's violation of any Environmental Laws at the Leased Premises; (ii) any Contaminant Release or threatened Contaminant Release or a Hazardous Material at the Leased Premises by Tenant or any Tenant Related Party from and after the ROE Date, or (iii) any condition of pollution, contamination or Hazardous Material related nuisance on, under or from the Property from and after the ROE Date and caused or created by or through acts or omissions of Tenant or any Tenant Related Party ("Environmental Claims").

5.9.2 Except to the extent caused by the negligence or willful misconduct of Landlord or any Landlord Related Party on or after the ROE Date, Tenant, for itself, Tenant's Related Parties, its former and future officers, directors, agents, and employees, and each of their respective heirs, personal representatives, successors, and assigns, hereby forever releases and discharges the Indemnified Parties and all of their present, former, and future parent, subsidiary, and related entities and all of its and their respective present, former, and future officers, directors, agents, and employees, and each of its and their heirs, personal representatives, successors and assigns, of and from any and all rights, claims, liabilities, causes of action, obligations, and all other debts and demands whatsoever, at law or in equity, whether known or unknown, foreseen or unforeseen, accrued or unaccrued, in connection with any Environmental Liabilities and Costs.

Section 5.10 Landlord Cooperation. With the reasonable cooperation and assistance of Landlord, Tenant shall make all commercially reasonable and diligent efforts to obtain all Permits required to construct the Redevelopment Project Improvements. Upon Tenant's request, Landlord shall attend (and, as reasonably appropriate, assist in Tenant's presentation) at scheduled hearings and proceedings. Absent such request, Landlord shall still be entitled to attend and observe such hearings and proceedings. The foregoing provisions notwithstanding, Landlord's agreement to assist Tenant in the matters contemplated in this Section 5.10 shall not be deemed to constitute a guaranty by Landlord as to the results of any hearing, permit submission or related proceedings.

Section 5.11 Reserved.

Section 5.12 Discharge of Liens.

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5.12.1 At all times during the Term, Tenant shall not create or permit to be created or to remain, and shall discharge, any lien, encumbrance or charge (levied on account of any Imposition or any mechanic's, laborer's or materialman's lien or any mortgage, conditional sale, title retention agreement, security interest or chattel mortgage, or otherwise) caused by Tenant which might be or become a lien, encumbrance or charge upon the Leased Premises or any part thereof or the income therefrom, having any priority or preference over or ranking on a parity with the estate, rights and interest of Landlord in the Leased Premises or any part thereof or the income therefrom, and Tenant shall not suffer any other matter or thing whereby the estate, rights and interest of Landlord in the Leased Premises or any part thereof or the income therefrom might be impaired; provided that any such imposition, lien, encumbrance or charge shall be discharged in accordance with the terms of this Lease. Notwithstanding the foregoing provisions of this Section 5.12.1, Tenant shall have such rights with respect to its leasehold estate as are provided in Section 12.2.1 below.

5.12.2 At all times during the Term, if any mechanic's, laborer's or materialman's lien shall at any time be filed against the Leased Premises or any part thereof, Tenant, within thirty (30) calendar days after notice of the filing thereof, shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Tenant shall fail to cause such lien to be discharged within the period aforesaid, then, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings and in any such event Landlord shall be entitled, if Landlord so elects, to compel the prosecution of an action for the enforcement of such lien by the lien or and to pay the amount of the judgment in favor of the lien or with interest, costs and allowances. Tenant agrees to reimburse and to pay to the Landlord within five (5) Business Days after written demand therefor, which demand shall be accompanied by reasonably detailed invoices evidencing the amounts so paid by Landlord and all costs and expenses, including reasonable attorneys' fees, incurred by Landlord in connection therewith, together with interest thereon at the Interest Rate plus five percent (5%) per annum, from the respective dates of Landlord's notice to Tenant of the making of the payment or the incurring of the cost and expense, including attorneys' fees, until paid.

5.12.3 Nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, Alteration to, or repair of the Leased Premises or any part thereof or for the demolition or the replacement of the Leased Premises or any part thereof. Tenant shall have no right, authority or power to bind Landlord, or any interest of Landlord in the Leased Premises, for any claim for labor or material or for any other charge or expense incurred in the erection and construction of the Building or any change, Alteration or addition thereto, nor to render such Leased Premises liable to any lien or right of lien for any labor or material. Tenant shall in no way be considered as the agent of Landlord in the construction, erection or operation of the Building.

Section 5.13 Zoning.

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Landlord agrees that, after the Lease Commencement Date, it will not undertake or consent to any change in the zoning or other land use restrictions applicable to the Leased Premises during the Term and any extension thereof exercised by Tenant without Tenant's prior consent, which Tenant may withhold, grant or condition in Tenant's sole and absolute discretion exercised in good faith.

Section 5.14. Signage.

At all times prior to Final Completion, Landlord shall have the right to place, at Landlord's sole cost and expense, at the Leased Premises in a mutually agreed-upon location at the Leased Premises one (1) sign identifying the Redevelopment Project as a development undertaken in cooperation with Landlord and further identifying Landlord, acting through OPM, by name in a manner reasonably satisfactory to Landlord. Prior to Final Completion, Tenant shall also identify the Redevelopment Project as a development undertaken in cooperation with Landlord on all other signs placed by Tenant on the Leased Premises. Landlord's sign shall be designed and sited by Landlord in accordance with all Applicable Laws and the terms of this Agreement. Notwithstanding the foregoing, the Parties shall each comply with all Applicable Laws regarding the installation of all signage at the Leased Premises.

ARTICLE VI

INSURANCE

Section 6.1 Insurance Coverage. Tenant shall, at its sole cost and expense, keep and maintain during the Term, insurance (the "Required Insurance") as follows:

6.1.1. Property insurance for the Redevelopment Project Improvements with "special form" property insurance coverage as available in the insurance market at the date of this Lease (and against such additional risks of loss as may be customarily covered by such policies after the date of this Lease), or any equivalent to a "special form" property insurance policy that has been reasonably approved by Landlord (collectively, the "Property Insurance Policy"). The Property Insurance Policy shall cover at least the following perils: building collapse, fire, flood, impact of vehicles and aircraft, lightning, malicious mischief, terrorism, vandalism, water damage, and windstorm. The Property Insurance Policy shall also cover such other insurable perils as, under good insurance practices, other commercial property tenants from time to time insure against for Comparable Buildings. The Property Insurance Policy shall cover: (i) additional expense of demolition and increased cost of construction, including, without limitation, increased costs that arise from any changes in Applicable Laws with respect to such restoration in a minimum amount of \$10,000,000 for the Leased Premises; (ii) at least 100% of the replacement cost value of the Redevelopment Project Improvements (subject to Tenant's deductible); (iii) all tenant building and betterments that any subtenant requires the Tenant to insure (the "Insured Leasehold Property") and (iv) loss of rent insurance on an actual loss sustained basis covering twelve months. Any Property Insurance Policy shall contain an agreed amount endorsement or a coinsurance waiver and replacement cost value endorsement without reduction for depreciation and shall in no event be less than the replacement cost of the Building.

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6.1.2. If any part of the Redevelopment Project Improvements is located in an area designated as "flood prone" or a "special flood hazard area" under the regulations for the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, at least the maximum coverage for the Redevelopment Project Improvements available under the federal flood insurance plan. Regardless of the flood zone, the minimum amount of coverage required by this subsection for loss caused by floods shall be that which is required by an Approved Mortgagee. Any insurance required pursuant to the terms of this subsection being hereinafter sometimes referred to as "Flood Insurance."

6.1.3. At all times during which structural construction, repairs or Alterations are being made with respect to the Redevelopment Project Improvements, builder's risk insurance for not less than the full completed project insurable value of the Redevelopment Project Improvements, covering the same risks and otherwise complying with the same requirements as the Property Insurance Policy, to such limits and with such coverage extensions as Landlord may reasonably require (the "Builder's Risk Insurance") Builder's Risk Insurance shall be written on a "completed value" form (100% nonreporting) or its equivalent and shall include an endorsement granting permission to occupy. Builder's Risk Insurance shall cover: (a) the same perils that the Property Insurance Policy must cover; (b) loss of materials, equipment, machinery, and supplies whether on-site, in transit, or stored offsite, or of any temporary structures, hoists, sidewalks, retaining walls, and underground property; (c) soft costs, plans, specifications, blueprints and models; and (d) demolition and increased cost of construction, including increased costs arising from changes in Applicable Laws at the time of restoration of the Redevelopment Project Improvements and coverage for operation of building laws or other Applicable Laws, all subject to a sublimit and deductible satisfactory to Landlord on an actual loss sustained basis.

6.1.4. The following insurance for personal injury, bodily injury, death, accident and property damage (collectively, the "Liability Insurance"): (i) public liability insurance, including commercial general liability insurance; (ii) owned (if any), hired, and non-owned automobile liability insurance; and (iii) umbrella liability insurance. Liability Insurance shall be in the so called "occurrence" form and shall provide coverage of at least \$5,000,000 per occurrence and \$5,000,000 in the annual aggregate for all damages. Liability Insurance shall include coverage for liability arising from premises and operations, elevators, escalators, independent contractors, contractual liability and products and completed operations.

6.1.5. In the event any part of the Redevelopment Project Improvements contains a boiler or other pressure vessel or pressure pipes, Tenant shall obtain and maintain, or cause to be obtained and maintained, at Tenant's sole cost and expense, boiler, air conditioning, and pressure vessel (including, but not limited to, pressure pipes, steam pipes, and condensation return pipes) insurance providing coverage in a commercially reasonable amount throughout the Lease Term.

6.1.6. Such other types and amounts of insurance for the Redevelopment Project Improvements and its operations as Landlord shall from time to time reasonably require, consistent with insurance commonly maintained for Comparable Buildings (including increases in dollar amounts).

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6.1.7. If a deductible is carried on any form of property insurance coverage, such deductible shall be no more than \$25,000 per occurrence.

6.1.8. Tenant shall, at its sole cost and expense, maintain a Pollution Legal Liability Insurance Policy with limits of Three Million Dollars (\$3,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) in the aggregate. The policy shall provide dedicated and site specific limits. The policy shall include coverage for bodily injury, personal injury, disease, death, loss of, damage to, or loss of use of property, and clean up, directly or indirectly arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquid or gas, waste materials or other irritants, contaminants or pollutants into or upon the Property, the atmosphere or any water course or body of water, whether it be gradual or sudden and accidental, whether existing or new pollution conditions, as well as transportation and disposal at non-owned location. Such policy shall contain no exclusions not approved in writing by Landlord in its sole discretion.

6.1.9 Intentionally omitted.

6.1.10 All insurance required under Sections 6.1.1, 6.1.2, 6.1.3, 6.1.4, and 6.1.8 shall designate Landlord as an "additional insured" ("Additional Insured") (but not an "additional named insured") by an endorsement reasonably satisfactory to Landlord.

6.1.11 Tenant and its General Contractor shall obtain such completion bonds and payment and performance bonds in amounts and in form and substance and from sureties as are acceptable to: (i) Tenant's Approved Mortgagee; or (ii) Landlord in its reasonable discretion at least thirty (30) days prior to the Commencement of Construction for the Redevelopment Project Improvements.

6.1.12 Tenant shall observe and comply with, or shall cause to be observed and complied with, all the requirements of the insurance policies for public liability, fire and other coverage at any time in force with respect to the Leased Premises and the Redevelopment Project Improvements.

6.1.13 All insurance required by this Lease shall be from insurer(s) authorized to do business in the District of Columbia and reasonably satisfactory to Landlord with: (a) a claims paying ability of not less than "A-" (or the equivalent) by S&P and one other rating agency satisfactory to Landlord; or (b) "A-:VII" or better financial strength rating by AM Best (or the equivalent). Tenant shall pay or cause to be paid the insurance premiums for all required insurance when due and payable. Tenant shall deliver to Landlord, immediately upon issuance, certificates of insurance (or copies of the insurance policies if requested by Landlord) for all insurance required by this Lease. At least ten (10) calendar days before any policy expires (time being of the essence), each such Tenant Related Party required by this Lease shall deliver evidence of renewal to the Landlord. Further, all Required Insurance shall be primary protection for any and all losses, and Landlord shall not be called upon to contribute to any loss. All Required Insurance shall be written on the "occurrence" basis unless Landlord, in its sole and exclusive discretion, provides its written approval of a "claims made" policy.

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6.1.14 In each insurance policy (or an endorsement thereto), the carrier shall agree not to cancel, terminate, or nonrenew such policy without giving Landlord at least thirty (30) calendar days prior written notice. The Property Insurance Policy shall provide that as to Landlord's interest, such policy shall remain valid and shall insure Landlord regardless of any: (a) named insured's act, failure to act, negligence, or violation of warranties, declarations, or conditions; (b) occupancy or use of the Redevelopment Project Improvements for purposes more hazardous than those permitted; or (c) Landlord's exercise of any of their respective rights or remedies hereunder, but only if such coverage is commercially available in the District of Columbia with respect to coverage for ground lessees of Comparable Buildings from an insurance carrier licensed to do business in the District of Columbia and does not result in a significant increase in the costs for the relevant insurance policy.

6.1.15 Worker's Compensation Insurance and Contractor Requirements. While any construction is being done on or about the Leased Premises, Tenant shall cause its General Contractor, or, as applicable, their respective subcontractors, to obtain and maintain, worker's compensation insurance covering all persons employed by contractors or subcontractors of any tier in connection with any such construction, including without limitation all agents and employees of contractors and subcontractors with respect to whom death or bodily injury claims could be asserted against either Landlord or Tenant. In addition, Tenant shall cause its General Contractor to otherwise fulfill all applicable requirements of the law of the District of Columbia with respect to worker's compensation insurance related to such General Contractor's work at the Leased Premises. Such worker's compensation insurance policy shall comply with the requirements of the District of Columbia and, if applicable, to the U.S. Longshoremen Harbor Workers' Act, Jones Act or Admiralty laws and the Federal Employers' Liability Act. The policy shall have not less the following limits:

Worker's Compensation:	Statutory
Employers' Liability:	
Each Accident	\$500,000
Disease - Policy Limit	\$500,000
Disease - Each Employee	\$500,000

6.1.16 Sublease Requirements. Tenant shall include in each sublease entered into by Tenant a requirement that, while any construction is being done on the Leased Premises by such subtenant, the subtenant shall: (i) cause its general contractors, or, as applicable, their respective subcontractors, to obtain and maintain, worker's compensation insurance covering all persons employed by contractors or subcontractors of any tier in connection with any such construction, including without limitation all agents and employees of contractors and subcontractors with respect to whom death or bodily injury claims could be asserted against either Landlord or its agents or contractors; and (ii) cause its general contractors to otherwise comply with Applicable Laws with respect to worker's compensation insurance. Tenant shall enforce the requirements of this Section 6.1.16 against any subtenant.

Section 6.2 Rental Value Insurance.

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6.2.1 From and after Final Completion, Tenant shall maintain rental value insurance against loss or damage by fire, vandalism, riot, malicious mischief and all hazards included in the present uniform standard extended coverage "all risk policy" or under the provisions of such successor extended coverage endorsements as may be available (and against loss due to war, terrorism or nuclear action if such insurance shall be available and customarily required by institutional first mortgagees on Comparable Buildings within Washington, D.C.) in an amount sufficient to pay the Rent under this Lease for a period of one (1) year. Landlord shall be the beneficiary of such rental value insurance. The net proceeds of rent insurance when received by Landlord, less the cost of collecting same including reasonable attorneys' fees, to the extent available, shall be applied against the Rent then due and thereafter becoming due.

Section 6.3 Additional General Insurance Requirements.

All insurance to be obtained by Tenant pursuant to this Lease shall: (i) contain an agreement by the insurer that loss shall be payable notwithstanding any negligence of Tenant (but still subject to such policy's standard definitions, exceptions, and exclusions) and waiving any right of subrogation by the insurer to any claims of Tenant against Landlord, (iii) contain an "inflation rider" so that the limits of such policy adjust accordingly and (iv) shall be written as primary policy coverage and not contributing with or in excess of any coverage carried by Landlord, if any. Tenant agrees that the limits specified in this Article VI will be increased from time to time as may be reasonably requested by Landlord in writing provided such increased limits are then being written on Comparable Buildings. The insurance requirements provided herein are minimum requirements and shall not limit Tenant's liability to Landlord arising under this Lease or under the Applicable Laws, even if the proceeds of such insurance are not adequate to fulfill such obligations. Landlord agrees that if Tenant demonstrates to Landlord's reasonable satisfaction that certain insurance coverage or limits required by this Article VI are not commercially available in the District of Columbia to lessees similar to Tenant or are not being customarily written on Comparable Buildings, Landlord will waive the requirement for such insurance or reduce such limits provided that Tenant provides coverage as nearly as possible to the coverage that is waived or limits that are reduced which is commercially available and is being customarily written on comparable properties.

Section 6.4 Landlord Right to Obtain Insurance.

If at any time Tenant fails to deliver to Landlord timely written evidence that Tenant has maintained and has paid for all required insurance, and such failure shall continue for a period of three (3) Business Days after written notice from Landlord of such failure and such coverage is commercially available in the District of Columbia with respect to coverage for ground lessees from an insurance carrier licensed to do business in the District of Columbia at commercially reasonable rates, then without limiting Landlord's rights or remedies hereunder, Landlord may (but shall have absolutely no obligation to) obtain such insurance for such periods as Landlord shall elect not exceeding twelve (12) months and pay the premium therefor, and Tenant shall, on demand, reimburse Landlord, for such premium payment and all commercially reasonable unrelated third-party expenses incurred in connection therewith, plus interest on such amounts at the Interest Rate plus five percent (5%) per annum from the date such cost or expense was incurred through the date of payment to Landlord.

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Section 6.5 No Invalidation of Insurance.

Tenant shall at no time whatsoever do or permit to be done any act or thing in, to, or about the Leased Premises or otherwise which would or could have the effect of causing invalidating, in whole or in part or reducing the scope or amount of coverage provided by any of the insurance maintained pursuant to this Article VI. Tenant shall not permit any buildings, other structures, or improvements at any time to be put, kept, or maintained on the Leased Premises in such condition that the same cannot be insured in the amount of the full replacement cost thereof.

Section 6.6 Blanket Policies.

Any insurance required to be maintained herein by Tenant may be effected under blanket insurance policies relating to the Leased Premises and other properties, so long as Tenant provides evidence to Landlord that (i) the amount of insurance covering the Leased Premises and the Redevelopment Project Improvements, and Tenant's use thereof, shall not be affected by losses at any or all additional locations and (ii) with respect to commercial general liability insurance, if there is a shared aggregate limit, then the minimum amount of liability insurance shall be increased to \$10,000,000.00.

Section 6.7 Indemnity.

6.7.1 Subject to the limitations contained in Section 21.22 below and except to the extent that any such claims are released, settled, or otherwise discharged by reason of any insurance coverage maintained by Tenant and except to the extent caused by the negligence or willful misconduct of Landlord or any Landlord Related Party after the ROE Date, Tenant agrees to indemnify and save harmless the Indemnified Parties against and from those portions of any and all claims by or on behalf of any Person (other than Tenant and Tenant's Related Parties) that are not so released, settled, or otherwise discharged as aforesaid, and to be liable and responsible for such unreleased, unsettled, or undischarged portions of any and all claims, including without limitations costs, liabilities, expenses, losses and damages, of any kind or nature which the Indemnified Parties may incur, including but not limited to loss of life, bodily injury, or damage or destruction to property, costs and reasonable legal fees, arising from: (i) the use, occupancy, construction, development, design, operation or management of the Leased Premises or the Redevelopment Project Improvements by Tenant or any Tenant Related Party; (ii) any work or thing whatsoever done or which is required to be done by Tenant or any Tenant Related Party and is not done in, on or about the Leased Premises during the Lease Term (including without limitation the construction of the Redevelopment Project Improvements); (iii) all Environmental Claims; (iv) during the Lease Term, any condition of the Leased Premises or of any vaults, passageways or spaces demised unto Tenant therein; (v) any Event of Default by Tenant under, or failure to comply with, this Lease; (vi) any act of Tenant or any of Tenant's Related Parties at or related to the Leased Premises; and (vi) any accident, injury or damage whatsoever, except caused by the negligence or willful misconduct of Landlord or Landlord's Related Parties after the Lease Commencement Date, to any Person occurring during the Term in or about the Leased Premises or upon or under the streets, sidewalks and land adjacent thereto, and from and against all expenses and liabilities incurred on account of any such claim or action or proceeding brought thereon.

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6.7.2 Except as expressly provided otherwise in Section 21.22 below, Tenant's obligation to indemnify Landlord under this Section 6.7 shall not be limited to the scope and amount of coverage provided by any insurance maintained by Tenant, including, without limitation, the insurance required to be maintained by Tenant pursuant to Article VI. Tenant's obligation to indemnify Landlord under this Section 6.7 shall be independent of any insurance coverage maintained by Tenant or maintained by or otherwise available to Landlord; and under no circumstances shall Landlord be required to elect to proceed either by seeking benefits under any such insurance coverage or by seeking recourse under the protection of this indemnification, but Landlord shall in all events have the right to enforce this indemnification without first seeking the benefit of any such insurance coverage.

6.7.3 Should any claim be made against Landlord or Landlord's Related Parties or an action or proceeding be brought against any of them as set forth in this Section 6.7, Landlord agrees to give Tenant reasonably prompt written notice thereof so as to enable Tenant to resist or defend such claim, action or proceeding.

6.7.4 The foregoing indemnification shall not be limited to reimbursement of actual losses but shall include advances made by Landlord in response to claims made against Landlord and/or Landlord Related Parties, and shall include Tenant's duty to defend any of such claims.

6.7.5 Notwithstanding any provision to the contrary contained in this Lease, Landlord agrees and acknowledges that Tenant's obligations to indemnify and hold harmless Landlord and Landlord's Related Parties under this Lease shall in no event extend to or include any loss to the extent arising out of any fraudulent, negligent, or intentionally willful act on the part of Landlord or any Landlord Related Party, as applicable.

6.7.6 The terms and provisions of this Section 6.7 shall survive the termination of this Lease, in respect of matters arising from acts, omissions or neglect occurring prior thereto for the for the period afforded to Landlord under the applicable statute of limitations.

ARTICLE VII

RESTORATION

Section 7.1 Proceeds of Casualty.

7.1.1 From and after the Lease Commencement Date, the proceeds of any fire or casualty insurance shall be applied as follows at the time the proceeds are issued by Tenant's insurance company:

(a) Proceeds Less than or Equal to One Million Dollars

If less than or equal to One Million Dollars (\$1,000,000.00), such proceeds shall be paid to Tenant as a trust fund, deposited in a separate bank account maintained by Tenant and used, applied and paid for the repair and restoration of the damage to the Renovation Project Improvements on the Leased Premises; or

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(b) Proceeds More than One Million Dollars

If such proceeds are in excess of One Million Dollars (\$1,000,000.00), they shall be paid to and deposited with a bank or trust company in the District of Columbia selected by Landlord and having assets in excess of \$30,000,000.00 as insurance trustee (hereinafter referred to as the "Depository") which shall hold, apply, and make available the proceeds of such insurance to the cost of repair of the damage and replacement or rebuilding of the Renovation Project Improvements on the Leased Premises as more particularly hereafter provided in Section 7.2.

Section 7.2 Tenant's Obligation to Restore.

7.2.1 If the Renovation Project Improvements now or hereafter erected upon the Leased Premises during the Term shall be destroyed or damaged in whole or in part by fire or other casualty, or as a result directly or indirectly of war, terrorism, bio-terrorism, or by act of God, or occurring by reason of any causes whatsoever, Tenant covenants that Tenant shall give prompt notice thereof to Landlord and Tenant's insurance company. Subject to Section 7.1, if such damage or destruction occurs prior to Final Completion of the Renovation Project Improvements affected by such damage or destruction, Tenant, at its own cost and expense, shall be obligated to repair or restore such Renovation Project Improvements in conformity with the Construction Drawings, subject to changes necessary to comply with then-current building code requirements, as approved by Landlord in its reasonable discretion. If such damage or destruction occurs after Final Completion of the Renovation Project Improvements affected by such damage or destruction, Tenant, at its own cost and expense, shall repair, replace, restore or reconstruct the Renovation Project Improvements to substantially the same conditions as existed prior to any such casualty and with at least as good workmanship and quality as the improvements being repaired or replaced (but Tenant may make Alterations or Modifications with respect to restored improvements, so long as same are reasonably consistent with the Construction Drawings, as amended and approved by Landlord, or are otherwise approved by Landlord pursuant to the terms of the Lease, and are in compliance with Applicable Laws), subject to changes necessary to comply with then current building code requirements, as approved by Landlord in its reasonable discretion.

7.2.2 Such restoration shall be commenced within two hundred and seventy (270) calendar days from the date of the event of casualty. Tenant shall use commercially reasonable effort to pursue its insurance claims with its insurance company, comply with Section 7.1 for the deposit of the insurance proceeds, and complete the restoration work within a reasonable time, free and clear of all liens and encumbrances. If the insurance proceeds shall exceed the cost of such repairs or rebuilding, the balance remaining after payment of the cost of such repairs or rebuilding shall be paid over and belong to Tenant used solely for the repair and maintenance of the Redevelopment Project Improvements, provided that Tenant has effected the repair or rebuilding timely in accordance with this Article, otherwise such amount shall be paid to Landlord.

7.2.3 If Tenant fails to commence and diligently pursue the repairs, restoration and rebuilding required under Section 7.2.1 within the two hundred and seventy (270) calendar day period as required by Section 7.2.2, Landlord shall have the option, in Landlord's sole and

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absolute discretion, to terminate this Lease by written notice to Tenant subject, however, to the rights of any holder of a Leasehold Mortgage as set forth in Article XII hereof.

7.2.4 In the event of a termination of this Lease by Landlord as a result of Tenant's failure to commence restoration as set forth in Section 7.2.3 above, this Lease shall terminate upon the date specified by Landlord in its written notice of termination as though the date of such termination by Landlord were the last date of the Term, and all insurance proceeds shall be payable as follows:

(a) To Landlord, an amount sufficient to pay all costs to secure the Property, to clear the Leased Premises of partially damaged or destroyed improvements and debris; and for cleaning and restoration of the surface of the affected portion of the Leased Premises;

(b) To the holder of any Leasehold Mortgage, an amount sufficient to pay all amounts owed by Tenant to such holder;

(c) To Landlord to compensate Landlord for all sums due in connection with an Event of Default arising prior to termination, including without limitation the cost of cure of any Event of Default and unpaid Rent through the Lease termination date; and

(d) The remainder to Tenant.

7.2.5 Unless the damage is caused by Tenant's negligence or willful misconduct, Rent shall abate in proportion to the part of the Leased Premises that are unfit for use by the Tenant for up to one hundred percent (100%) of the entire Leased Premises, from the date of damage until the repairs are substantially complete, but not to exceed one hundred and eighty (180) calendar days.

ARTICLE VIII

OPERATIONS AND MAINTENANCE MATTERS

Section 8.1 Compliance with Applicable Laws.

8.1.1 At Tenant's sole cost and expense, Tenant shall comply with all Applicable Laws affecting the Leased Premises. Tenant shall be solely responsible for the health and safety of Tenant and Tenant's Related Parties, and for compliance with all Governmental Requirements and requirements relating to same, and under no circumstances shall Landlord be liable for the health and safety of Tenant or Tenant's Related Parties (except in the case of any liability the District of Columbia would have as a Governmental Authority separate from this Agreement) except to the extent of any gross negligence or willful misconduct of Landlord or any Landlord's Related Party.

8.1.2 At Tenant's sole cost and expense, Tenant shall likewise observe and comply with, or it shall cause to be observed and complied with, all the requirements of all policies of liability, fire or other insurance at any time in force with respect to the Leased Premises.

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Section 8.2 Maintenance of Premises.

8.2.1 Throughout the Term, at Tenant's sole cost and expense, Tenant shall maintain the Leased Premises and the Redevelopment Project Improvements, both inside and outside in a clean and good condition similar to Comparable Buildings, reasonable wear and tear excepted. Tenant shall keep sidewalks, curbs, entrances, passageways, and to the extent required by Applicable Laws, all areas adjoining the same in a clean and orderly condition, free of dirt, rubbish, snow, ice and unlawful obstructions.

8.2.2 Tenant shall maintain or cause to be maintained the foundations and appurtenances to the Leased Premises, together with any and all Alterations therein or thereto, in reasonably good order and condition, suffering no waste or injury except to the extent of any wear and tear and insured casualty, and shall, except as expressly provided herein, at Tenant's sole cost and expense, promptly make all necessary repairs and replacements, structural or otherwise, subject to the terms of this Lease.

8.2.3 All repairs and replacements made by Tenant shall be reasonably comparable to the original work performed by Tenant. The necessity for and adequacy of repairs to the Redevelopment Project Improvements shall be measured by the standards appropriate for Comparable Buildings, provided that Tenant shall in any event make all repairs reasonably necessary to avoid any structural damage.

Section 8.3 Alterations.

8.3.1 After Final Completion, Tenant may not make alterations, improvements, additions and other changes (each, an "Alteration," and collectively, "Alterations") except as provided in this Section 8.3.1. If the Alterations are Base Building Alterations, Tenant shall obtain Landlord's prior written consent for such alterations, which consent may be granted or denied at Landlord's sole and absolute discretion. Within thirty (30) calendar days after the completion of any Base Building Alterations, Tenant shall indicate to Landlord in writing the Base Building Alterations actually completed pursuant to Landlord's consent, the commercially reasonable cost of such alterations (with reasonably detailed documentation), and state all Base Building Alterations approved but not made ("Tenant's Base Building Alterations Certification"). If the Alterations are to the interior of the Redevelopment Project Improvements and not Base Building Alterations or cosmetic in nature, Tenant shall obtain Landlord's prior written approval, such approval shall not be unreasonably withheld, delayed, or conditioned; provided, however, if Landlord fails to approve or disapprove such Alterations after thirty (30) calendar days from Tenant's request together with reasonably detailed plans satisfactory to Landlord, such Alterations shall be deemed approved. Tenant shall have the right, at any time and from time to time, as often and frequently as Tenant wishes, to make Alterations to the interior and nonBase Building Conditions of the Redevelopment Project Improvements that are cosmetic in nature, including without limitations, painting and carpeting, as Tenant in Tenant's sole and absolute discretion shall deem necessary or desirable, without the necessity of securing Landlord's permission or consent.

8.3.2 Subject to Section 8.3.1, any Alterations to the Redevelopment Project Improvements that require Landlord's prior written consent shall be under the supervision of the

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Architect or another licensed architect or engineer selected by Tenant and approved in writing by Landlord (such approval not to be unreasonably withheld, delayed, or conditioned), and shall not be made except in accordance with detailed plans and specifications prepared and approved in writing by such architect or engineer and approved in writing by Landlord. Subject to Section 8.3.1, when Tenant requests Landlord's approval under Section 8.3.1 which necessitates the involvement of an engineer or architect in Tenant's reasonable good faith judgment, Tenant shall provide Landlord with a certification from a licensed engineer or architect and from Tenant that the proposed Alterations conform to all Applicable Laws. Landlord shall have a period of thirty (30) calendar days from receipt of the plans and specifications for each such Alteration within which to approve or reject same. Tenant will reimburse Landlord for its reasonable costs of retaining a third-party architect or engineer to review such plans. A rejection by Landlord of any portion of a proposed Alteration shall be in writing, which writing shall specify with particularity the basis for such rejection.

8.3.3 In the event of an emergency which threatens life, safety or property, Tenant may make all necessary repairs without Landlord's consent which are reasonably required to abate the emergency so long as Tenant attempts in good faith to notify Landlord in advance that such repairs are being made, and same are not inconsistent with the Construction Drawings.

8.3.4 Any Alterations shall be made in a good and workmanlike manner and in compliance with all Applicable Laws, and Governmental Requirements including permits and authorizations.

8.3.5 Prior to undertaking any Alterations other than as set forth in Section 8.3.3, adequate funds shall be committed for payment of the cost of any such Alterations, and reasonably satisfactory evidence of same shall be provided to Landlord; and such Alterations shall be completed, free of liens, encumbrances or other charges on the Leased Premises.

8.3.6 Tenant shall execute and deliver to the District the First Source Agreement with DOES in a form approved by District within ninety (90) calendar days from the Lease Commencement Date. Tenant agrees to be bound by and perform in accordance with such First Source Agreement.

Section 8.4 Hazardous Materials.

8.4.1 Tenant represents, warrants, and covenants to Landlord that, as of the ROE Date and throughout the Lease Term with respect to Tenant's use and occupancy of the Leased Premises:

(a) Tenant and Tenant's Related Parties will remain in compliance with all applicable Environmental Laws. After the completion of the Redevelopment Project Improvements, the Leased Premises will remain in compliance with all applicable Environmental Laws. Tenant will obtain all Permits and comply with all Applicable Laws, including Environmental Laws, relating to the use or operation of the Leased Premises. Tenant will conduct and complete all investigations, studies, sampling, and testing procedures and all remedial, removal, and other actions reasonably necessary to clean up and remove all Hazardous

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Materials on, from or affecting the Leased Premises in accordance with all applicable Environmental Laws.

(b) Tenant will not permit to occur any release, generation, manufacture, storage, treatment, transportation, or disposal of Hazardous Materials, except in compliance with Environmental Laws, on, in, under, or from the Leased Premises. Tenant will promptly notify Landlord, in writing, if Tenant has actual knowledge or receives actual notice that any Hazardous Material has been or is threatened to be released, discharged, disposed of, transported, or stored on, in, under, or from the Leased Premises; and if any Hazardous Material is found on the Leased Premises, Tenant, at its own cost and expense, will immediately take such action as is reasonably necessary to detain the spread of and remove the Hazardous Material in accordance with the Environmental Laws; provided, however, if permitted to do so by Applicable Laws, Tenant may abate such Hazardous Materials "in place," provided such abatement shall not adversely affect the Permitted Use.

(c) Tenant will immediately notify Landlord and provide copies upon receipt of all written complaints, claims, citations, demands, inquiries, reports, or notices relating to the condition of the Leased Premises or compliance with Environmental Laws. Tenant will promptly supply Landlord with copies of all notices, reports, correspondence, and submissions made by Tenant to the United States Environmental Protection Agency, the United States Occupational Safety and Health Administration, and any other Governmental Authority which requires submission of any information concerning environmental matters or hazardous wastes or substances in, on, or about the Leased Premises pursuant to Environmental Laws. Tenant will promptly cure and have dismissed with prejudice any actions and proceeding brought pursuant to any Environmental Laws to the satisfaction of Landlord. Tenant will keep the Leased Premises free of any lien imposed pursuant to any Environmental Law except to the extent such lien arises from the actions or inactions of Landlord or any Landlord Related Party or by the condition of the Property which pre-existed the ROE Date which was not caused by the negligence or willful misconduct of Tenant or any Tenant Related Party. Tenant will promptly notify Landlord of any liens threatened or attached against the Leased Premises pursuant to any Environmental Law. If such a lien for which Tenant is responsible as provided in this Section is filed against the Leased Premises, then, within the earlier of thirty (30) calendar days or five (5) calendar days less than the period to remove the liens set forth in any underlying mortgage or lease from the date that the lien is placed against the Leased Premises, and before any Governmental Authority commences proceedings to sell the Leased Premises pursuant to the lien, Tenant will either (1) pay the claim and remove the lien from the Leased Premises; or (2) furnish either (i) a bond or cash deposit reasonably satisfactory to Landlord and Landlord's title insurance company in an amount not less than the claim from which the lien arises; or (ii) other security satisfactory to Landlord and to any superior mortgagee or lessee in an amount not less than that which is sufficient to discharge the claim from which the lien arises.

(d) Landlord and Landlord's Related Parties, at Landlord's sole cost and expense, may (but without the obligation or duty so to do), at any time and from time to time, on not less than ten (10) Business Days' notice to Tenant (except in the event of an emergency in which case no notice will be required), inspect the Leased Premises to determine whether Tenant is complying with the obligations set forth in this Section 8.4 and to perform environmental inspections and samplings, during regular business hours (except in the event of an emergency)

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or during such other hours as Landlord and Tenant may agree. Landlord and Landlord's Related Parties shall comply at all times while on site with all reasonable safety requirements of Tenant, provided Tenant shall provide Landlord prior notice of such safety requirements. If Tenant is not in compliance, Landlord will have the right (but not the obligation), in addition to Landlord's other remedies available at law and in equity, to enter upon the Leased Premises immediately and at Tenant's sole cost and expense to take such action as Landlord in its sole judgment deems appropriate to remediate any actual or threatened contamination caused by Tenant's failure to comply. Landlord will use reasonable efforts to minimize interference with Tenant's business but will not be liable for any interference caused by Landlord's entry and remediation efforts as permitted by this section except to the extent caused by the negligence of Landlord or that of Landlord's Related Party. Upon completion of any sampling or testing Landlord will (at Tenant's expense if Landlord's actions are a result of Tenant's default under this Section 8.4) restore the affected area of the Leased Premises from any damage caused by Landlord's sampling and testing.

(e) If Tenant fails to comply with any of the foregoing covenants, Landlord, in addition to any other remedies it may have, may cause the removal (or other cleanup acceptable to Landlord) of any Hazardous Material from the Leased Premises. The costs of Hazardous Material removal and any other Environmental Liabilities and Costs will be Additional Rent under this Lease, whether or not a court has ordered the remedial action, and such costs together with interest at the Interest Rate of five percent (5%) per annum thereon from the date Landlord incurs any such expenses until all sums due under this subsection are paid will become due and payable on demand by Landlord. Tenant will give Landlord and Landlord's Related Parties access to the Leased Premises to remove or otherwise clean up any Hazardous Material. Landlord, however, has no affirmative obligation to remove or otherwise clean up any Hazardous Material, and this Lease will not be construed as creating any such obligation.

(f) Tenant shall not cause or permit any flammable liquids or dangerous or explosive materials to be used, generated, stored or disposed of, on or about the Leased Premises, except as provided in this Section 8.4 or in accordance with Environmental Laws. This restriction shall not apply: (1) to prevent the entry and parking of motor vehicles carrying flammable liquids solely for the purpose of their own propulsion, or (2) to prohibit use, storage and/or disposal of any liquid or material typically used in the construction, operation or maintenance of facilities of the type comprising the Redevelopment Project Improvements or in educational settings that are comparable to Tenant's Permitted Uses including, but not limited to, science labs, provided that such use and storage is in accordance with all Applicable Laws.

(g) Except to the extent that any such Environmental Liabilities and Costs arise from the negligence or willful misconduct of Landlord or any Landlord Related Party after the ROE Date, Tenant agrees to indemnify, defend (with counsel reasonably acceptable to Landlord and at Tenant's sole cost, it being agreed that any counsel provided or accepted by Tenant's insurer is deemed acceptable), and hold Landlord and Landlord's Related Parties free and harmless from and against all Environmental Liabilities and Costs, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages), disbursements or expenses of any kind (including attorneys' and experts' fees and expenses and fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred

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by, or asserted or awarded against Landlord or any of them in connection with or arising from or out of:

(1) any misrepresentation, inaccuracy, or breach of any warranty, covenant, or agreement contained or referred to in this Section 8.4; or

(2) any violation by Tenant of any Environmental Law.

(h) This Section 8.4 will be in addition to any and all obligations and liabilities Tenant may have to Landlord at common law, and will survive termination of this Lease.

ARTICLE IX

TRANSFER AND SUBLEASE BY TENANT

Section 9.1 General.

9.1.1 (a) Tenant shall not assign or transfer (collectively, "Assign" or "Assignment") this Lease or all or any of Tenant's rights hereunder or interest herein. Notwithstanding the foregoing, to the extent permitted by Applicable Laws, Tenant may, upon Landlord's prior written consent which shall not be unreasonably withheld, conditioned or delayed, Assign the Lease or all or any of Tenant's rights or interest in the Lease to (i) an Approved Mortgage pursuant to Sections 12.1 and 12.2; or (ii) a District of Columbia Public School; or (iii) a public charter school with a charter in effect and established pursuant to D.C. Official Code §§ 31-2853.11 through 31-2853.25.

(b) Tenant may sublet, ("Sublet" or "Subletting") up to fifty percent (50%) of the Leased Premises for educational purposes with Landlord's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed. Tenant may deduct the following reasonable out-of-pocket costs and expenses from the Sublet rent:

(i) the Rent due under the lease, prorated to reflect only monthly Base Rent and Additional Rent allocable to the sublet portion of the Leased Premises;

(ii) the reasonable cost of leasehold improvements made to the Sublet portion of the Leased Premises at the Tenant's cost prior to such Subletting, amortized over the term of the sublease and reasonable leasehold improvements made for the specific benefit of the sublessee, which shall also be deductible and amortized over the term of the sublease;

(iii) the cost of any real estate commissions, advertising, and legal expenses incurred by the Tenant in connection with such Subletting, amortized by Tenant over the term of the sublease; and

(iv) any other out-of-pocket economic concessions granted or paid to any such subtenant by the Tenant.

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Tenant shall, after the above deductions, remit fifty percent (50%) of the remaining Sublet rent to Landlord within ten (10) calendar days from Tenant's receipt of such Sublet rent.

(c) In no event shall any assignment of this Lease or Subletting of any portion of the Premises operate to release or discharge the original named Tenant hereunder of the obligations of the Tenant under this Lease for the entire Lease Term (including the payment of Rent) unless Landlord has consented thereto in writing in advance.

9.1.2 No Assignment, Subletting, or right of occupancy hereunder may be effectuated by operation of law. It shall be reasonable for Landlord to withhold consent by way of example, if Tenant is in default under the terms of this Lease at the time of such Assignment or Sublet request. Landlord's consent to any Assignment or Subletting, the listing or posting of any name other than Tenant's, or Landlord's collection or acceptance of rent from any assignee or subtenant shall not be construed either as waiving or releasing Tenant from any of its liabilities or obligations under this Lease as a principal and not as a guarantor or surety, or as relieving Tenant or any assignee or subtenant from the obligation of obtaining Landlord's prior written consent to any subsequent assignment or Subletting. For any period during which Tenant has committed an uncured Tenant Default hereunder, Tenant hereby authorizes each such assignee or subtenant to pay said rent directly to Landlord upon receipt of notice from Landlord specifying same. Landlord's collection of such rent shall not be construed as an acceptance of such assignee or subtenant as a tenant. Tenant shall reimburse Landlord for any reasonable out-of-pocket third-party expenses (including reasonable attorney's fees and expenses) incurred by Landlord in connection with Tenant's request for Landlord to give its consent to any Assignment or Subletting and Landlord shall be entitled to condition its consent to receipt of such reimbursement. Any sublease agreement shall be in a form and with terms approved by Landlord, such approval not to be unreasonably withheld, delayed, or conditioned. Tenant shall deliver to Landlord a fully-executed copy of each agreement evidencing a sublease or assignment within ten (10) calendar days after execution thereof.

9.1.3 All restrictions and obligations imposed pursuant to this Lease on Tenant shall be deemed to extend to any subtenant, assignee, licensee, concessionaire or other occupant or transferee, and Tenant shall cause such person to comply with such restrictions and obligations. Any assignee shall be deemed to have assumed obligations as if such assignee had originally executed this Lease and at Landlord's request shall execute promptly a document confirming such assumption. Each sublease is subject to the condition that if the Lease Term is terminated or Landlord succeeds to Tenant's interest in the Leased Premises by voluntary surrender or otherwise, at Landlord's option the subtenant shall be bound to Landlord for the balance of the term of such sublease and shall attorn to and recognize Landlord as its landlord under the then executory terms of such sublease.

9.1.4 Further, an approved sublease for the Leased Premises to another public charter school shall contain the following provisions:

(a) the subtenant is, and shall at all times be, a public charter school with a charter in effect pursuant to the District of Columbia School Reform Act of 1995 (D.C. Official Code § 38-1800.01 et Seq. (Supp. 2005));

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(b) the subtenant shall operate the leased premises in the sublease as a public charter school and in accordance with all applicable laws, including without limitation, the District of Columbia School Reform Act of 1995 (D.C. Official Code § 38-1800.01 et Seq. (Supp. 2005)) and all regulations promulgated thereunder; and

(c) if at any time sublease's charter to operate as a public charter school in the District of Columbia shall be revoked or adversely modified, such revocation or modification shall constitute a default under the sublease, and the sublease shall immediately terminate without further notice.

9.1.5 Notwithstanding any provisions to the contrary in this Article IX, Tenant may grant one or more non-exclusive temporary license(s) without obtaining Landlord's prior consent provided that same is drafted substantially in accordance with the form approved by Landlord and attached hereto as **Exhibit F**, to the DCCH for the use of the Leased Premises during non-school hours and weekends, for the purposes of conducting job training classes and leadership training classes.

ARTICLE X

TRANSFERS BY LANDLORD

Section 10.1 Assignment.

Landlord may freely assign, transfer, sublet, hypothecate, pledge or mortgage the Leased Premises and Landlord's interest under the Lease without Tenant's prior consent, provided Tenant's interest in the Lease is not impaired.

Section 10.2 Landlord's Mortgagee.

10.2.1 Except as provided in this Article X, nothing contained herein shall restrict or otherwise impair the right of Landlord to transfer, convey, sell, mortgage or otherwise deal with the fee to the Leased Premises or affect the right of Landlord to assign this Lease and the rental and other sums payable hereunder as further collateral security for any such fee mortgage or otherwise, and Tenant agrees to honor any such assignment from and after receipt of an executed copy thereof.

10.2.2 Tenant further agrees that while any such mortgage or other encumbrance is in force, and if Tenant shall have been given written notice thereof and the name and address of the mortgagee and/or trustee, Tenant shall give said mortgagee or trustee a duplicate copy of any and all notices of default in writing which Tenant may give or serve upon Landlord pursuant to the terms of this Lease, and any such notice shall not be effective until said duplicate copy is given to such mortgagee or trustee. A different address may be designated by such mortgagee or trustee by written notice delivered to Tenant from time to time.

10.2.3 Any such mortgagee and/or trustee may, at its option, at any time before any rights of the Tenant shall have accrued as a result of any default of Landlord hereunder, make any payment or do any other act or thing required of the Landlord by the terms of this Lease; and all payments so made and all things so done or performed by any such mortgagee and/or trustee

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shall be as effective to prevent accrual of any rights of Tenant hereunder as the same would have been if done and performed by the Landlord instead of by any such mortgagee or trustee.

10.2.4 No such mortgagee or trustee of the rights and interests of the Landlord hereunder shall be or become liable to Tenant as an assignee of this Lease until such time as said mortgagee or trustee shall by foreclosure or other appropriate proceedings in the nature thereof, or as the result of any other action or remedy provided for by such mortgagee or deed of trust, or by proper conveyance from Landlord, acquire the rights and interests of the Landlord under the terms of this Lease, and such liability of said mortgagee or trustee shall terminate upon such mortgagee's or trustee's assigning such rights and interests to another party.

ARTICLE XI

TENANT DEFAULT

Section 11.1 Events of Default. Each of the following shall be an "Event of Default" by Tenant under this Lease:

11.1.1 Failure by Tenant to pay any installment of Rent or to pay or cause to be paid Impositions (to the extent Tenant is obligated to pay same or cause same to be paid), insurance premiums or other liquidated sums of money herein stipulated in this Lease to be paid by Tenant if such failure shall continue for a period of thirty (30) calendar days after written notice thereof has been delivered by Landlord to Tenant (with a copy of said notice also to be delivered to any holder of a Leasehold Mortgage or trustee as provided in Article XII hereof). Notwithstanding the foregoing, Landlord hereby agrees to extend the thirty (30) day cure period to a period not to exceed sixty (60) calendar days if Tenant's failure to pay is due to the non-receipt of its Facility Allowance or Foundation Level payments by the Tenant for reasons outside of the Tenant's reasonable control.

11.1.2 Except otherwise stated in this Section 11.1, failure by Tenant to perform or observe any of the terms, covenants, conditions, agreements and provisions of this Lease (other than the payment of Rent, Impositions, insurance premiums or other liquidated sums of money or the other provisions of this Section 11.1) stipulated in this Lease to be observed and performed by Tenant if such failure shall continue for a period of thirty (30) calendar days after notice thereof has been delivered by Landlord to Tenant (with a copy of said notice also to be delivered to any holder of a Leasehold Mortgage or trustee as provided in Article XII hereof); provided, however, that if any such failure (other than a failure involving payment of liquidated sums of money) cannot reasonably be cured within such thirty (30) day period, then Landlord shall not have the right to terminate this Lease pursuant to this Section 11.1.2 for so long as Tenant proceeds in good faith and with due diligence to remedy and correct such failure, provided that Tenant has commenced to cure such failure after the effective date of such notice (and in any event has so commenced within such thirty (30) day period) and has completed such cure within sixty (60) calendar days after the expiration of such thirty (30) day period; provided further that such Tenant cure period shall be extended on a day for day basis due to an event of Force Majeure.

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11.1.3 Bankruptcy. If there shall be filed by or against Tenant in any court, pursuant to any statute of the United States, the District of Columbia, or of any State, a bona fide petition in bankruptcy or insolvency proceedings or for reorganization or for the appointment of a receiver or trustee of all or substantially all of Tenant's property, or Tenant shall make an assignment for the benefit of creditors, or if any governmental department, bureau, corporation or authority shall by reason of the inability of Tenant to meet its obligations in due course take over the assets or property of Tenant.

Notwithstanding the foregoing, provided however, that if any such petition shall be filed against Tenant or any such action shall be taken involuntarily against Tenant, and if in good faith Tenant, as applicable, shall promptly thereafter commence and diligently prosecute any and all proceedings and actions necessary to secure the dismissal of any such petition or the restoration of Tenant to the possession of its assets, and such petition shall be dismissed or Tenant be restored to the possession of its assets, within ninety (90) calendar days after the filing of the aforesaid involuntary petition or the taking of the aforesaid action, same shall not be an Event of Default, provided Tenant shall within the aforesaid ninety (90) calendar days pay all the Rent required to be paid by Tenant under the terms of this Lease which have accrued during the aforesaid period.

11.1.4 Failure of Tenant, to timely comply with the covenants, terms and conditions set forth in Article V.

11.1.5 Failure of Tenant or any party by, through or under Tenant (including any subtenant) to use the Leased Premises for Permitted Uses.

11.1.6 For so long as the Tenant under this Lease is Cesar Chavez Public Charter Schools for Public Policy or any assignee thereof which is a public charter school, revocation or adverse modification of Tenant's charter to operate as a public charter school in the District of Columbia.

11.1.7 Any event or condition occurs which results in, or permits the forfeiture by Tenant of its material rights, benefits or privileges under any Leasehold Mortgage which continues unremedied for any applicable cure period; or the occurrence of any event, circumstance, or condition which, after any applicable cure or notice period or lapse of time, or both, would constitute a default under any Leasehold Mortgage, which continues unremedied for any applicable cure period, whether or not a party thereto exercises any of its rights and remedies with respect to such default.

11.1.8 If, under the Terrorist Acts or Anti-Terrorism Order, as may be supplemented by additional legislation, orders or regulations, it shall become a violation of law to do business with Tenant during the term of this Lease, same shall be an Event of Default under this Lease, and Landlord shall be entitled to exercise all rights and remedies required by the Terrorist Acts or Anti-Terrorism Order, including without limitation, the termination of this Lease.

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11.1.9 Any material representation or warranty of Tenant made in this Lease, shall fail to be correct in any material respect on the date made or deemed remade and Landlord shall suffer materially adverse actual damages as a direct result of such failure.

Section 11.2 Landlord Remedies for Tenant Default.

11.2.1 Upon an Event of Default by Tenant under this Lease, Landlord shall have the right to terminate this Lease or pursue any other remedies provided in Section 11.2.3. However, upon the occurrence of an Event of Default, Landlord agrees not to terminate this Lease until Landlord has given Tenant and all Approved Mortgagees written notice of its intention to terminate this Lease (the "Notice to Terminate"), and the Event of Default as specified in such Notice to Terminate is not cured prior to the termination date specified therein and an applicable Additional Cure Period to cure the Event of Default by an Approved Mortgagee specified in Section 11.7.1 has elapsed without the Event of Default being cured and no Approved Mortgagee shall have exercised its rights under Article XII. Upon the concurrence of all of the foregoing events, then unless such Event of Default shall have been cured, the Term of this Lease shall expire and terminate with the same force and effect as though the date so specified were the date herein originally fixed as the expiration date of the Term. Tenant shall reimburse Landlord for all fees and costs (including reasonable attorneys' fees) expended in connection with Landlord's exercise of its remedies and dispossession of Tenant as provided hereunder.

11.2.2 Lease Termination.

(a) If Landlord terminates this Lease as expressly permitted under Section 11.2.1 above, the Term shall be deemed to have ended as fully and completely as if the said time were the date herein originally fixed for the expiration of the Term, and Tenant shall thereupon quit and peacefully surrender the Leased Premises to Landlord, ALL NOTICES TO QUIT BEING EXPRESSLY WAIVED, together with all Redevelopment Project Improvements and Alterations, buildings, improvements, appurtenances and fixtures now or hereafter erected and maintained thereon, without any payment therefor by Landlord.

(b) Upon the aforesaid termination date or at any time thereafter Landlord may reenter the Leased Premises and remove all persons and property there from (other than subtenants with respect to which Landlord has agreed in writing not to disturb their possession and that are not in default under their respective subleases), either by summary proceedings or by any suitable action or proceeding at law, or otherwise if permitted by law, without being liable to indictment, prosecution or damages therefor, and may have, hold and enjoy the Leased Premises together with any additions, Alterations, buildings, replacements, appurtenances, fixtures and improvements now or hereafter erected and maintained thereon as Landlord's sole and exclusive estate and interest.

(c) If the Lease is terminated pursuant to Section 11.2.1, notwithstanding any other provisions to the contrary in the Lease, Tenant shall pay all Rent due and payable to Landlord up to and until the Lease termination date specified in Landlord's Notice to Terminate (unless Tenant fails to vacate the Leased Premises on the termination date specified, then Tenant shall pay Rent to Landlord up to and until the date of vacation as though the Lease had not been terminated, as well as any and all damages Landlord may suffer and can establish that result

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from Tenant's failure to vacate on the termination date) or as specified in an order of a court of competent jurisdiction. Except as provided herein, Tenant shall not be liable for payment of any Rent not due and payable on and after the Lease termination date.

11.2.3 Additional Remedies.

If an Event of Default shall occur, Landlord shall have the right to exercise all of its rights and remedies under this Lease, at law or in equity, including specific performance. In addition to and not in limitation of the other remedies in this Lease, Landlord shall be entitled to the restraint by injunction of any violation or attempted or threatened violation of any of the non-monetary terms, covenants, conditions, provisions or agreements of this Lease. No failure by Landlord hereto to insist upon the strict performance of any of the terms of this Lease or to exercise any right or remedy upon a default hereunder, no acceptance by Landlord of partial performance, and no custom or practice of the Parties hereto at variance with the provisions hereof shall constitute a waiver of any such default or of any of the terms of this Lease or a waiver of Landlord's right to demand exact compliance with the provisions contained in this Lease. None of the terms of this Lease to be kept, observed, or performed by Landlord and no breach thereof shall be waived, altered, or modified except by a written instrument executed by the other party. No waiver of any breach shall affect or alter this Lease, but each of the terms of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach hereunder. No waiver of any default hereunder by Landlord shall be implied from any omission by the Tenant to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver for the time and to the extent therein stated. One or more waivers shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

11.2.4 The acceptance by Landlord of Rent or any other charges due to Landlord, with knowledge of any breach of this Lease by Tenant or of any default on the part of Tenant in the observance or performance of any of the conditions or covenants of this Lease, shall not be deemed to be a waiver of any provisions of this Lease. No acceptance by Landlord of a lesser sum than the Rent or other charges then due shall be deemed to be other than on account of the earliest installment of the Rent or other charges due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as the Rent or charges due be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy provided in this Lease. The acceptance by Landlord of any of the Rent or any other sum of money or any other consideration paid by Tenant after the termination of the Lease, or after giving by Landlord of any notice hereunder to effect such termination, shall not in this Lease reinstate, continue or extend the Term, or take away, diminish or in any manner impair the efficacy of any such notice of termination unless so agreed to in writing and signed by Landlord.

11.2.5 Neither acceptance of the keys nor any other act or thing done by Landlord or any of Landlord's Related Parties during the Term shall be deemed to be an acceptance of a surrender of the Leased Premises, excepting only an agreement in writing signed by Landlord accepting or agreeing to accept such a surrender.

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11.2.6 Landlord's Right to Perform Tenant's Covenants.

(a) As to any payment or act on Tenant's part required under the Lease, provided the failure to make the payment or to perform the act constitutes an Event of Default, then Landlord, as hereinafter provided, without waiving, or releasing Tenant from, any obligation of Tenant contained in this Lease, may, but shall be under no obligation to make such payment or perform such other act; and may enter upon the Leased Premises for any such purpose, and take all such action thereon, as may be necessary therefor;.

(b) All sums paid by Landlord pursuant to Section 11.2.8(a) and all costs and expenses, including reasonable attorneys' fees, incurred by Landlord in connection with the performance of any such act or in connection with enforcing Landlord's rights to collect such amounts from Tenant, together with interest thereon at the rate equal to the then Interest Rate plus five percent (5%) per annum from the respective dates of Landlord's making of each such payment or incurring of each such cost and expense, including reasonable attorneys' fees, shall be paid by Tenant to Landlord on demand as Additional Rent.

(c) Unless specifically provided otherwise in the Lease, under no circumstances shall either the exercise by Landlord of the rights granted in this Section 11.2.6 to enter upon the Leased Premises for any purpose specified herein and take all such action thereon as may be necessary therefor, or the exercise of any other right or remedy granted to Landlord under any other provision of this Lease to cure, prevent or take any other action with respect to any default by Tenant, constitute an eviction of Tenant, result in a termination of this Lease, result in any liability to Landlord or in any manner whatsoever relieve Tenant from any liability to pay Rent or other sums payable by Tenant as in this Lease or relieve Tenant from the keeping, observance and performance of any other covenant, condition and agreement on the part of Tenant to be kept, observed and performed under this Lease, unless Landlord shall in writing expressly and specifically state otherwise.

11.2.7 All the rights and remedies of Landlord herein mentioned or referred to, or arising hereunder, shall be deemed to be distinct, separate and cumulative, whether or not so provided herein, and no one or more of such rights or remedies, whether exercised or not, nor any mention of, or reference to, any one or more of them herein, shall be deemed to be in exclusion of, or a waiver of, any of the others, or of any rights or remedies which Landlord might have, whether by present or future law or pursuant to this Lease, and Landlord shall have to the fullest extent permitted by law, the right to enforce any rights or remedies separately, and to take any lawful action or proceedings to exercise or enforce any rights or remedies whether at law or in equity or otherwise, without thereby waiving, or being thereby barred or stopped from exercising and enforcing any other rights or remedies by appropriate action or proceedings.

11.2.8 Landlord shall not be limited in the proof of any damages which Landlord may claim against Tenant arising out of or by reason of Tenant's failure to provide and keep in force insurance as aforesaid, to the amount of the insurance premium or premiums not paid or incurred by Tenant and which would have been payable upon such insurance, but Landlord shall also be entitled to recover as damages for such breach, the uninsured amount of any loss (to the extent of any deficiency in the insurance required by the provisions of this Lease), damages, costs and expenses of suit, including reasonable attorneys' fees, suffered or incurred by reason of damage

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to, or destruction of, the Leased Premises or any part thereof, occurring during any period when Tenant shall have failed or neglected to provide insurance as aforesaid. Upon the expiration of this Lease, the unearned premiums upon any such transferable insurance policies issued pursuant to the terms of this Lease shall be apportioned only if Tenant shall not then be in default in keeping, observing or performing any of the terms, covenants, agreements, provisions, conditions or limitations contained in this Lease on Tenant's part to be kept, observed or performed.

11.2.9 The fee title of Landlord and the leasehold estate of the Tenant and Tenant's interest in the Improvements on the Leased Premises shall at all times be separate and apart, and shall in no event be merged, notwithstanding the fact that this Lease or the leasehold estate created hereby, or any interest in either thereof or in Tenant's interest in the Improvements on the Leased Premises, may be held directly or indirectly by or for the account of any Person who shall own the fee estate in the Leased Premises or any portion thereof, and no such merger of estates shall occur by operation of law, or otherwise, unless and until all persons at the time having any interest in the fee estate and all persons having any interest in the Lease or the leasehold estate and in Tenant's interest in the Improvements on the Leased Premises, including the holder of any Leasehold Mortgage upon the leasehold estate, shall join in the execution of a written instrument effecting such merger of estate.

Section 11.3 Provision for Attorneys' Fees. In the event Landlord is represented in any legal action or proceeding to enforce the terms of the Lease by the Office of the Attorney General for the District of Columbia ("OAG"), reasonable attorney's fees shall be calculated based on an equivalent amount that a private firm of comparable size of OAG in the Washington D.C. area would have charged for such representation based on the number of hours OAG staff participate in any such litigation.

ARTICLE XII

RIGHTS OF APPROVED MORTGAGEES

Section 12.1 Approved Mortgagee.

12.1.1 The term "Approved Mortgagee" shall mean only the holder of a Leasehold Mortgage pursuant to Permitted Financing who has notified Landlord pursuant to Section 12.3 hereof, and which holder shall be an Institutional Lender. Notwithstanding anything to the contrary in this Lease, Tenant may mortgage its leasehold estate under this Lease under a Leasehold Mortgage with an Approved Mortgagee at any time and from time to time, upon notice to and written approval from Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. In addition, prior to becoming an "Approved Mortgagee" for the purposes and benefits of this Lease, such mortgagee shall have agreed in writing with Landlord (in recordable form) that:

(a) prior to initiating any foreclosure proceedings under any Leasehold Mortgage, the Approved Mortgagee shall first offer to Landlord in writing, the option (with no obligation upon Landlord to exercise same) for Landlord to fully satisfy Tenant's obligations under the Leasehold Mortgage, at par, to be exercised within sixty (60) calendar days of delivery of written

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notice to Landlord of Approved Mortgagee's intent to initiate foreclosure proceedings, which notice shall include the amount of Tenant's outstanding obligations to such Approved Mortgagee;

(b) assuming Landlord has not exercised the option described in Section 12.1.1(a), prior to acquiring the leasehold estate of Tenant in connection with foreclosure proceedings, or any conveyance in lieu of foreclosure, and prior to any further conveyance of the leasehold estate subsequent to any such foreclosure or conveyance in lieu of foreclosure, Approved Mortgagee (or any successor or acquirer of the leasehold estate) shall offer the leasehold estate for sale to Landlord in writing on the same terms and conditions being offered by or to any third party, whereupon Landlord will have a thirty (30) day period to determine whether to exercise its option to purchase the leasehold estate on such terms and conditions (but shall be under no obligation to do so), failing which Approved Mortgagee (or other successor or acquirer of the leasehold estate at foreclosure) may, subject to Section 12.2.3, so convey the leasehold estate to such third party on such particular terms and conditions;

(c) that upon any default under the Leasehold Mortgage which remains uncured after the expiration of any applicable notice and cure period, such Approved Mortgagee will apply or cause to be applied any rents or other monies received from any subtenant at the Leased Premises or assignee or licensee of Tenant in excess of the monthly amount due and payable by Tenant (excluding the portion remitted to Landlord pursuant to Section 9.1.1) under such Leasehold Mortgage to the Rent due under this Lease; and

(d) it acknowledges the terms of this Lease.

12.1.2 The term "Leasehold Mortgage" as used in this Lease shall mean a mortgage deed of trust or other security instrument from an Approved Mortgagee by which Tenant's leasehold interest in the Leased Premises is mortgaged, conveyed, assigned or otherwise transferred to an Approved Mortgagee, to secure a debt or other obligation which (i) in the case of construction financing, is security only for indebtedness of Tenant incurred by Tenant with respect only to the development, construction and operation of the Leased Premises and (ii) secures a loan for the operation, repair and maintenance of the Leased Premises providing by its terms to be paid in full no later than the expiration of the full original Term of this Lease. Tenant's leasehold interest in the Leased Premises shall not be used as collateral for any other mortgage deed or trust or security instrument to secure a debt or obligation of Tenant for any other property other than to secure a debt or obligation of Tenant for the Leased Premises. The holder of a Leasehold Mortgage shall be a "Leasehold Mortgagee."

12.1.3 Landlord agrees to cooperate with a prospective Leasehold Mortgagee and provide reasonable review and approval of the documents submitted by such prospective Leasehold Mortgagee, including without limitation, loan documents and intercreditor agreement, if any. Notwithstanding the foregoing, Landlord's approval of any such documents shall be at Landlord's sole and absolute discretion.

Section 12.2 Leasehold Mortgage Authorized.

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12.2.1 Subject to the foregoing and the other provisions of this Article XII, Tenant may mortgage, pledge, hypothecate or encumber (collectively "Mortgage") this Lease and enter into a Leasehold Mortgage upon a sale and assignment of the leasehold estate permitted by this Lease or may mortgage or otherwise encumber Tenant's leasehold estate for the benefit of an Approved Mortgagee, under one or more Leasehold Mortgages and assign this Lease as security for such Leasehold Mortgage or Leasehold Mortgages.

12.2.2 Any such Leasehold Mortgage shall be expressly subordinate to Landlord's interest in this Lease and the Leased Premises, and that anyone claiming by or through Tenant shall be so subordinate and shall have no recourse against Landlord. Because Tenant will hold no interest in the fee, Tenant shall not have the right to encumber the fee interest of Landlord in the Leased Premises or the reversion of Landlord or rentals due Landlord, and as such Approved Mortgagee shall not acquire any greater interest in the Leased Premises than Tenant has under this Lease.

12.2.3 The transfer or Assignment of the leasehold estate of Tenant under this Lease pursuant to any foreclosure (judicial or otherwise) by any Approved Mortgagee or any deed or assignment in lieu of foreclosure or the disposition of the leasehold estate by the holder of such Leasehold Mortgage shall only be to a public charter school with a charter in effect and established pursuant to D.C. Official Code §§ 31-2853.11 through 31-2853.25 for Permitted Uses only.

Section 12.3 Notice to Landlord.

12.3.1 If Tenant shall, on one or more occasions, mortgage Tenant's leasehold estate to an Approved Mortgagee, and if the holder of such Leasehold Mortgage shall provide Landlord with notice of such Leasehold Mortgage together with a true copy of such Leasehold Mortgage, and the name and address of the Approved Mortgagee, Landlord and Tenant agree that, following receipt of such notice by Landlord, the provisions of this Article XII shall apply with respect to each such Leasehold Mortgage.

12.3.2 Landlord shall promptly, upon receipt of a communication purporting to constitute the notice provided for by Section 12.3.1 above, acknowledge by an instrument in recordable form receipt of such communication as constituting the notice provided for by Section 12.3.1 above or, in the alternative, notify the Tenant and the Approved Mortgagee of the rejection of such communication as not conforming with the provisions of Section 12.3.1 above, and specify the specific basis of such rejection.

12.3.3 After Landlord has received the notice provided for by Section 12.3.1, the Tenant, upon being requested to do so by Landlord, shall, with reasonable promptness, provide Landlord with copies of the note or other obligation secured by such Approved Mortgagee and of any other documents pertinent to the Leasehold Mortgage as specified by the Landlord not previously provided. If requested to do so by Landlord, the Tenant shall, thereafter, also provide the Landlord, from time to time, with a copy of each amendment or other modification or supplement to such instruments. All recorded documents shall be accompanied by an appropriate certification as to their authenticity as true and correct copies of official records, and all nonrecorded documents shall be accompanied by a certification by Tenant that such

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documents are true and correct copies of the originals. From time to time, upon being requested to do so by Landlord, Tenant shall also notify Landlord of the date and place of recording and other pertinent recording data with respect to such instruments as have been recorded.

12.3.4 In the event of any assignment of a Leasehold Mortgagee by an Approved Mortgagee, or in the event of a change of address of an Approved Mortgagee, or of an assignee of such Leasehold Mortgagee, notice of the new name and address shall be provided to Landlord pursuant to this Lease.

Section 12.4 Consent of Approved Mortgagee.

So long as Approved Mortgagee is in compliance with this Lease, no cancellation or surrender of this Lease shall be effective as to any Approved Mortgagee unless consented to in writing by such Approved Mortgagee. The foregoing shall not prevent the termination of the Lease in accordance with its terms.

Section 12.5 Approved Mortgagee's Opportunity to Cure.

Landlord, upon providing Tenant any notice under this Lease of: (a) default under this Lease, or (b) a termination of this Lease, or (c) a matter on which Landlord may predicate or claim a default, shall, at the same time, provide a copy of such notice to every Approved Mortgagee. From and after such notice has been given to an Approved Mortgagee, such Approved Mortgagee shall have the same period, after the giving of such notice upon it, for remedying any default or acts or omissions which are the subject matter of such notice or causing the same to be remedied, as is given Tenant after the giving of such notice to Tenant, plus in each instance, an Additional Cure Period specified in Section 12.7.1, to remedy, commence remedying or cause to be remedied the defaults or acts or omissions which are the subject matter of such notice at the instigation of such Approved Mortgagee as if the same had been done by Tenant. Tenant does hereby authorize entry upon the Leased Premises by the Approved Mortgagee for such purpose.

Section 12.6 Termination Notice to Approved Mortgagee.

12.6.1 Anything contained in this Lease to the contrary notwithstanding, if any Event of Default shall occur which entitles Landlord to terminate this Lease, Landlord shall not effectuate the termination of the Lease unless, following such Event of Default, Landlord has delivered a copy of any Notice to Terminate to any Approved Mortgagee.

12.6.2 Any notice to be given by Landlord to an Approved Mortgagee pursuant to any provision of this Article XII shall be deemed properly addressed if sent to the Approved Mortgagee who served the notice referred to in Section 12.3.1 unless notice of a change of Leasehold Mortgage has been given to Landlord pursuant to Section 12.3.4.

Section 12.7 Procedure on Default.

12.7.1 If Landlord shall elect to terminate this Lease by reason of an Event of Default, the termination date for the Lease in the Notice to Terminate with respect to an Approved Mortgagee shall be extended for ten (10) calendar days with respect to any default that is capable

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of being cured with the payment of money, and for thirty (30) calendar days for all other defaults (each as "Additional Cure Period"), provided that such Approved Mortgagee shall, during such ten (10) day or, as applicable, thirty (30) day period:

(a) pay or cause to be paid, the Rent, insurance premiums and other monetary obligations of Tenant under this Lease as the same become due, and continue its good faith efforts to perform all of Tenant's other obligations under this Lease, excepting (A) obligations of Tenant to satisfy or otherwise discharge any lien, charge or encumbrance against Tenant's interest in this Lease or the Leased Premises junior in priority to the lien of the Leasehold Mortgage held by such Approved Mortgagee and (B) past nonmonetary obligations then in default and not reasonably susceptible of being cured by the payment of money by such Approved Mortgagee.

(b) if not enjoined or stayed, take steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same to completion with due diligence within sixty (60) calendar days of the expiration of any Additional Cure Period assuming that Landlord has not previously exercised its right to satisfy the obligations under the Leasehold Mortgage or purchase the leasehold estate prior to such foreclosure proceedings, as set forth in Section 12.1.1(a).

(c) comply or in good faith, with reasonable diligence and continuity, commence to comply and thereafter continue to comply with all nonmonetary requirements of this Lease then in default, and reasonably susceptible of being complied with by such Approved Mortgagee.

12.7.2 If at the end of such ten (10) or, as applicable, thirty (30) day period set forth in Section 12.7(a) the Approved Mortgagee is not complying with Section 12.7(a), this Lease shall terminate. The Additional Cure Period provided to Tenant pursuant to Article XII shall run concurrently with the cure periods set forth in Section 12.7.

12.7.3 If the Approved Mortgagee is in compliance with Section 12.7(a), and Approved Mortgagee is enjoined or stayed by a court of competent jurisdiction from foreclosing under the Leasehold Mortgage, this Lease shall not then terminate and the time for completion of such Approved Mortgagee of its proceedings shall continue so long as such Approved Mortgagee is enjoined or stayed by a court of competent jurisdiction, and shall not terminate thereafter for so long as such Approved Mortgagee proceeds to complete steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Leasehold Mortgage or by other appropriate means with reasonable diligence and continuity. Nothing in this Section 12.7, however, shall be construed to extend this Lease beyond the original Term thereof, or to require an Approved Mortgagee to continue such foreclosure proceedings after the Event of Default has been cured. If all defaults or Events of Default shall be cured any such extended period set forth in this Section 12.7 and the Approved Mortgagee shall discontinue such foreclosure proceedings, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease.

12.7.4 If an Approved Mortgagee is complying with Section 12.7(a), upon the acquisition of the leasehold estate herein by such Approved Mortgagee or its designee, or any other purchaser at a foreclosure sale, or otherwise and upon the discharge of any lien,

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charge or encumbrance against the Tenant's interest in this Lease or the Leased Premises which is junior in priority to the lien of the Leasehold Mortgage held by such Approved Mortgagee, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease, provided however, that as a condition precedent to such continuation of this Lease, (a) such Approved Mortgagee or its designee, or any other purchaser at a foreclosure sale shall cure the Event of Default immediately upon the acquisition of the leasehold estate and use the Property for Permitted Uses only; and (b) to the extent that upon any acquisition of the leasehold estate at a foreclosure sale, or conveyance in lieu thereof, Approved Mortgagee receives any excess between the purchase price of the leasehold estate and the outstanding balance of the Leasehold Mortgage, Approved Mortgagee shall hold such excess proceeds in an interest bearing account maintained with Approved Mortgagee or another commercial financial institution acceptable to Landlord as a security deposit hereunder for the benefit of Landlord. Such funds shall be held and distributed as follows: (i) to the extent Landlord shall suffer any costs or damages during the balance of the Term, then upon application by Landlord, Approved Mortgagee shall disburse such funds to Landlord to defray such costs or damages or (ii) upon written instruction by Landlord to Approved Mortgagee, the balance of such security deposit shall be disbursed to Tenant.

12.7.5 For the purposes of this Article XII, any Approved Mortgagee, as such, shall not be deemed to be an assignee or transferee of this Lease or of the leasehold estate hereby created so as to require such Approved Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of the Tenant to be performed hereunder. However, in the event of any sale of this Lease, and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or any assignment or transfer of this Lease and of the leasehold estate hereby created under any instrument of assignment or transfer in lieu of the foreclosure of any Leasehold Mortgage, any assignee or transferee under this Article XII, shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the Tenant to be performed hereunder from and after the date of such purchase and assignment, but only for so long as such purchaser or assignee is the Tenant of the leasehold estate.

Section 12.8 No Merger.

So long as any Leasehold Mortgage is in existence, unless all Approved Mortgagees shall otherwise expressly consent in writing, the fee title to the Leased Premises and the leasehold estate of Tenant therein created by this Lease shall not merge, but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Landlord or by Tenant, or by a third party, by purchase or otherwise.

ARTICLE XIII

CONDEMNATION

Section 13.1 Separate Awards.

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13.1.1 If any condemnation or eminent domain proceedings shall be commenced by any competent public authority against the Property, Landlord shall promptly give Tenant written notice thereof. In the event of any condemnation of any interest in the Leased Premises, then the court in such condemnation proceedings shall, if not prohibited by law, be requested to make separate awards to Landlord and Tenant, so that: (i) Landlord receives the award for its fee simple interest in and to the Leased Premises and Landlord's interest in this Lease, (including, without limitation, the reversionary interest in the Redevelopment Project Improvements), subject to the leasehold estate of Tenant therein; and (ii) Tenant receives the award for the leasehold estate and its ownership in fee simple of the improvements on the Leased Premises (subject to the reversionary interest of Landlord upon the expiration of the Lease Term). Landlord and Tenant hereby agree to request such action by the court. To the extent permitted by law, this Section 13.1.1 shall be construed as superseding any statutory provisions now in force or hereafter enacted concerning condemnation proceedings.

13.1.2 If such court is prohibited by law from making separate awards to Landlord and Tenant, or declines to do so, then the award in such condemnation proceedings shall be divided between Landlord and Tenant so that each receives the amount it would have received if separate awards had been made pursuant to Section 13.1.1.

Section 13.2 Total Condemnation.

13.2.1 Tenant Option to Terminate. If all of the Leased Premises is condemned pursuant to a condemnation, or so much thereof that the remainder is unsuitable, in Tenant's reasonable opinion, for use by Tenant for Tenant's uses and purposes, or if any portion of the Leased Premises is condemned pursuant to a condemnation at a time when the remaining Lease Term is so limited as, in Tenant's reasonable opinion, to render restoration or repair of the remainder uneconomical or unfeasible, then upon Tenant's notice to Landlord given within one hundred eighty (180) calendar days after any such condemnation, this Lease shall terminate (i) with respect to that portion of the Leased Premises so taken, as of the date that title thereto is vested in the condemning authority, and the Rent attributable to that portion of the Leased Premises so taken shall cease and be abated for the entire unexpired portion of the Lease Term, and (ii) with respect to that portion of the Leased Premises not taken, on the date Tenant elects to terminate this Lease pursuant to this Section 13.2.1, and the Rent allocable to the portions of the Leased Premises are not condemned shall, from the date of such vesting to the termination, be the amount which would be payable pursuant to Section 13.3. Upon such termination, the Parties shall be released from any further liability or obligation under this Agreement, except as otherwise provided in this Agreement

13.2.2 Any such termination of this Lease pursuant to this Section 13.2 shall not prejudice the rights of Landlord and Tenant with respect to the awards for such taking as provided in Section 13.1.1.

13.2.3 Waiver of Right. In the event that Tenant does not elect to terminate this Lease pursuant to Section 13.2.1 within one hundred eighty (180) calendar days after any such condemnation, then the remainder of the Leased Premises shall be deemed suitable for use by Tenant for Tenant's uses and purposes and Tenant shall be deemed to have waived any right to terminate this Lease pursuant to this Section 13.2 as a result of such taking.

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Section 13.3 Partial Condemnation.

If only a part of the Leased Premises is condemned pursuant to a condemnation or if the remainder is, in Tenant's reasonable opinion, suitable for use by Tenant for Tenant's uses and purposes, this Lease shall remain in full force and effect as to that portion of the Leased Premises not taken, but the Rent shall be reduced during the unexpired portion of the Lease Term to such amount as may be fair and equitable under the circumstances, giving due consideration to the amount of Rent formerly payable hereunder, the portion of the Leased Premises taken, and the value and utility of the remainder of the Leased Premises.

Section 13.4 Tenant's Restoration.

If the Redevelopment Project Improvements is affected by condemnation, if this Lease is not terminated as a result thereof, Tenant shall repair or restore the remainder of the Redevelopment Project Improvements to a functional unit to the extent physically and economically practical and feasible under the circumstances with reasonable speed at the expense of Tenant, subject to Force Majeure Events and availability of sufficient funds.

Section 13.5 Landlord Termination Option.

In the event of any condemnation, (a) Tenant has not commenced restoration within one hundred eighty (180) calendar days after any such condemnation after the date of the judgment, decree or other vesting event regarding the condemnation (subject to extension for Force Majeure Events), Landlord shall have the option to terminate this Lease upon Landlord's written notice to Tenant given within sixty (60) calendar days after the expiration of the one hundred eighty (180) calendar day period after the date of the judgment, decree or other vesting event regarding such condemnation (as extended for Force Majeure Events).

Section 13.6 Rights of Approved Mortgagee.

Landlord and Tenant further agree and acknowledge that any right of Landlord in and to condemnation proceeds applicable to the leasehold estate (but not the fee simple estate in the Leased Premises or Landlord's interest under this Lease) shall be and remain subordinate and inferior to the interests in such proceeds held by any Approved Mortgagee. Under no circumstances whatsoever shall Landlord maintain that it has any right or claim of any kind or nature in and to any condemnation proceeds applicable to the leasehold estate (but not the fee simple estate in the Lease Property and Landlord's interest under this Lease) of equal priority or superior to the interest in such proceeds held by any Approved Mortgagee. If there is an Approved Mortgagee, such Approved Mortgagee shall, to the extent permitted by law, be made a party to any condemnation proceeding, if it so desires to be made a party.

ARTICLE XIV

PEACEFUL ENJOYMENT/LANDLORD INSPECTIONS/REPORTING

Section 14.1 Peaceful Enjoyment.

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Subject to all of the terms and provisions of this Lease, Landlord covenants and warrants that during the entirety of the Lease Term, Tenant, on paying the Rent and other payments herein provided and performing and observing all of its covenants and agreements herein contained and provided, shall and may peaceably and quietly have, hold, occupy, use and enjoy, and shall have the full, exclusive and unrestricted use and enjoyment of, the Leased Premises during the entire Lease Term. Landlord covenants to Tenant that Landlord owns good and marketable title to the Leased Premises.

Section 14.2 Landlord Physical Inspection Right.

14.2.1 Upon Final Completion and during the Lease Term, Landlord, in its capacity as Landlord hereunder, shall have the right (but not the duty nor obligation), upon reasonable advance written notice to Tenant (of at least twenty-four (24) hours, except in the event of emergency), to enter upon the Leased Premises during normal business hours for the purpose of inspecting the Leased Premises; provided, however, (i) Tenant shall have the right to have a representative of Tenant accompany Landlord during such entry and inspection, and (ii) Landlord shall use reasonable efforts not to interfere with the activities (including construction activities) of Tenant or the subtenants of the Leased Premises.

14.2.2 Any inspection by Landlord of the Leased Premises shall not be deemed or construed as a waiver of or approval of any Event of Default under this Lease existing at the time of the inspection; and provided further, however, that in no event shall any such inspection by Landlord be deemed or construed to be the assumption by Landlord of all or any of Tenant's obligations under this Lease, including, without limitation, the obligation to maintain the Leased Premises in a safe and secure manner and in a state of good repair.

14.2.3 During the last thirty (30) months of the Lease Term, Landlord shall have the right to enter the Leased Premises during normal business hours, upon prior written notice to Tenant, for purposes of showing the Leased Premises to prospective purchasers and tenants.

ARTICLE XV

SURRENDER OF LEASED PREMISES

Section 15.1 Surrender.

Tenant covenants and agrees to and with Landlord that upon termination of this Lease, whether by lapse of time or because of any of the conditions or provisions contained herein, Tenant will peaceably and quietly yield up and surrender possession to Landlord of the Leased Premises and the Redevelopment Project Improvements, including without limitation, all buildings and permanent improvements and other properties herein provided to be the property of Landlord on termination hereof without disturbance or molestation thereof, subject to Landlord's rights under Section 15.2 below.

Section 15.2 Removal of Decorations, Furnishings, Equipment and Inventory.

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Tenant, at Tenant's sole cost and expense, shall promptly make all repairs, perform all maintenance and make all replacements in and to the Premises that are reasonably necessary or desirable to keep the Leased Premises and the Redevelopment Project Improvements in reasonably good condition and repair; in a reasonably clean, safe and tenantable condition; and otherwise in accordance with all Applicable Laws and the requirements of this Lease. Tenant shall maintain all Decorations, Fixtures, Furnishings, Equipment and Inventory, in reasonably clean, safe and sanitary condition, shall take good care thereof and make all reasonably necessary repairs and replacements thereto. Tenant shall not suffer no waste or injury to any part of the Leased Premises, and shall, at the expiration or earlier termination of the Lease Term, surrender the Leased Premises in an order and condition equal to or better than their order and condition on the Rent Commencement Date, except for ordinary wear and tear and insured casualty. All Alterations or affixed decorations in the nature of fixtures in or to the Leased Premises (including the Redevelopment Project Improvements) and to the Property made by either party shall immediately become the property of Landlord and shall remain upon and be surrendered with the Premises as a part thereof at the end of the Lease Term hereof without disturbance, molestation or injury; provided, however, Tenant shall have the right, to remove all Decorations, Fixtures, Furnishings, Equipment and Inventory installed in the Leased Premises at the expense of Tenant at the termination or expiration of the Lease Term, if Tenant is not in default of the Lease at the time of such termination or expiration. If such property of Tenant is not removed by Tenant upon termination or expiration of the Lease, such property shall be deemed abandoned and Landlord may dispose of such property thereafter, provided that Tenant shall reimburse Landlord for the disposal of such property as Additional Rent. If Tenant shall make any Alterations to the Premises without Landlord's prior written consent which required Landlord's prior approval, Landlord may elect, at Landlord's sole option, to require Tenant to remove the same at the expiration or earlier termination of this Lease and place the Leased Premises in the same condition as before such Alterations were made.

ARTICLE XVI

NOTICE

Except the Rent payment provisions in Section 3.3.3, any notices or other communications required to be given under this Lease shall be in writing and delivered by certified mail (return receipt requested, first-class postage pre-paid), by hand, or by reputable private overnight commercial courier service. Notices served upon Landlord or Tenant in the manner aforesaid shall be deemed to have been received for all purposes under this Agreement at the time such notice shall have been: (i) if hand delivered to a Party against receipted copy, when the copy of the notice is receipted; (ii) if given by nationally recognized overnight delivery service, on the next Business Day after the notice is deposited with the overnight delivery service; or (iii) if given by certified mail, return receipt requested, first-class postage prepaid, on the date of actual delivery or refusal thereof. If notice is tendered under the terms of this Lease and is refused by the intended recipient of the notice, the notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this Lease. Either party may change its address for the giving of notices by notice given in accordance with this Section. If Landlord or the holder of any Leasehold Mortgage notifies Tenant that a copy of any notice to Landlord shall be sent to such holder at a specified address, then Tenant shall send (in the manner specified in this Section and at the same time such notice is sent to Landlord) a copy of

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each such notice to such holder. Any such holder shall have thirty (30) calendar days (or such longer period of time necessary to cure such default if such default cannot reasonably be cured within such thirty (30) calendar days period provided such holder promptly commences any such cure and thereafter diligently pursues completion of such cure) after receipt of such notice to cure any Landlord default before Tenant may exercise any remedy. Any cure of Landlord's default by such holder shall be treated as performance by Landlord. All notices shall be addressed as follows:

If to Landlord: Office of Property Management
441 Fourth Street, N.W., Suite 1100 South
Washington, D.C. 20001
Attention: Chief Property Management Officer
Telecopy: 202-727-9877

with a copy to: Office of the Attorney General for the District of Columbia
1100 15th Street, N.W., Suite 800
Washington, D.C. 20005
Attention: Deputy of Commercial Division
Telecopy: 202-727-6014

If to Tenant: Cesar Chavez Public Charter Schools for Public Policy
709 12th Street, S.E.
Washington, DC 20003
Attention: Irasema Salcido, CEO
Telecopy: 202-547-3449

with a copy (which shall not constitute notice) to:

Covington & Burling LLP
1201 Pennsylvania Ave.
Washington, D.C. 20004
Attention: Edward S. West, Esquire
Telecopy: 202-778-5252

ARTICLE XVII

LANDLORD DEFAULT

Except as otherwise provided in the Lease, it shall be a Landlord default ("Landlord Default") hereunder if Landlord fails to perform or observe any of its obligations under this Lease after a period of thirty (30) calendar days from the date Landlord receives written notice thereof from Tenant setting forth in reasonable detail the nature and extent of the failure and identifying the applicable Lease provision that such obligation was required to be performed hereunder; provided, however, that Landlord shall not have committed a Landlord Default if such failure is of a type and nature that cannot reasonably be cured within such thirty (30) day period, so long as Landlord promptly commences the curing of such failure within such thirty

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(30) day period and thereafter diligently prosecutes to completion the curing of such failure. It is specifically understood and agreed that a Landlord Default occurs after the expiration of notice and applicable cure period.

Notwithstanding anything to the contrary contained in this Lease, Tenant specifically agrees that the exclusive remedy of Tenant for a Landlord Default shall be specific performance under this Lease.

None of Landlord's Related Parties shall have any personal liability under this Lease or on account of any undertaking herein contained, whether expressed or implied, nor shall Landlord or any of Landlord's Related Parties be liable to Tenant or any Tenant's Related Parties for any consequential damages, indirect losses, loss of value, temporary loss of business, lost profits, or lost opportunity damages at or arising from the Property suffered by Tenant. Tenant hereby releases Landlord and Landlord's Related Parties from all such personal liability as indicated above, if any. Tenant hereby waives personal recourse against Landlord's officers, employees, agents or representatives or their respective assets.

ARTICLE XVIII

INTENTIONALLY OMITTED

ARTICLE XIX

EXTENSIONS

Section 19.1 Extension Options.

Tenant shall have the option (each, an "Extension Option") to extend the Term of this Lease for two consecutive periods of fifteen (15) additional Lease Years (each additional fifteen (15) Lease Year period is hereinafter referred to as an "Extension Period") so that Tenant may have the option to extend the Term therefor for a total of thirty (30) additional Lease Years, provided that Tenant provides written notice to Landlord of its election to exercise each such Extension Option ("Election Notice") anytime between thirty (30) and twenty-four (24) months prior to the expiration of the then existing Lease Term (as the same may have been extended); provided, however, Tenant may only exercise the second Extension Option if Tenant shall have exercised its first Extension Option. Each Extension Option may only be exercised by Chavez School as Tenant and no other Person as Tenant, it being recognized that the Extension Options are non-transferable and personal to Chavez School as Tenant.

Section 19.2 Extension Period Base Rent

For any Extension Period of the Lease, Base Rent shall be the fair market rental value for the Property, including the Redevelopment Project Improvements in their then condition, as used for school purposes upon Tenant's exercise of its Extension Option, but in no event less than the then current total escalated and increased Base Rent ("Fair Market Rental Value"). Fair Market Rental Value notwithstanding, Base Rent for each Extension Period shall be escalated in accordance with the same method set forth in Section 3.1.1.

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Fair Market Rental Value shall, in the first instance, be determined by Landlord within one hundred and twenty (120) calendar days of receipt of Tenant's Election Notice based on an appraisal acceptable to Landlord that is made by a licensed appraiser who is a Member of the Appraisal Institute (or similarly accredited by a professional appraisal organization of similar standing) with at least ten (10) years of experience appraising commercial real estate within the District of Columbia. Landlord shall provide Tenant with a copy of the appraisal promptly after acceptance and receipt thereof. If Tenant disputes the amount determined to represent Fair Market Rental Value, Tenant shall provide Landlord within fifteen (15) calendar days of delivery of the appraisal evidence that the determination so made is unreasonable. Thereafter, Landlord and Tenant shall attempt to resolve the dispute through negotiation for a period not less than thirty (30) but not more than sixty (60) calendar days. If after such period of negotiations Landlord and Tenant cannot agree on the Fair Market Rental Value, Landlord's initial Fair Market Rental Value shall stand subject only to a determination in accordance with D.C. Official Code § 10-1014 (2006 Supp.) that such Fair Market Rental Value is unreasonable. If Landlord's determination of Fair Market Rental Value is determined to be unreasonable as provided herein, Fair Market Rental Value shall thereafter also be resolved in accordance with § 10-1014.

Section 19.3 Certain Rent Credits During Extension Period

During the first twelve (12) months of either Extension Period, Tenant may apply a credit against any Rent otherwise due equal to the cost of any Base Building Alterations stated in any Tenant's Base Building Alterations Certification in accordance with Section 8.3 during the initial Lease Term (or during the first Extension Period, as applicable) as reduced by the then-depreciated value of such Base Building Alterations; provided, however, no credit shall be permitted in the second Extension Period except with respect Base Building Alterations made during the initial Extension Period, and then only to the extent properly set forth in any Base Building Alterations Certification. In calculating depreciation of Base Building Alterations, Tenant shall use straight-line depreciation over the useful life of such Base Building Alterations installed as would be calculated in accordance with Internal Revenue Service rules and regulations establishing the applicable recapture period for such items (or, in the absence of such rules and regulations, in accordance with Generally Accepted Accounting Principles consistently or such other commercially readily accepted accounting method used to calculate depreciation).

ARTICLE XX

REPRESENTATIONS AND WARRANTIES

Section 20.1 Tenant.

Tenant hereby represents and warrants to Landlord as follows:

20.1.1 (i) Tenant is a public charter school with a charter in effect pursuant to the District of Columbia School Reform Act of 1995 (D.C. Official Code § 38-1800.01 et seq. (Supp. 2005)), validly existing and in good standing under the laws of the

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District of Columbia, (ii) Tenant is duly qualified to conduct business in the District of Columbia, and (iii) Tenant has the power and authority to conduct the business in which it is currently engaged.

20.1.2 Tenant (i) has the power and authority to execute, deliver and perform its obligations under this Agreement, and (ii) has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

20.1.3 No consent or authorization of, or filing with, any Person (including any Governmental Authority), which has not been obtained is required in connection with the execution, delivery and performance of this Agreement by Tenant, except for: (i) Zoning and Permit Approvals, if any; and (ii) permits and approvals from Governmental Authorities required to construct the Improvements.

20.1.4 This Agreement has been duly executed and delivered by Tenant, and constitutes the legal, valid and binding obligation of Tenant, enforceable against Tenant in accordance with its terms.

20.1.5 The execution, delivery and performance by Tenant of this Agreement will not violate any Applicable Laws or result in a breach of any contractual obligation to which Tenant is a party.

20.1.6 Tenant's execution, delivery and performance of this Agreement and the transactions contemplated hereby shall not: (i) to the best of Tenant's knowledge, violate any judgment, order, injunction, decree, regulation or ruling of any court or Governmental Authority with proper jurisdiction that is binding on Tenant; or (ii) result in a breach or default under any provision of the organizational documents of Tenant.

20.1.7 No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the best knowledge of Tenant, threatened by or against Tenant which, if adversely determined, individually or in the aggregate, could reasonably be expected to have a material adverse effect on Tenant and its ability to perform its obligations under this Agreement;

20.1.8 No agent, broker or other Person acting pursuant to express or implied authority of Tenant is or will be entitled to make any claim against Landlord for a commission or finder's fee. Other than Studley, Inc. (the "Broker"), Tenant has not dealt with any agent or broker in connection with the acquisition or ground leasing of the Property. Tenant agrees to pay the Broker in accordance with a separate agreement entered into with such Broker.

20.1.9 The Leased Premises shall be leased and used by Tenant and the other Tenant's Related Parties for the Permitted Uses in accordance with all Applicable Laws, and not for any other purpose. Specifically, Tenant covenants that Tenant shall comply with all Applicable Laws and requirements to maintain its charter to operate as a public charter school. Tenant further covenants and warrants that Tenant shall use its best effort to achieve the community participation and public benefits ("Outline of Community Participation and Public Benefits") as outlined in **Exhibit G** attached and incorporated herein by reference. Further,

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Tenant shall provide information and documents relating to the compliance of this section immediately upon Landlord's request.

20.1.10 Tenant shall use its reasonable efforts to cooperate and work with the District of Columbia Office of Planning on the design, site planning and historic preservation issues in its Redevelopment Project to the extent required to do so by Applicable Laws.

20.1.11 Except for Tenant's qualified and approved exemption by Governmental Authority, in no event shall Tenant, or any of Tenant's Related Parties assert for its own benefit, or attempt to assert, an exemption (including from sales taxes) or immunity available to District, if any, under Applicable Laws on the basis of the Landlord's involvement in the transaction contemplated by this Agreement.

20.1.12 Tenant's financial statements submitted in connection with the Solicitation are complete and accurate as of the dates thereof. Neither Tenant nor any Person controlling Tenant or owning directly or indirectly any interest of ten percent (10%) or greater in Tenant has engaged in any dealings or transactions (i) in contravention of the applicable anti-money laundering laws or regulations or orders, including without limitation, money laundering prohibitions, if any, set forth in the Bank Secrecy Act (12 U.S.C. §§ 1818(s), 1829(b) and 1951-1959 and 31 U.S.C. §§ 5311-5330), the USA Patriot Act of 2001, Pub. L. No. 107-56, and the sanction regulations promulgated pursuant thereto by U.S. Treasury Department Office of Foreign Assets Control, (collectively, together with regulations promulgated with respect thereto, the "Anti-Money Laundering Acts"), (ii) in contravention of Executive Order No. 13224 dated September 24, 2001 issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), as may be amended or supplemented from time to time ("Anti-Terrorism Order"), (iii) in contravention of the provisions set forth in 31 C.F.R. Part 103, the Trading with the Enemy Act, 50 U.S.C. Appx. § 1 *et seq.* or the International Emergency Economics Powers Act, 50 U.S.C. § 1701 *et seq.* (together with the Anti-Money Laundering Acts, the "Terrorist Acts") or (iv) is named in the Annex to the Anti-Terrorism Order or any terrorist list published and maintained by the Federal Bureau of Investigation and/or the U.S. Department of Homeland Security, as may exist from time to time. Neither Tenant nor any Person controlling Tenant or owning directly or indirectly any interest of ten percent (10%) or greater in Tenant (a) is conducting any business or engaging in any transaction with any person appearing on the list maintained by the U.S. Treasury Department's Office of Foreign Assets Control located at 31 C.F.R., Chapter V, Appendix A, or is named in the Annex to the Anti-Terrorism Order or any terrorist list published and maintained by the Federal Bureau of Investigation and/or the U.S. Department of Homeland Security, as may exist from time to time, or (b) is a Person described in section 1 of the Anti-Terrorism Order (a "Restricted Person"). Tenant shall not be in breach of this Section 20.1.12 as a result of the act or omission of any Person who is not otherwise an Affiliate of Tenant and whose only connection to Tenant is ownership of less than five percent (5%) in a company that itself has a direct or indirect interest in the Tenant and is traded on a U.S. national exchange unless such Person has the power to direct the management or operations of Tenant, in which case there shall be no threshold percentage applicable to such inquiry, or unless Tenant has actual knowledge that such Person is listed on one of the aforementioned lists or has or is in violation of the Terrorist Acts, or the Anti-Terrorism Order or their respective regulations.

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Section 20.2 Landlord.

Landlord hereby represents and warrants to Tenant as follows:

20.2.1 Landlord (i) has the power and authority to execute, deliver and perform its obligations under this Agreement, and (ii) has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

20.2.2 No consent or authorization of, or filing with, any Person (including any governmental authority), which has not been obtained, is required in connection with the execution and delivery of this Agreement by Landlord.

20.2.3 This Agreement has been duly executed and delivered by District, and constitutes the legal, valid and binding obligation of Landlord, enforceable against it in accordance with its terms.

20.2.4 The execution, delivery and performance by Landlord of this Agreement will not violate any Applicable Laws or result in a breach of any contractual obligation to which Landlord is a party.

20.2.5 Landlord's execution, delivery and performance of this Agreement and the transactions contemplated hereby shall not: (i) to the best of Landlord's knowledge, violate any judgment, order, injunction, decree, regulation or ruling of any court or Governmental Authority with proper jurisdiction that is binding on Landlord; or (ii) result in a breach or violation of the Home Rule Charter for the District of Columbia.

20.2.6 No litigation, investigation or proceeding of or before any arbitrator or Governmental authority is pending or, to the best knowledge of Landlord, threatened by or against Landlord which, if adversely determined, individually or in the aggregate, could reasonably be expected to have a material adverse effect on Landlord's ability to perform its obligations under this Agreement.

20.2.7 Except as otherwise set forth in this Agreement, no consent or authorization of, or filing with, any Person (including any Governmental Authority), which has not been obtained, is required in connection with the performance of this Agreement by Landlord.

20.2.8 No agent, broker or other Person acting pursuant to express or implied authority of Landlord is entitled to any commission or finder's fee in connection with the transactions contemplated by this Agreement or will be entitled to make any claim against Tenant for a commission or finder's fee. Landlord has not dealt with any agent or broker in connection with the disposition or ground leasing of the Property.

20.2.9 The negotiation, execution, delivery and performance of the Agreement by Landlord are not and will not be induced by, resulting from or based on improper influence. "Improper Influence" means any influence that induces or tends to induce an employee or officer of Landlord to give consideration or to act regarding a lease with Landlord on any basis other

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than on the merits of the matter or in violation of any Applicable Laws or regulation regarding the disposition or acquisition of a leasehold interest.

20.2.10 As of the Lease Commencement Date Landlord has done no act to affect the title to the Property adversely since the effective date of the Title Commitment set forth in the attached and incorporated Exhibit E.

ARTICLE XXI

MISCELLANEOUS

Section 21.1 Governing Law. This Lease shall be governed by the laws of the District of Columbia, and the covenants contained herein shall be deemed performable in the District of Columbia.

Section 21.2 Recording of Lease. Neither Landlord nor Tenant may record this Lease in the real property records of the District of Columbia unless such recording is required for Tenant to be exempted from the payment of real estate taxes and transfer and recordation taxes that would otherwise be due and payable by Tenant in connection with its execution and delivery of this Lease or otherwise desired by Tenant in connection with its rights and obligations under Section 4.4. Landlord and Tenant shall execute, acknowledge and record, at Tenant's expense, a Memorandum of Ground Lease, in form and substance reasonably acceptable to Landlord and Tenant, containing such terms as may be necessary to place third parties on notice of Tenant's rights under this Lease. Subject to Section 4.4, Tenant shall pay all transfer or recordation taxes, if any, due on recordation of the Memorandum of Ground Lease.

Section 21.3 Time of Performance. All dates for performance (including cure) shall expire at 5:00 p.m. (Eastern time) on the performance or cure date. If the final date of any period which is set out in any provision of this Agreement falls on a Saturday, Sunday or legal holiday under the laws of the United States, or the laws of the District of Columbia, or on a day when courts, banks, the New York Stock Exchange or District or federal government offices are generally closed in the Washington metropolitan area because of executive order, inclement weather, acts of terrorism or widespread power or other utility outages that cause Landlord or Tenant, as the case may be, to be unable to perform hereunder, such period shall be extended to the next day that is not a Saturday, Sunday or legal holiday or subject to the foregoing events.

Section 21.4 Rule Against Perpetuities. If any right granted in this Lease or any provision contained in this Lease is subject to the rule against perpetuities and the same shall not occur or shall not have vested on the date that is twenty-one (21) years after the death of the last to die of all now living descendants of George W. Bush, William J. Clinton, George H. W. Bush, and James E. Carter, Jr., all of whom are current or former Presidents of the United States of America, then such right or provision shall terminate as of such date.

Section 21.5 Captions, Numberings and Headings. Captions, numberings and headings of Articles, Sections and Schedules in this Lease are for convenience of reference only and shall not be considered in the interpretation of this Lease.

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Section 21.6 Number; Gender. Whenever required by the context, the singular shall include the plural, the neuter gender shall include the male gender and female gender, and vice versa.

Section 21.7 Counterparts. This Lease may be executed in multiple counterparts, each of which shall constitute an original and all of which shall constitute one and the same agreement.

Section 21.8 Severability. In the event that one or more of the provisions of this Lease shall be held to be illegal, invalid or unenforceable, each such provision shall be deemed severable and the remaining provisions of this Lease shall continue in full force and effect, unless this construction would operate as an undue hardship on Landlord or Tenant, or would constitute a substantial deviation from the general intent of the parties as reflected in this Lease.

Section 21.9 No Oral Modifications or Waivers. No modification of this Lease shall be valid or effective unless the same is in writing and signed by Landlord and Tenant.

Section 21.10 Schedules and Exhibits. All Exhibits and Schedules referenced in this Lease are incorporated by this reference as if fully set forth in this Lease.

Section 21.11 Including. The word "including," and variations thereof, shall mean "including without limitation."

Section 21.12 Integration. This Lease and all Exhibits appended to this Lease and the documents and agreements referenced in this Lease contain the entire understanding between Landlord and Tenant with respect to the Lease, and are intended to be a full integration of all prior or contemporaneous agreements, conditions, understandings or undertakings between them with respect thereto. There are no promises, agreements, conditions, undertakings, understandings, warranties or representations, whether oral, written, express or implied, between Landlord and Tenant with respect to the Lease other than as are expressly set forth in this Lease and the Schedules and Exhibits appended to this Lease and the documents and agreements referenced in this Lease.

Section 21.13 No Construction Against Drafter. This Lease has been negotiated and prepared by Landlord and Tenant and their respective attorneys and, should any provision of this Lease require judicial interpretation, the court interpreting or construing such provision shall not apply the rule of construction that a document is to be construed more strictly against one party.

Section 21.14 Waiver of Jury Trial. Landlord and Tenant each hereby waives any right to jury trial in connection with any suit, action, proceeding or claim relating to this Lease or to the transactions contemplated by this Lease.

Section 21.15 Force Majeure. Landlord and Tenant shall be excused from performing any other obligation under this Lease (i) to the extent that the performance is actually prevented or delayed, retarded or hindered by a Force Majeure Event, and (ii) the party seeking to claim a Force Majeure Event promptly notifies the other of the existence of such Force Majeure Event. Notwithstanding the foregoing, except as otherwise expressly set forth in this Lease, the occurrence of a Force Majeure Event shall not excuse Tenant from any obligation to pay any amount required under this Lease on the date such payment is otherwise required under this Lease).

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Section 21.16 Time of Essence. Time is of the essence with respect to the performance by Landlord and Tenant of their obligations under this Lease.

Section 21.17 Amendments. This Lease may be amended or modified only by a written instrument executed by Tenant and by the Chief Property Management Officer on behalf of Landlord. The Chief Property Management Officer shall have the authority to approve on behalf of Landlord such amendments or modifications as the Chief Property Management Officer shall determine to be in the best interests of Landlord.

Section 21.18 Generally Applicable Laws. Tenant acknowledges that (i) nothing set forth in this Lease exempts the Redevelopment Project from Applicable Laws and regulations in effect from time to time in the District of Columbia, and (ii) execution of this Lease by Landlord is not binding upon, and does not affect the jurisdiction of or the exercise of police power by, Governmental Authority or independent agencies of the District of Columbia, including without limitation the Zoning Commission and Board of Zoning Adjustment.

Section 21.19 False Claims Provisions. Notwithstanding anything to the contrary in this Lease, and without limitation of any kind, all demands for payment or reimbursement of any kind under this Lease made by Tenant, if any, shall be subject to D.C. Official Code §§ 2-308.13 - 2-308.19 (2001) and the remedies available thereunder.

Section 21.20 Waivers; Etc. No waiver or waivers of any breach or default or any breaches or defaults by either party of any term, condition or liability of or performance by the other party of any duty or obligation hereunder, including without limitation, the acceptance by Landlord or payment by Tenant of any Rent at any time or in any manner other than as herein provided shall be deemed a waiver thereof, nor shall any such waiver or waivers be deemed or construed to be a waiver or waivers of subsequent breaches or defaults of any kind, character or description under any circumstances. If any term or provision of this Lease, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

Section 21.21 Jurisdiction and Right to Injunction. Any action or proceeding involving any dispute under this Lease shall be determined in a court of competent jurisdiction within the District of Columbia, as provided in D.C. Official Code § 10-1014 (2006 Supp.). Whenever either party shall fail to comply with any covenant or provision of this Lease, the other party shall be entitled to enforce its rights by injunctive relief, including an action for specific performance, any provision in this Lease to the contrary notwithstanding.

Section 21.22 Non-Recourse and Exclusions from Liability. Landlord or Landlord's Related Parties shall not be liable to Tenant or Tenant's Related Parties for any and all damage, injury, loss or claim based on or arising out of any cause whatsoever (except as otherwise expressly provided in this Lease) to the extent such damage, injury, loss or claim is covered by Tenant's insurance or shall be covered by Tenant's insurance to the extent required under this Lease. Under no circumstances shall Landlord or Landlord's Related Parties be liable for any exemplary, punitive, consequential or indirect damages (or for any interruption of or loss to

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business,) in connection with or relating to this Lease. Further, at no time shall Landlord's liability exceed its interest in the Property. Notwithstanding anything set forth in this Lease or at law or in equity to the contrary: (i) none of Tenant's Related Parties, shall be personally liable or responsible for any duties, obligations or liabilities of Tenant under this Lease; and (ii) the indemnifications and defense obligations by Tenant under this Lease shall not cover, and Tenant and Tenant's Related Parties shall not be liable for any consequential damages, indirect losses, loss of value, temporary loss of business, lost profits, or lost opportunity damages at or arising from the Property suffered by Landlord (excluding Rent and Additional Rent due hereunder).

Section 21.23 Rights Not for Benefit of Third Parties. In no event and under no circumstances whatsoever shall the rights herein granted or to be granted in the future pursuant to this Lease, to or for the benefit of Landlord or Tenant be deemed to be for the benefit of the public. Except as expressly provided for herein with respect to Approved Mortgagees, no individual or entity that is not a signatory to this Lease (other than successors and permitted assigns of the signatories of this Lease) shall have any rights or privileges under or arising out of this Lease, nor shall any person or entity that is not a signatory to this Lease otherwise be deemed a third party beneficiary of this Lease.

Section 21.24 Failure to Respond to Requests for Approval after Final Completion. Except as expressly provided to the contrary in Section 21.24 of this Lease in the event any approval, consent, authorization, certificate, grant, conveyance, or permission is requested or demanded by Tenant pursuant to the express provisions of this Lease, and Landlord does not respond thereto within the specified period stated in the subject provision following the party's receipt of such demand or request, either by giving the item requested or by refusing to give the same and specifying specific reasons for such refusal, said failure to respond shall not be deemed to constitute the requested approval or consent, but shall be deemed a rejection of same.

Section 21.25 Effect of "Review", "Objection", "Failure to Object", "Approval", "Non Approval", or "Consent". In no event shall any review, objection, failure to object, approval, non approval, or consent by Landlord with respect to any act, plan, or proposal of Tenant made pursuant to any provision of this Lease or otherwise be deemed (i) to constitute an assumption by Landlord of responsibility or liability for the adequacy or suitability of any such act, plan, or proposal, (ii) to constitute a waiver of any claim or right Landlord might have against Tenant as a result of any loss, damage, or expense (including, without limitation, attorneys' fees and costs of litigation) incurred by Landlord by reason of or in connection with any act or omission of Tenant pursuant to or in accordance with any act, plan, or proposal reviewed by Landlord, (iii) to result in Landlord's being deemed a joint tortfeasor with Tenant, or (iv) to be binding on any particular Governmental Authority having jurisdiction over the Leased Premises.

Section 21.26 Binding Effect. This Agreement shall be binding upon and inure to the benefit of Landlord, Tenant and their permitted successors and assigns.

Section 21.27 No Public Subsidies. Tenant acknowledges and agrees that no subsidy or incentive will be required by Tenant from Landlord in connection with the Redevelopment Project. Nothing set forth in this Section 21.27 shall be deemed to prohibit or restrict Tenant from (i) applying for tax exempt financing in accordance with the usual rules and procedures of Landlord or (ii) applying for or receiving any subsidy or incentive that is generally available to be applied

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for as a matter-of-right for the Property and other properties in the District of Columbia that are similarly situated.

Section 21.28 Agents and Representatives. No Person other than the parties to this Agreement, and the permitted assignees of such parties, shall have any liability or obligation under this Agreement. Without limiting the generality of the foregoing, (i) Tenant agree that no employee, official, consultant, contractor, agent or attorney engaged by Landlord in connection with this Agreement or the transactions contemplated by this Agreement shall have any liability or obligation to Tenant under this Agreement, and (ii) Landlord agrees that no consultant, contractor, agent or attorney engaged by Tenant in connection with this Agreement or the transactions contemplated by this Agreement shall have any liability or obligation to Landlord under this Agreement.

Section 21.29 Further Assurances. Each of the parties to this Agreement shall execute such further assurances as any other party may reasonably require to confirm and perfect the transaction described in this Agreement.

Section 21.20 Rights and Remedies Cumulative. The rights and remedies of Landlord under this Agreement, whether provided by law, in equity, or by this Agreement, shall be cumulative, and the exercise by Landlord of any one or more of such remedies shall not preclude the exercise of any other remedies for the same such default or breach.

Section 21.31 Release. As additional consideration for Landlord's entry into this Lease, Tenant does hereby release and forever discharge Landlord and its respective agents, servants, employees, directors, officers, attorneys, parents, affiliates, subsidiaries, successors and assigns and all persons, firms, corporations, and organizations, if any, acting on their behalf (collectively, the "Landlord Released Parties"), of and from all damage, loss, claims, demands, liabilities, obligations, actions and causes of action whatsoever which Tenant may now have or claim to have against the Landlord Released Parties as of the effective date of this Lease, whether presently known or unknown, of every nature and extent whatsoever on account of or in any way touching, relating to, concerning, arising out of or founded upon Landlord's treatment of Landlord's responses to Landlord's Solicitation of Offers, the Property, any documents executed in connection therewith (other than this Lease) or any hearings held, notices given, or decisions made in connection therewith, of any kind heretofore sustained, or that may arise as a consequence of the dealings between the parties up to and including the effective date of this Lease except as expressly provided herein to the contrary. The agreement and covenant on the part of Tenant under this Section 21.31 is contractual and not a mere recital, and the parties to this Lease acknowledge and agree that no liability whatsoever is admitted on the part of any party.

Section 21.32 Estoppels. From time to time, **within fifteen (15) Business Days** after written request of the other Party, or of any holder or prospective holder of a Leasehold Mortgage (in connection with the encumbrance of the Leased Premises with a Leasehold Mortgage or an approved Transfer), or of any prospective permitted assignee of Tenant's interest in this Lease or any portion thereof, the other Party hereto shall, without additional consideration, execute and deliver an estoppel certificate consisting of statements, if true (and if not true, setting forth the true state of facts as the party delivering the estoppel certificate views them), that (i) this Lease is in full force and effect; (ii) this Lease has not been modified or amended (or if it has, a list of the

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amendments); (iii) the party requesting the estoppel certificate is not then in default; (iv) the parties have fully performed all of their respective obligations thereunder; and (v) such other statements as reasonably may be required by any party or any other appropriate party, including but not limited, the amount of Rent due, if any. The delivery of any estoppel document or certificate by Landlord pursuant to this Section 21.32 shall be limited to the actual knowledge, without inquiry, of the person or party designated by the District from time to time to administer this Lease.

[Signature Pages to Follow]

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IN WITNESS WHEREOF, this Lease is made and entered into in multiple original counterparts as of the date and year first above written

LANDLORD:

DISTRICT OF COLUMBIA

By and through its

Office of Property Management



By: _____

Name: Lars Etzkorn

Title: Chief Property Management Officer

Approved as to legal sufficiency:



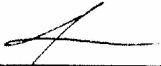
Name: Ching Hua

Title: Assistant Attorney General

Date: 10/9/07

TENANT:

Cesar Chavez Public Charter Schools for Public Policy
a District of Columbia Public Charter School

By:  _____

Name: Irasema Salcido

Title: Chief Executive Officer

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Exhibit A

Legal Description of Leased Premises

All that certain lot or parcel of land together with all improvements thereon located and being in the City of Washington in the District of Columbia and being more particularly described as follows:

All of Lots numbered Eighteen (18), Nineteen (19), Twenty (20) and Twenty-One (21) in Block numbered 7 in Todd and Brown's subdivision of Mount Pleasant and Pleasant Plains, now Square numbered Twenty-eight Hundred Ninety-one (2891), as per plat recorded in the Office of the Surveyor for the District of Columbia in Liber Levy Court 2 at folio 24.

AND

Lot numbered One Hundred Two (102) in Square numbered Twenty-eight Hundred Ninety-one (2891) in the subdivision made by Harry Kite of lots in Block 7 of Todd and Brown's subdivision of Mount Pleasant and Pleasant Plains, as per plat recorded in the Office of the Surveyor for the District of Columbia in Liber 66 at folio 89.

AND

All of Lots numbered Forty-four (44), Forty-five (45), Forty-six (46), Forty-seven (47) and Forty-eight (48) in the subdivision made by the Washington Provident Company No. 2 of lots in Block numbered 7, now Square numbered Twenty-eight Hundred Ninety-one (2891) in Todd and Brown's subdivision of Mount Pleasant, as per plat recorded in the Office of the Surveyor for the District of Columbia in Liber Governor Shepherd at folio 91.

AND

Lot numbered Forty-one (41) in the subdivision made by the Washington Provident Company No. 2 of lots in Block numbered 7, now Square numbered Twenty-eight Hundred Ninety-one (2891) in Todd and Brown's subdivision of Mount Pleasant, as per plat recorded in the Office of the Surveyor for the District of Columbia in Liber Governor Shepherd at folio 91, **EXCEPT** the westerly twenty feet of said lot condemned for the widening of Sherman Avenue.

AND

The easterly 18 feet by full depth thereof of Lot numbered Forty-three (43) in the subdivision made by the Washington Provident Company No. 2 of lots in Block numbered 7, now Square numbered Twenty-eight Hundred Ninety-one (2891) in Todd and Brown's subdivision of Mount Pleasant, as per plat recorded in the Office of the Surveyor for the District of Columbia in Liber Governor Shepherd at folio 91.

AND

EXECUTION COPY

All of alleys closed pursuant to an Act of the 72nd Congress approved June 14, 1932 as Public Act No. 173 and shown on plat recorded in the Office of the Surveyor for the District of Columbia in Liber 102, at folio 111.

NOTE: At the date hereof the above described property is designated on the Records of the Assessor for the District of Columbia for assessment and taxation purposes as Lot numbered Eight Hundred Twenty-three (823) in Square numbered Twenty-eight Hundred Ninety-one (2891).

EXECUTION COPY

Exhibit B

Measurement Certificate for Rentable Area

This Certificate is made as of the ____ day of _____, 200__ pursuant to Section 2.1 of that certain Lease Agreement between THE DISTRICT OF COLUMBIA, by and through its Office of Property Management ("Landlord") and Cesar Chavez Public Charter Schools for Public Policy, a District of Columbia non-profit corporation and public charter school, having its principal address at 709 12th Street, S.E., Washington, DC 20003 ("Tenant") dated _____, 2007 (the "Lease"). The terms used in this Certificate that are defined in the Lease shall have the same meanings as provided in the Lease.

This Certificate and the certifications made herein shall be deemed to be fully part of the Lease and binding upon the parties, and their successors and assigns, as part of the said Lease, as fully as set out therein.

The Landlord and Tenant certify as follows:

1. The number of square feet of rentable area in the Leased Premises is _____.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Certificate to be executed the day and year first above written.

LANDLORD:

DISTRICT OF COLUMBIA
By and through its
Office of Property Management

By: _____
Name: Lars Etzkorn
Title: Chief Property Management Officer

TENANT:

Cesar Chavez Public Charter Schools for Public Policy
a District of Columbia Public Charter School

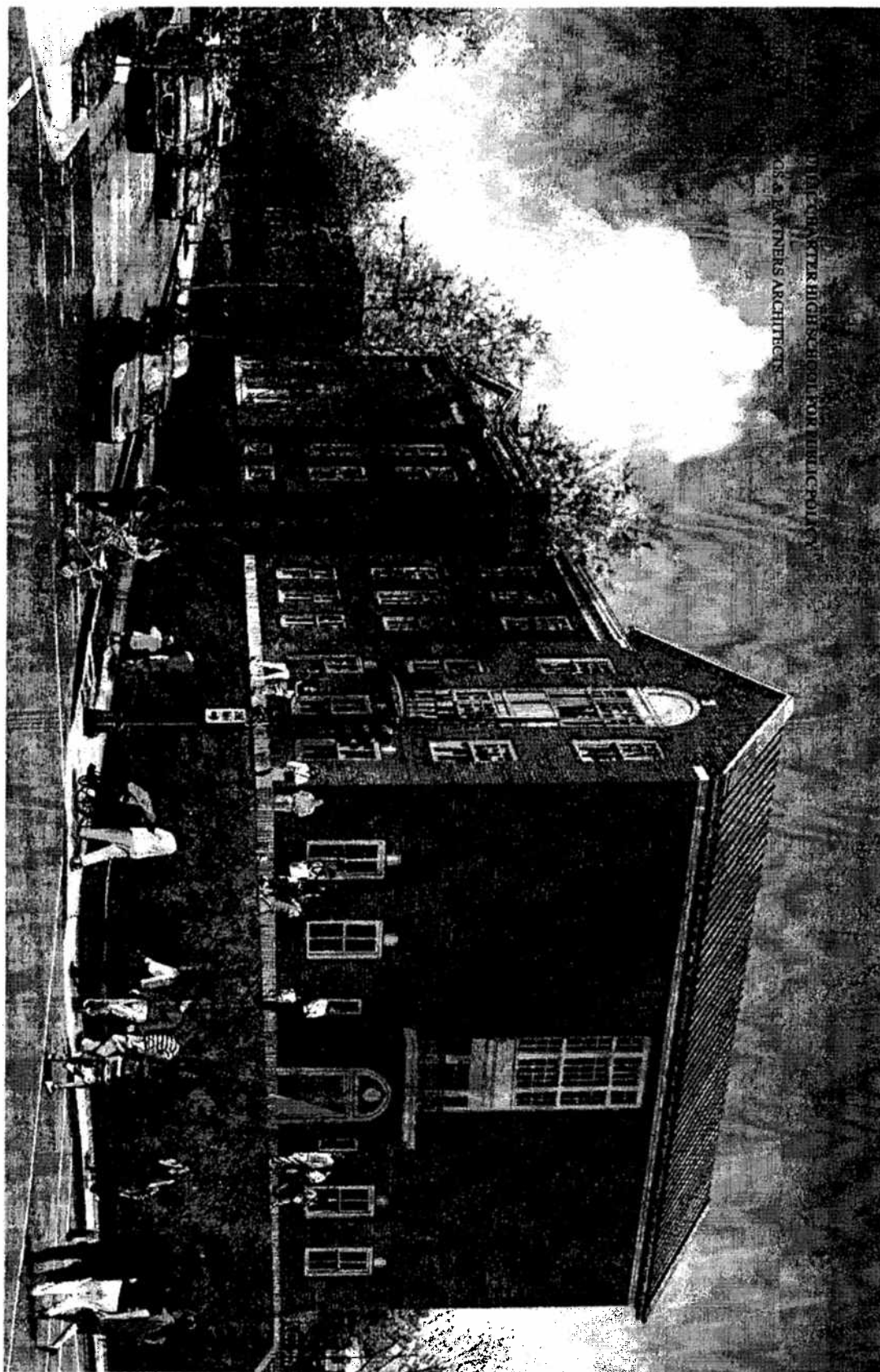
By: _____
Name: Irasema Salcido
Title: Chief Executive Officer

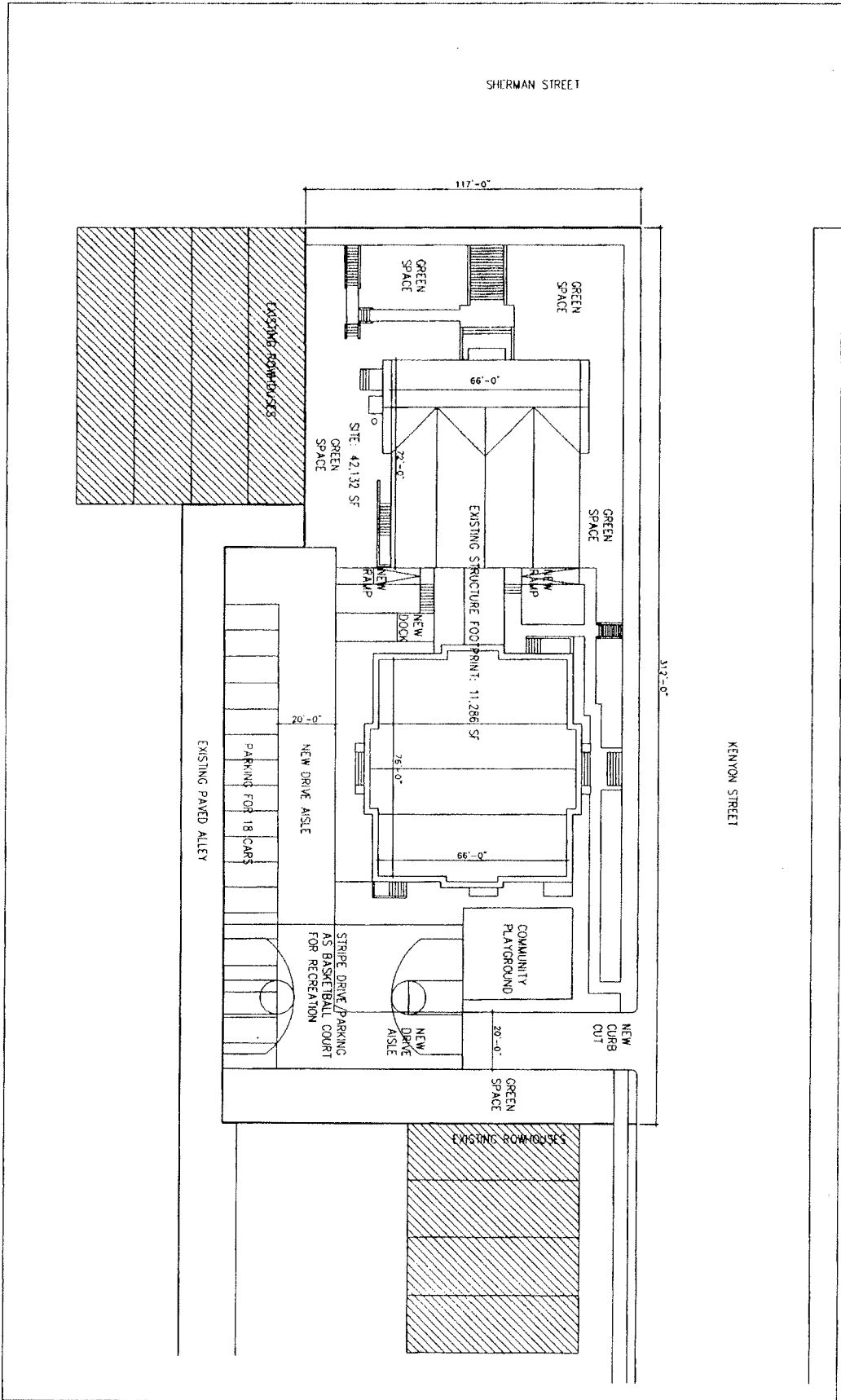
EXECUTION COPY

Exhibit C

Concept Drawings

DRIFT CHARTER HIGH SCHOOL FOR PUBLIC POLICE
AS A PARTNERS ARCHITECTS





Bruce School

Cesar Chavez Charter School

Site Plan A - 18 Parking Spaces

Boggs & Partners Architects

May 2006

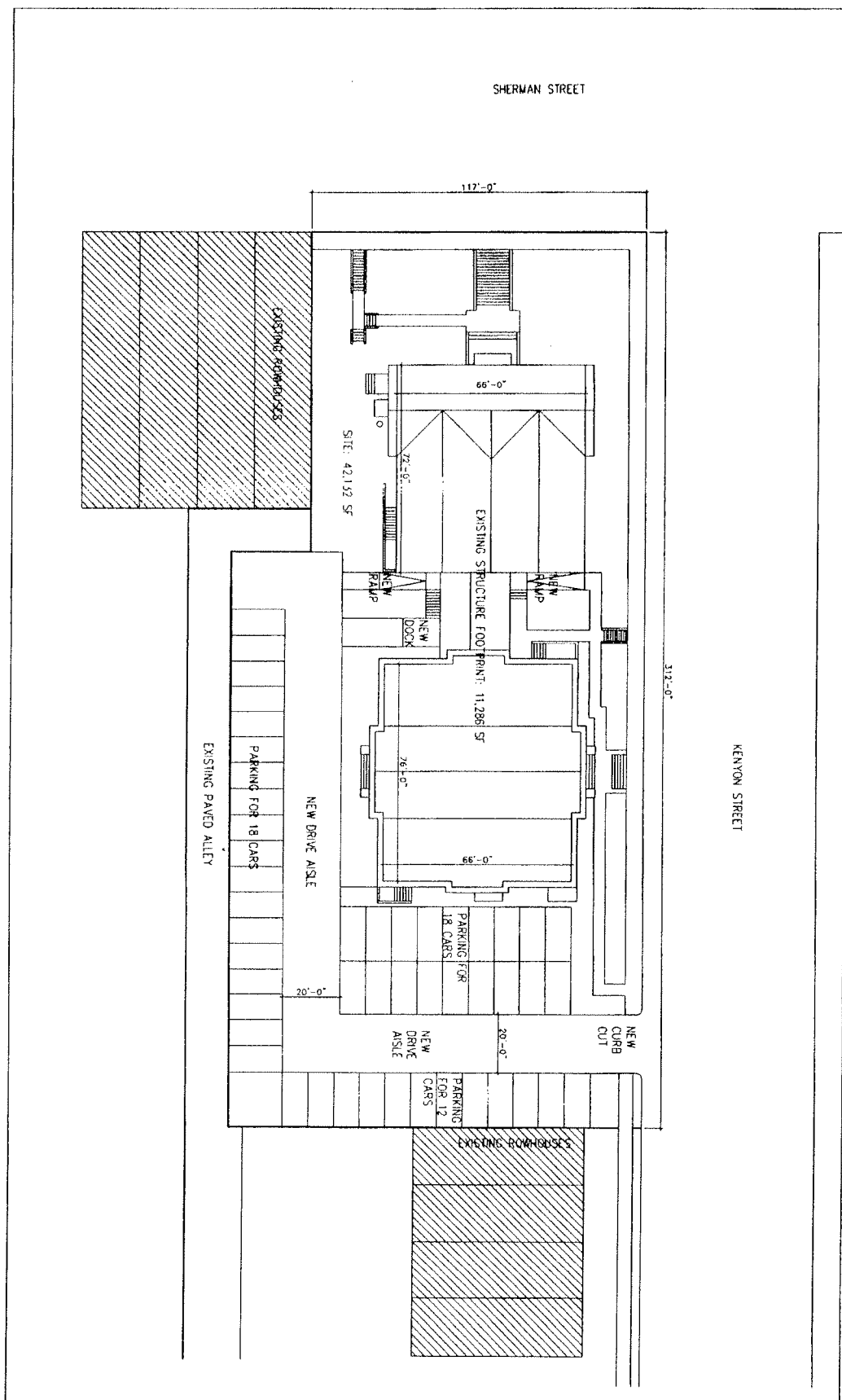
Copyright 2006 Boggs & Partners Architects. All Rights Reserved

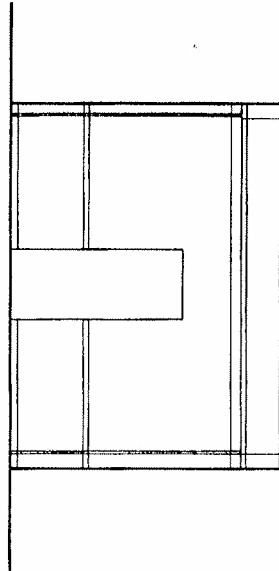
Cesar Chavez Charter School

Site Plan B- 48 Parking Spaces

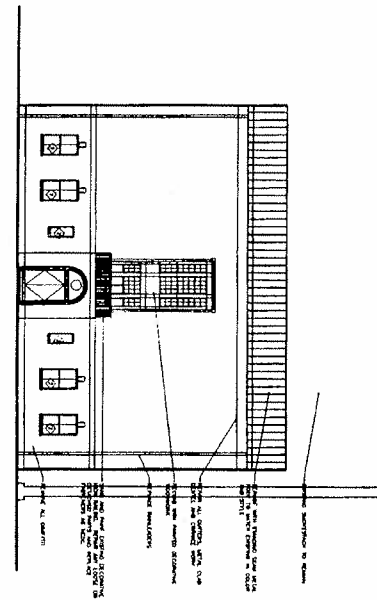
Boggs & Partners Architects

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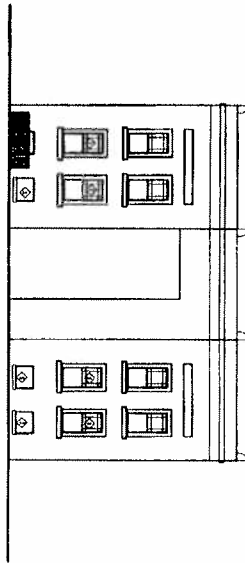




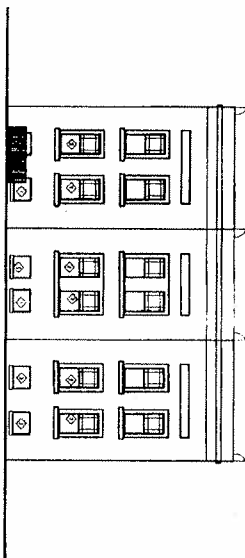
2 EAST ELEVATION AT WEST WING
Scale: 1/8" = 1'-0"



1 WEST ELEVATION AT WEST WING
Scale: 1/8" = 1'-0"



4 WEST ELEVATION AT EAST WING
Scale: 1/8" = 1'-0"



3 EAST ELEVATION AT EAST WING
Scale: 1/8" = 1'-0"

NOTES:
1. SEE ARCH. PLAN FOR LOCATION.
2. SEE ARCH. PLAN FOR LOCATION.
3. SEE ARCH. PLAN FOR LOCATION.
4. SEE ARCH. PLAN FOR LOCATION.

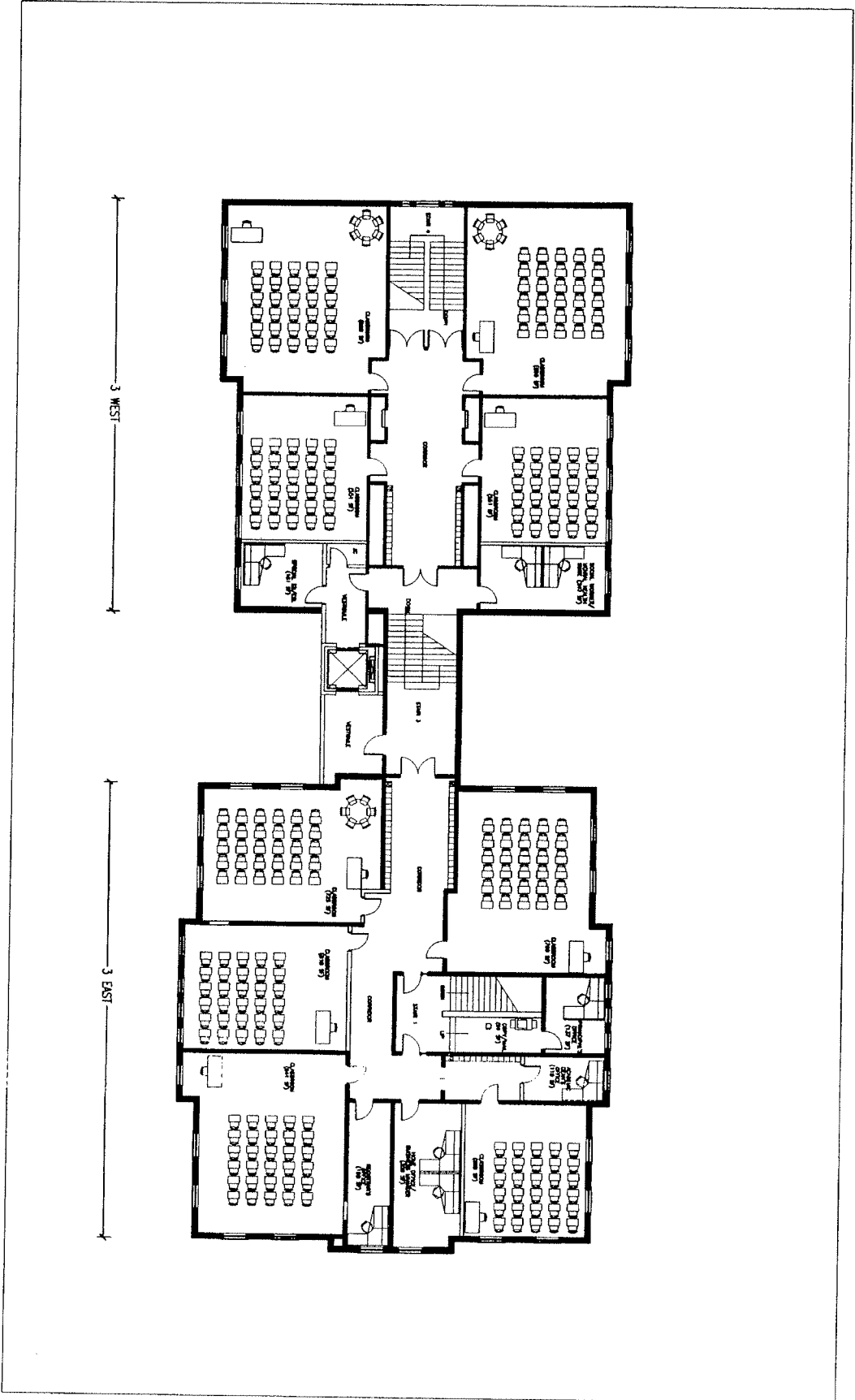
NOTES:
1. SEE ARCH. PLAN FOR LOCATION.
2. SEE ARCH. PLAN FOR LOCATION.
3. SEE ARCH. PLAN FOR LOCATION.
4. SEE ARCH. PLAN FOR LOCATION.

GRAPHIC SCALES
1" = 1'-0"
1/8" = 1'-0"
1/16" = 1'-0"

A2.02

CESAR CHAVEZ
PUBLIC CHARTER SCHOOL
FOR PUBLIC POLICE
BUILDING HOPE CHARTER
SCHOOL FACILITIES FUND
STIRLEY INC.
WASHINGTON DC
BRADFORD L. SMITH, AIA
WASHINGTON DC

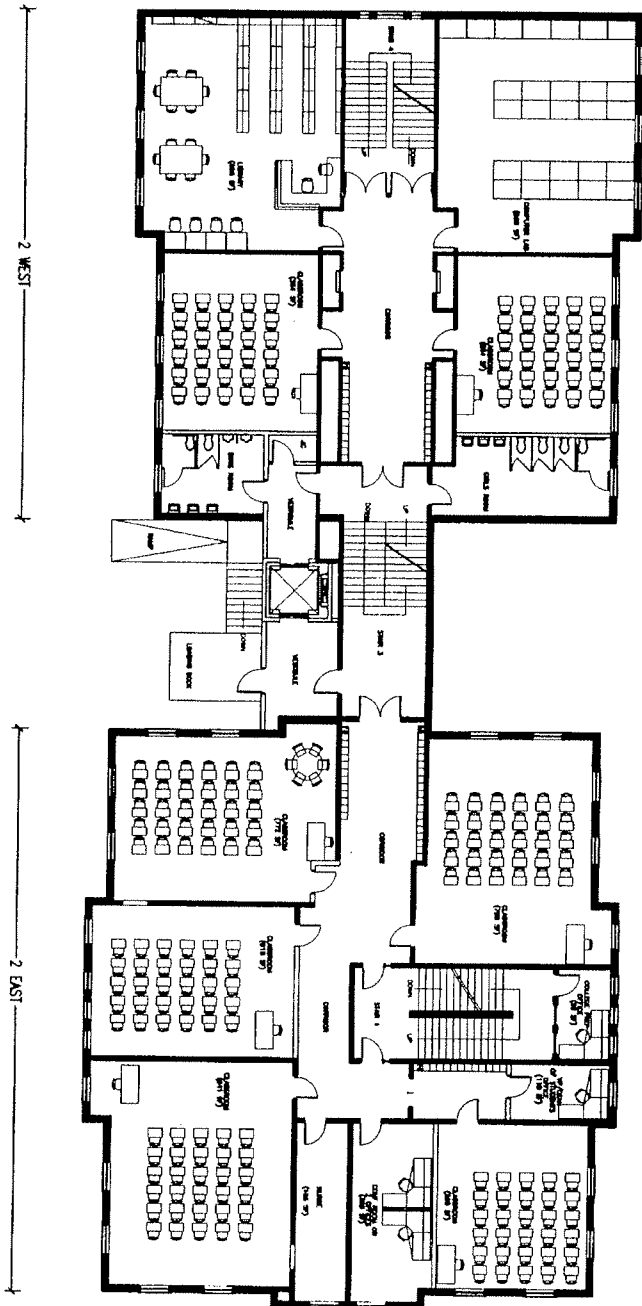
EAST AND WEST
ELEVATIONS
SCALE: 1/8" = 1'-0"



Bruce School
Cesar Chavez Charter School

Plan

Boggs & Partners Architects
May 2006
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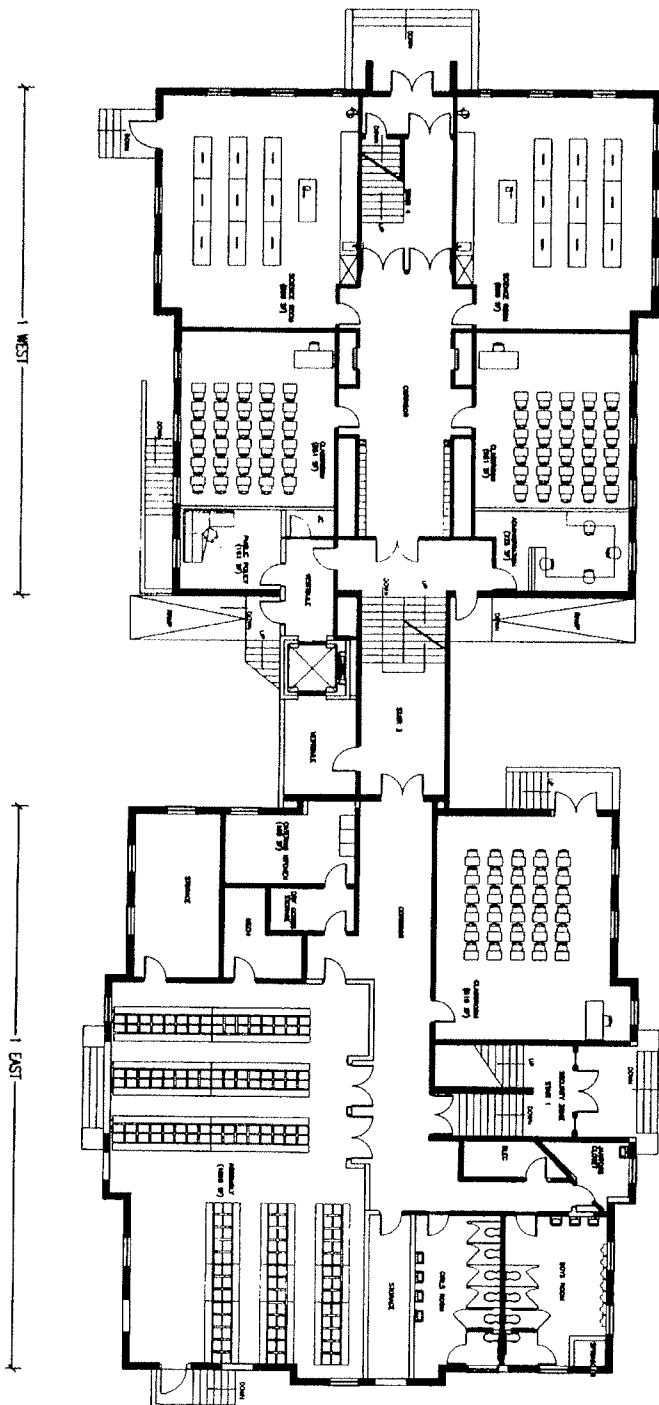
Bruce School

Cesar Chavez Charter School

Plan

Boggs & Partners Architects

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Bruce School

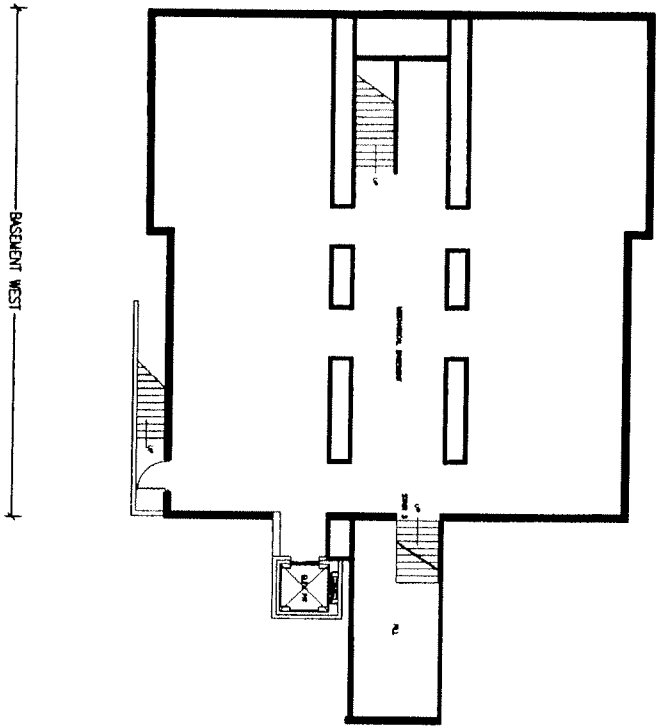
Cesar Chavez Charter School

Plan

Boggs & Partners Architects

May 2006

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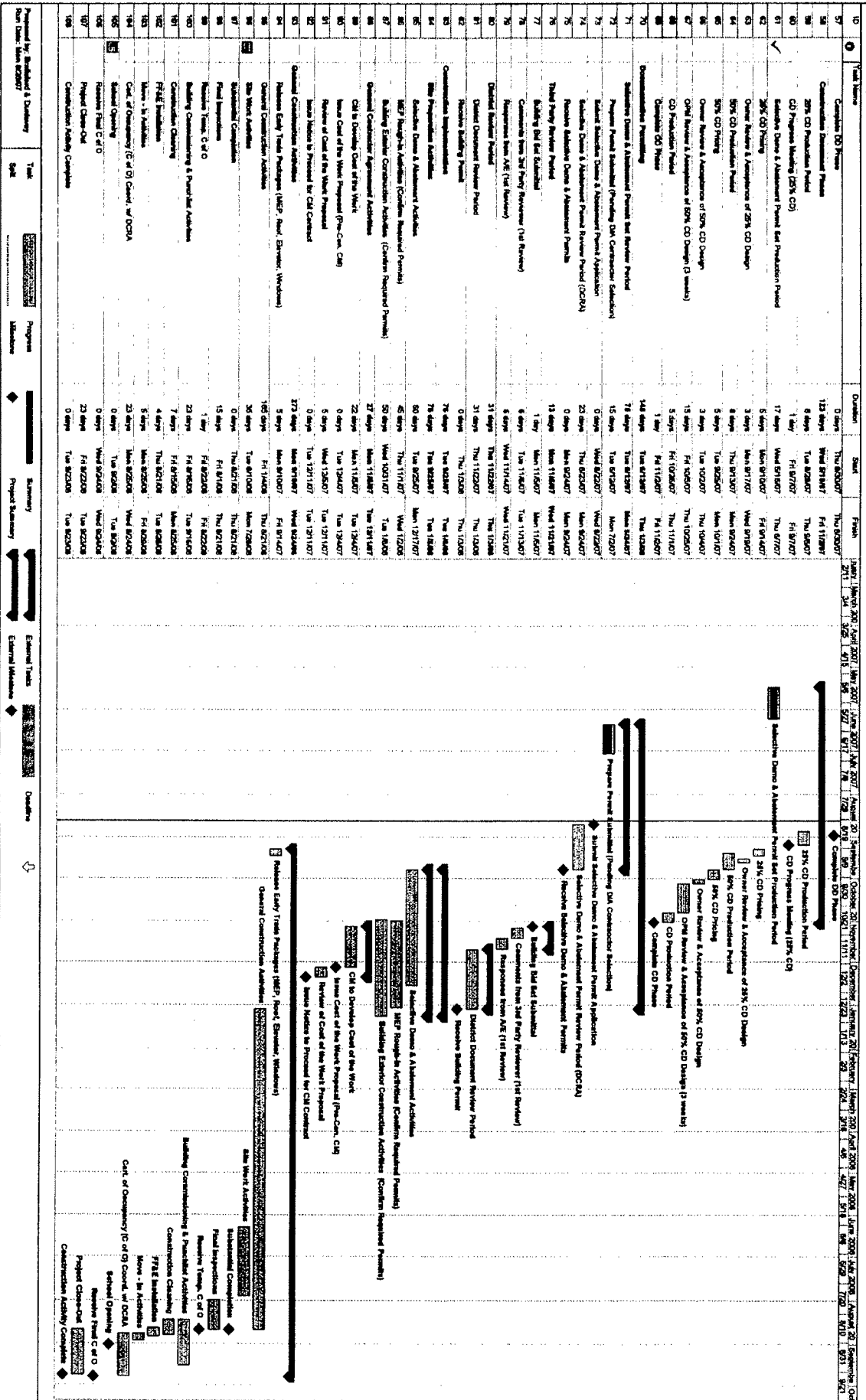
Exhibit D

Redevelopment Project Schedule

Project: Clear Creek Prep Milestone Schedule Project Management Assignment Fall 2008 Delivery

ID	Task Name	Duration	Start	Finish	Predecessors
1	Project Initiation	64 days	Wed 3/18/07	Tue 5/1/07	
2	Project Kick Off Meeting	10 days	Wed 3/18/07	Tue 3/26/07	
3	Learn Situation	0 days	Wed 3/18/07	Tue 3/26/07	
4	Project Team Selection	144 days	Fri 3/23/07	Wed 4/25/07	
5	Assess Situation	49 days	Fri 3/23/07	Mon 4/23/07	
6	Pre-Construction Manager (PCM) Selection Process	33 days	Tue 3/26/07	Tue 4/24/07	
7	Pre-Construction Consultant (C&E) RFP	5 days	Tue 3/26/07	Fri 4/20/07	
8	Review RFP Responses	3 days	Fri 4/20/07	Tue 4/24/07	
9	Interview C&E Candidates	2 days	Tue 4/24/07	Fri 4/27/07	
10	Assess C&E Pre-Construction Scope of Work	3 days	Mon 4/23/07	Wed 5/2/07	
11	Issue C&E Pre-Construction MOU	1 day	Tue 5/2/07	Tue 5/2/07	
12	Pre-Construction Consultant (PCM) RFP	34 days	Tue 3/26/07	Mon 5/14/07	
13	Review RFP Responses	5 days	Mon 4/23/07	Wed 5/2/07	
14	Interview PCM Candidates	3 days	Tue 5/2/07	Fri 5/4/07	
15	Assess PCM Pre-Construction Scope of Work	3 days	Mon 5/14/07	Wed 5/23/07	
16	Issue PCM Pre-Construction MOU	1 day	Tue 5/23/07	Tue 5/23/07	
17	Pre-Construction Consultant (PCM) RFP	5 days	Mon 4/23/07	Wed 5/2/07	
18	Review RFP Responses	3 days	Tue 5/2/07	Fri 5/4/07	
19	Interview PCM Candidates	2 days	Fri 5/4/07	Tue 5/8/07	
20	Assess PCM Pre-Construction Scope of Work	5 days	Mon 5/14/07	Wed 5/23/07	
21	Issue PCM Pre-Construction MOU	1 day	Tue 5/23/07	Tue 5/23/07	
22	Third Party Review (First Selection Process)	48 days	Tue 3/26/07	Mon 5/14/07	
23	Pre-Construction Consultant (PCM) RFP	5 days	Mon 4/23/07	Wed 5/2/07	
24	Review RFP Responses	3 days	Tue 5/2/07	Fri 5/4/07	
25	Interview PCM Candidates	2 days	Fri 5/4/07	Tue 5/8/07	
26	Assess PCM Pre-Construction Scope of Work	5 days	Mon 5/14/07	Wed 5/23/07	
27	Issue PCM Pre-Construction MOU	1 day	Tue 5/23/07	Tue 5/23/07	
28	Pre-Construction Consultant (PCM) RFP	34 days	Tue 3/26/07	Mon 5/14/07	
29	Review RFP Responses	7 days	Fri 3/30/07	Mon 4/23/07	
30	Interview PCM Candidates	11 days	Fri 4/20/07	Tue 5/8/07	
31	Assess PCM Pre-Construction Scope of Work	4 days	Wed 4/25/07	Mon 4/30/07	
32	Issue PCM Pre-Construction MOU	3 days	Mon 4/30/07	Wed 5/2/07	
33	Design Phase	10 days	Tue 3/26/07	Wed 4/3/07	
34	Design Phase	178 days	Mon 3/19/07	Fri 1/2/08	
35	Design Phase	78 days	Mon 3/19/07	Tue 5/15/07	
36	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
37	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
38	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
39	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
40	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
41	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
42	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
43	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
44	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
45	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
46	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
47	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
48	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
49	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
50	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
51	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
52	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
53	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
54	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
55	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
56	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
57	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
58	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
59	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
60	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
61	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
62	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
63	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
64	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
65	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	
66	Design Phase	14 days	Mon 3/19/07	Tue 4/2/07	

Project: Chasez Chasez Prep Milestone Schedule
 Program Management Assignment
 Fall 2008 Delivery



EXECUTION COPY

Exhibit E

Title Commitment

**COMMONWEALTH LAND TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE
SCHEDULE "A"**

Commitment No. 07-001271 Commercial Connection No. 10990830 Revised October 3, 2007	Effective Date of Commitment: August 10, 2007
Project Name: 750 Kenyon Street, N.W. Washington, D.C.	Prepared for: Studley

Inquiries Should Be Directed To:

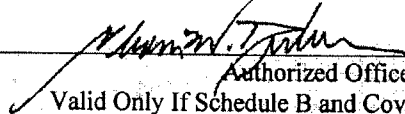
LandAmerica Commercial Services
1015 15th Street, N.W., Suite 300
Washington, D.C. 20005
Attn: Thomas W. Dunbar
Phone: (202) 737-4747; Fax: (202) 737-4108
Direct Dial: (202) 312-5103
e-mail: tdunbar@landam.com

1. Policy or Policies to be issued:
 - (A) ALTA Owner's Policy: 1992 Amount: \$ TBD
Proposed INSURED: **TBD**
 - (B) ALTA Loan Policy: 1992 Amount: \$5,000,000.00
Proposed INSURED: **TBD, its successors and/or assigns as their interests may appear**
 - (C) ALTA Loan Policy: 1992 Amount: \$2,200,000.00
Proposed INSURED: **TBD, its successors and/or assigns as their interests may appear**
2. The estate or interest in the land described or referred to in the Commitment and covered herein is that certain **Leasehold Estate**, as leasehold estate is defined in Item 1(c) of the **ALTA 13 Leasehold Endorsement** to be attached to the ALTA Owner Policy anticipated by this Commitment and of the **ALTA 13.1 Leasehold Endorsement** to be attached to the ALTA Loan Policy anticipated by this Commitment, created by the instrument herein referred to as the Lease, which is set forth on Exhibit "B."
3. Title to said estate or interest in said land is at the effective date hereof vested in:

District of Columbia, by virtue of the vesting instruments more particularly described on Exhibit "C" attached hereto.
4. The land referred to in this Commitment is situated in the District of Columbia and is described as follows:

See attached Exhibit "A"

Countersigned: _____


Authorized Officer
Valid Only If Schedule B and Cover Are Attached

**COMMONWEALTH LAND TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE**

Commitment No. 07-001271

Schedule B – Section I

The following are the requirements to be complied with:

1. Pay the agreed amounts for the interest(s) to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. Instruments satisfactory to create the estate or interest to be insured must be properly executed, delivered and duly filed for record.
 - A. Memorandum of Lease by and between the District of Columbia, as lessor, and the Proposed Insured Owner, as the lessee.
 - B. Deeds of Trust from the Proposed Insured Owner, as grantor, in favor of trustee(s) for the Proposed Insured Lenders.

Note: A properly completed, executed and acknowledged Combined Real Property Deed Recordation Tax and Real Property Transfer Tax Return ("FP-7C") must accompany each deed and deed of trust submitted for recordation.

Note: As of October 1, 2006, the Office of the Recorder of Deeds will assess the following charges in connection with transfers submitted for recordation, **unless an exemption can be established:**

- (1) **Transfer Tax** (deeds only) calculated at the rate of:
 1. 1.45% of consideration on all commercial properties and residential properties conveyed for consideration of \$400,000 or greater; or
 2. 1.1% of consideration on all economic interest deeds (regardless of amount) and deeds of residential property conveyed for consideration less than \$400,000.

NOTE: Transfer tax is also payable on new leases or assignments of existing leases with original terms including renewals of 30 years or more. Calculations vary. Please consult with the underwriter.

- (2) **Recordation Tax** (deeds and deeds of trust) calculated at the rate of:
 1. 1.45% of consideration on deeds of all commercial properties and residential properties conveyed for consideration of \$400,000 or greater;
 2. 1.45% of consideration for all deeds of trust, regardless of type of property or amount; and

3. 1.1% of consideration on all economic interest deeds (regardless of amount) and deeds of residential property conveyed for consideration less than \$400,000.

NOTE 1: Recordation tax is also payable on new leases or assignments of existing leases with original terms including renewals of 30 years or more. Calculations vary. Please consult with the underwriter.

NOTE 2: All security interest instruments (including purchase money) that qualify for exemptions pursuant to DC Code 42-1102 (including, but not limited to residential Class I Property) will continue to be exempt from recordation taxes.

4. Evidence must be submitted of the timely filing of a properly completed and duly executed Income-Expense Form ("FP-308 B") or Hotel/Motel Income and Expense Report ("FP-421B") in connection with any income producing or investment-type property. Filings are due on or before April 1st of each year.
5. The Company must be advised in writing of the name of any party not referred to in this Commitment who will acquire an interest in the land, or who will either obtain or make a loan or mortgage encumbering the land. The Company may then make additional requirements, or take additional exceptions to coverage on Schedule B, Part II.
6. All real property taxes and assessments, general and special, must be paid through September 30, 2007.

Note: Taxes are assessed on a fiscal year from October 1st through September 30th, and may be paid in two (2) equal installments. The 1st installment is due on or before March 31st for the period from October 1st through March 31st; the 2nd installment is due on or before September 15th for the period from April 1st through September 30th. This requirement has been satisfied.

7. A plat or survey must be submitted which has been made in accordance with "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys" jointly established and adopted by ALTA and ACSM in 2005, and which meets the accuracy requirements of the appropriate classification of cadastral survey. Matters disclosed by the survey which in the Company's judgment constitute defects in title to the property will be shown as exceptions to coverage under the proposed policy, replacing the general survey exception currently shown on this Commitment in Schedule B, Part II, Paragraph #2(d).

Note: The Company has been provided with an unexecuted copy of a physical survey entitled "ALTA/ACSM SURVEY TAX LOT 823 SQUARE 2891 WASHINGTON, D.C.," dated May 20, 2007, prepared by WCG, Job No. 07-078 (the "Survey"). The Company must receive a copy of the executed Survey.

8. The current owner of the property must execute and deliver to the Company an owner's affidavit (the "Owner's Affidavit") which in the Company's judgment is sufficient in both

form and content to identify:

- A. rights or claims of parties in possession not shown by the public records;
- B. easements, or claims of easements, not shown by the public records; or
- C. the occurrence of any event which could give rise to any lien, or right to a lien, for services, labor, or material furnished, imposed by law and not shown by the public records.

Matters disclosed by the Owner's Affidavit which in the Company's judgment constitute defects in title to the property will be shown as exceptions to coverage under the proposed policy, replacing the general exceptions currently shown on this Commitment in Schedule B, Part II, Paragraph #2(a), (b), and (c).

- 9. Receipt of written evidence satisfactory to the Company for issuance of a standard ALTA 3.1 zoning endorsement (if required by the Proposed Insured Owner or the Proposed Insured Lenders).
- 10. The Company must receive a copy of the fully-executed Lease.

Note: This Commitment is subject to additional exceptions or requirements as may be appropriate upon receipt and review of the Lease.

- 11. Evidence of the satisfaction of the matters referred to above must be received by the Company at least 48 hours in advance of settlement.

Final letters of instruction on behalf of each of the parties to the transaction must be received by the Company at least 24 hours in advance of settlement.

Scheduled settlements may be delayed if these requirements are not met.

(End of Schedule B – Section I)

**COMMONWEALTH LAND TITLE INSURANCE COMPANY
COMMITMENT FOR TITLE INSURANCE**

Commitment No. 07-001271

Schedule B – Section II

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
2. Standard Exceptions:
 - a. Rights or claims of parties in possession not shown by the public records.
 - b. Easements, or claims of easements, not shown by the public records.
 - c. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
 - d. DELETED.
3. Real estate taxes subsequent to September 30, 2007, a lien not yet due and payable.
4. Taxes or special assessments which are not shown as existing liens by the public records, or which are not due and payable as of the date of the policy(ies) anticipated by this Commitment.
5. The terms and provisions of the Lease referred to in Schedule A, including, but not limited to, reserved rights of the lessor as provided therein, which Lease is evidenced by the Memorandum of Lease.
6. The following matters shown on that certain physical survey entitled "ALTA/ACSM SURVEY TAX LOT 823 SQUARE 2891 WASHINGTON, D.C.," dated May 20, 2007, prepared by WCG, Job No. 07-078:
 - A. Possible easement rights with regard to overhead wire, pay telephone, water valves, sewer manholes and grate inlet.
 - B. Improvements on the southern portion of the property project into area labeled as "Public Alley."
 - C. Concrete wall with fence on top on eastern property line appears to encroach onto Lot 59 located to the east.

D. All notes shown thereon.

(End of Schedule B - Section II)

EXHIBIT "A"

Legal Description

All that certain lot or parcel of land together with all improvements thereon located and being in the City of Washington in the District of Columbia and being more particularly described as follows:

All of Lots numbered Eighteen (18), Nineteen (19), Twenty (20) and Twenty-One (21) in Block numbered 7 in Todd and Brown's subdivision of Mount Pleasant and Pleasant Plains, now Square numbered Twenty-eight Hundred Ninety-one (2891), as per plat recorded in the Office of the Surveyor for the District of Columbia in Liber Levy Court 2 at folio 24.

AND

Lot numbered One Hundred Two (102) in Square numbered Twenty-eight Hundred Ninety-one (2891) in the subdivision made by Harry Kite of lots in Block 7 of Todd and Brown's subdivision of Mount Pleasant and Pleasant Plains, as per plat recorded in the Office of the Surveyor for the District of Columbia in Liber 66 at folio 89.

AND

All of Lots numbered Forty-four (44), Forty-five (45), Forty-six (46), Forty-seven (47) and Forty-eight (48) in the subdivision made by the Washington Provident Company No. 2 of lots in Block numbered 7, now Square numbered Twenty-eight Hundred Ninety-one (2891) in Todd and Brown's subdivision of Mount Pleasant, as per plat recorded in the Office of the Surveyor for the District of Columbia in Liber Governor Shepherd at folio 91.

AND

Lot numbered Forty-one (41) in the subdivision made by the Washington Provident Company No. 2 of lots in Block numbered 7, now Square numbered Twenty-eight Hundred Ninety-one (2891) in Todd and Brown's subdivision of Mount Pleasant, as per plat recorded in the Office of the Surveyor for the District of Columbia in Liber Governor Shepherd at folio 91, **EXCEPT** the westerly twenty feet of said lot condemned for the widening of Sherman Avenue.

AND

The easterly 18 feet by full depth thereof of Lot numbered Forty-three (43) in the subdivision made by the Washington Provident Company No. 2 of lots in Block numbered 7, now Square numbered Twenty-eight Hundred Ninety-one (2891) in Todd and Brown's subdivision of Mount Pleasant, as per plat recorded in the Office of the Surveyor for the District of Columbia in Liber Governor Shepherd at folio 91.

AND

All of alleys closed pursuant to an Act of the 72nd Congress approved June 14, 1932 as Public Act No. 173 and shown on plat recorded in the Office of the Surveyor for the District of Columbia in Liber 102, at folio 111.

NOTE: At the date hereof the above described property is designated on the Records of the Assessor for the District of Columbia for assessment and taxation purposes as Lot numbered Eight Hundred Twenty-three (823) in Square numbered Twenty-eight Hundred Ninety-one (2891).

EXHIBIT "B"

Lease

Lease, dated _____, 2007, by and between the District of Columbia, as lessor, and _____, as lessee (the "Lease"), as evidenced by that certain Memorandum of Lease, dated _____, 2007, recorded among the Land Records of the District of Columbia as Instrument Number _____ (the "Memorandum of Lease").

EXHIBIT "C"

Vesting Instruments

Deed, dated August 6, 1897, recorded among the Land Records of the District of Columbia (the "Land Records") in Liber 2247, at folio 145 (as to Lots 18, 19, and 20, in Block 7, now Square 2891).

Deed, dated April 10, 1899, recorded among the Land Records in Liber 2391, at folio 254 (as to Lot 21, in Block 7, now Square 2891).

Petition filed on December 8, 1925 in the Supreme Court of the District of Columbia as District Court Case Number 1758 and Report and Award of Commissioners filed therein on June 2, 1926 (as to Lot 102, Square 2891 and Lots 46, 47 and 48, in Block 7, now Square 2891).

Deed, dated May 6, 1926, recorded among the Land Records in Liber 5708, at folio 433, as to Lots 44 and 45, in Block 7, now Square 2891).

Deed, dated November 9, 1925, recorded among the Land Records in Liber 5647, at folio 13 (as to Lot 41, in Block 7, now Square 2891).

Deed, dated May 6, 1926, recorded among the Land Records in Liber 5708, at folio 431 (as to the easterly 18 feet by full depth of Lot 43, in Block 7, now Square 2891).

All of alleys closed pursuant to an Act of the 72nd Congress approved June 14, 1932 as Public Act No. 173 and shown on plat recorded in the Office of the Surveyor for the District of Columbia in Liber 102, at folio 111.

EXECUTION COPY

Exhibit E-1

Owner's Affidavit

OWNER'S AFFIDAVIT AND AGREEMENT

Issued by **Commonwealth Land Title Insurance Company**



Commonwealth Land Title Insurance Company is a member of the LandAmerica family of title insurance underwriters.

THE UNDERSIGNED, having been duly sworn on oath, states that, to the actual knowledge of the undersigned, the following are true and correct:

- a. That the undersigned has been the owner (the "Owner") of the property described below for at least 123 days prior to the date hereof:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

- b. That there has been no work, services or labor performed or material furnished in connection with repairs or improvements on the property within one hundred twenty-three (123) days prior to the date of this Affidavit except with respect to that certain Right of Entry granted by the Owner to Cesar Chavez Public Charter Schools for Public Policy ("Chavez") to conduct specific environmental and structural studies of the property at Chavez's sole cost and expense, and that certain Lease between the Owner and Chavez referenced in Section g.
- c. That no adverse claims have been made as to the title to the said property;
- d. That the undersigned has done no act to adversely affect the title to said property except the recordation of the Lease referenced in Section g (or the memorandum thereof, as applicable);
- e. That there are no easements or claims of easements not shown by the public records;
- f. That there are no parties in possession of said property, except pursuant to that certain Lease between the Owner and Chavez referenced in Section g;
- g. That no agreement or contract for conveyance, deed, written lease, or writing whatsoever, is in existence, adversely affecting the title to said property or otherwise relating to the property, except that certain lease, dated _____, 200____, by and between the undersigned, as lessor, and Cesar Chavez Public Charter Schools for Public Policy, as lessee ("Lease");
- h. That there are no unpaid or delinquent water and/or sewer bills for said property, nor are there any delinquent real estate taxes or assessments against said property, nor any taxes or special assessments which are not shown as existing liens by the public records due and payable by the Owner.

The Owner acknowledges that Commonwealth Land Title Insurance Company (the "Company") will be asked to issue one or more policies of title insurance without exception to any matters that may arise between the effective date of the title commitment and the date documents creating the interest being insured are filed for record (said period hereinafter referred to as the "GAP"), which matters may constitute an encumbrance on or otherwise affect title to the property.

The statements contained herein may be relied upon by the Company to issue one or more policies of title insurance. I hereby certify that I am authorized to execute and deliver this Owner's Affidavit and Agreement ("Affidavit") on behalf of the Owner. This Affidavit shall not be deemed to be a representation or warranty by the Owner that the property complies with any applicable laws or consists of the condition of, or the absence of, any defects in the property (or any portion thereof).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

DISTRICT OF COLUMBIA

By : _____
Lars Etzkorn
Title: Chief Property Management Officer

DISTRICT OF COLUMBIA; to-wit

Sworn, subscribed to and acknowledged before me this _____ day of _____, 2007,
by _____ of the District of Columbia.

[AFFIX SEAL]

NOTARY PUBLIC

My Commission Expires: _____

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Exhibit F

Form Temporary License

This license ("License") is made on _____, 2007 ("Effective Date") by and between Cesar Chavez Public Charter Schools for Public Policy, a District of Columbia non-profit corporation and public charter school, having its principal address at 709 12th Street, S.E., Washington, DC 20003 ("Licensor") and the Development Corporation of Columbia Heights, a District of Columbia non-profit corporation with its principal address at _____ ("Licensee").

WHEREAS, the District of Columbia ("Landlord") owns the real property located at 770 Kenyon Street, N.W., known for tax and assessment purposes as Parcel 289, Lot 823 (the "Property").

WHEREAS, Landlord and Licensor entered into that certain lease agreement ("Lease") on _____, 2007 for Licensor to use the Property for permitted uses as specified in the Lease.

WHEREAS, Licensee desires to use a portion of the Property during non-school hours and weekends for the purposes of conducting job training and replacement classes and leadership training classes. Licensor is willing to allow Licensee to enter the Property to conduct such classes upon the terms and conditions stated herein.

NOW THEREFORE, Licensor, in consideration of mutual agreement by Licensor and Licensee and other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, does hereby grant Licensee the right to enter the Property upon the following terms and conditions:

1. Subject to the limitations set forth in the License, Licensor hereby permits Licensee to enter the Property for the Permitted Purposes (as defined below) on the following days _____, between the hours of _____ a.m. and _____ p.m. ("License Term"). The License Term shall not exceed six months.
2. During the License Term, Licensee may use the Property for the following purposes: [Specify job training and professional development classes, neighborhood jobs initiative or literacy training classes] _____ (together "Permitted Purposes"). Except for the Permitted Purposes stated herein, Licensee shall not use the Property for any other purposes.
3. Licensee shall pay Licensor a one time License fee in the amount of _____ on the Effective Date for the License.
4. It is Licensee's sole responsibility to obtain all necessary permits, authorizations, licenses, approvals and public notifications necessary for the License or the Permitted

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Purposes. Further, Licensee shall comply with all applicable laws in its use of the Property.

5. Licensee assumes the liability for itself, and its employees, agents, community participants, and invitees conducting all activities, including the Permitted Uses, on the Property. Further, Licensee shall not permit any and all activities deemed to be illegal under the laws of the District of Columbia on the Property, including without limitations, using illegal substances or items on the Property, permitting any hazardous material to be brought upon, kept, or used in or about the Property, engaging in disorderly behavior or discharging firearms on the Property.
6. Licensor assumes all risks and responsibility in connection with its use of the Property. Neither Landlord nor Licensor makes any warranty as to the suitability of the Property for the use intended by this License.
7. Without prejudice to any other rights Landlord or Licensor may have, Licensee is solely responsible, in accordance with applicable laws, for the acts and omissions of its employees, agents, community participants, and invitees which cause injuries to persons or damage to the Property, including any claims arising from such injuries or damages, caused by or arising from Licensee's use of the Property, except to the extent such injuries or losses are caused by Landlord's or Licensor's gross negligence or willful misconduct. Licensee further agrees to indemnify and hold harmless Landlord and Licensor and all of their respective officers, agents, employees and servants ("Indemnified Parties") from and against any and all claims of loss, expense, liabilities, damage and judgments against (including, without limitation, attorneys' fees and court costs), suffered by or claimed against the Indemnified Parties, directly or indirectly, based on, arising out of or resulting from (i) Licensee's use of the Property; (ii) the negligence or willful misconduct of Licensee, its employees, contractors, invitees, guests, agents, successors and assigns, (iii) any breach or default by Licensee in the performance or observance of its obligations under this License, or (iv) any violation of laws by Licensee, its employees, contractors, tenants, licensees, invitees, guests, agents, successors and assigns. This Section 7 shall survive termination of the License.
8. Throughout the License Term, Licensee, at Licensee's sole cost and expense, shall procure and maintain commercial general liability insurance, including bodily injury and property damage coverage, with a combined single limit of at least One Million and 00/100 Dollars (\$1,000,000.00) per occurrence and at least Two Million and 00/100 Dollars (\$2,000,000.00) in the aggregate. Such insurance shall insure against the liability of Licensee, its employees, agents and other authorized representatives, arising out of or in connection with Licensee's use of the Property, all as provided for herein. Landlord and Licensor shall be indorsed as additional insured on such policy (not as "additionally named insured") and shall be entitled to thirty (30) days' written notice prior to termination of the insurance policy. Licensee shall provide Licensor a certificate of insurance evidencing the coverage required by this Section 8 within ten (10) days of the Effective Date and upon request by Licensor from time to time. Notwithstanding any provisions to the contrary in the License, Licensee's failure to obtain or maintain its

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insurance as required herein at all times during the License Term shall constitute a default and the License shall immediately terminate upon such default.

9. Licensee's failure to observe or perform any of the terms of the License shall constitute a default ("Default"). Upon the occurrence of such Default, Licenser may terminate the License immediately upon notice to Licensee. Notwithstanding the foregoing sentence, Licenser may terminate the License with or without causes upon ten (10) calendar days prior notice to Licensee. Further, if the Lease is terminated or expired, Licenser shall immediately notify Licensee of such termination or expiration and the License shall terminate immediately upon such notice.
10. Upon termination or expiration of the License, Licensee, at its sole cost and expense, shall: a) remove all of Licensee's equipment or trade fixtures, if any, from the Property; and b) restore the Property to the same condition as that existing on the Effective Date.
11. Nothing in this License shall be deemed to waive any rights of any kind Landlord or Licenser now has, or may hereinafter have, to assert any claim against Licensee or any other person or entity, including without limitation, claims with respect to any and all past events and activities of Licensee or of any person or entity.
12. Nothing in this License shall be deemed to create, grant or otherwise convey any real property interest in the Property to Licensee.
13. Licensee may not assign, transfer, or otherwise encumber this License.
14. Any notice, demand, request, consent, approval or other communication that either party desires or is required to give to the other under this License shall be addressed as follows:

If to Licenser:

With a copy to:

If to Licensee:

Notices or other communications required to be given under this License shall be in writing and delivered by certified mail (return receipt requested, first-class postage pre-paid), by hand, or by reputable private overnight commercial courier service. Notices served upon Licenser or Licensee in the manner aforesaid shall be deemed to have been received for all purposes under this License at the time such notice shall have been: (i) if hand delivered to a party against receipted copy, when the copy of the notice is receipted; (ii) if given by nationally recognized overnight delivery service, on the next business day

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after the notice is deposited with the overnight delivery service; or (iii) if given by certified mail, return receipt requested, first-class postage prepaid, on the date of actual delivery or refusal thereof. If notice is tendered under the terms of this License and is refused by the intended recipient of the notice, the notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this License. Either party may change its address for the giving of notices by notice given in accordance with this Section.

15. This License shall expire without further action by Licensor at _____ on _____.

IN WITNESS WHEREOF, Licensor and Licensee have executed the License as of the day and year first above written.

Licensor:

Cesar Chavez Public Charter Schools for Public Policy
a District of Columbia Public Charter School

By: _____

Name: Irasema Salcido

Title: Chief Executive Officer

Licensee:

Development Corporation of Columbia Heights
A District of Columbia Non-profit Corporation

By: _____

Name:

Title:

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Exhibit G

Outline of Community Participation and Public Benefits

Program Uses, Community Participation & Public Benefits

1. Cesar Chavez & Development Corporation of Columbia Heights Partnership

Description of Proposed Uses and Public Benefits

Primary Use

The primary use for this site will be Cesar Chavez Public Charter Schools for Public Policy, and during school hours Chavez will operate the entire 39,700 SF building as a Charter School.

At the Bruce School, Chavez intends to open a new campus starting at grade six growing to grade 12 over the next seven years. Even though Chavez relocated to SE and NE DC, it continues to serve the students and families of Ward 1. Currently, nearly 250 Ward 1 students—plus an additional 150 students from other wards in Northwest DC—continue to attend Chavez, traveling back and forth to Wards 6 and 7 each day because they want to continue to benefit from Chavez's strong academic and unique public policy programs as well as Chavez's small, supportive environment. Acquiring the Bruce School would enable these local students to attend a high quality school in their neighborhood without the daily commute.

As described earlier in this proposal: Chavez schools are tuition-free and open to all students who live in the district. The schools primarily serve low-income, minority students from across the District of Columbia, of which the majority are African-American and Hispanic. Chavez schools provide nurturing, safe learning environments where every student is expected to meet rigorous academic and personal behavior standards. Chavez strives to prepare all of its students for college, in fact, since Chavez's existence 100% of all graduating seniors have been accepted to at least one college or university. Public policy themes are incorporated into the curriculum in every subject. Chavez also makes use of the incredible wealth of public policy resources located in the nation's capital, developing students into engaged citizens able to affect change in the world around them.

Public Benefits and Recent Achievements of Cesar Chavez Public Charter Schools

- For the 5th consecutive year, 100% of Chavez graduates have been accepted into at least one college or university.
- Chavez has expertise serving Hispanic populations as well as English Language Learners, a much-underserved population heavily represented in Ward 1.
- Chavez, through its focus in public policy, encourages each of its students to take an active role in his or her community. Chavez students work as interns in Congress, at think tanks, advocacy groups and many community based organizations.
- This year's graduating seniors have been awarded more than 2 million dollars in financial aid over four years and accepted into more than 50 institutions across the country.
- Data from our Stanford 9 scores indicate that 76.9 percent of the students enrolled at Chavez's founding high school made a year or more of progress in reading during SY2004-05—a higher percentage compared to any other charter board secondary school (See Comparison Charts Attached).
- Chavez founding high school scored highest in math on the SAT-9 test of all open-enrollment DC public and charter schools, for the second year in a row (See Comparison Charts Attached).



Program Uses, Community Participation & Public Benefits

1. Cesar Chavez & Development Corporation of Columbia Heights Partnership

Description of Proposed Uses and Public Benefits

- Chavez offers AP English, AP Chemistry, and AP Calculus, and recently added AP US History and AP Computer Science class to its curriculum.
- Chavez students won a variety of literature and art awards including the Williams College Book Award, the Smith College Book Award, and Parkmont Poetry Contest.
- Through its unique Public Policy Program, Chavez has placed over 200 students in fellowships with policy organizations throughout the district, including Ward 1 organizations such as the Department of Transportation, Latin American Youth Center, the Heritage Foundation, CentroNia, and Academy for Educational Development Children's Defense Fund, among others.
- Chavez recently received national recognition by Newsweek Magazine as one of the best high schools using innovative strategies to prepare students for college. Chavez has also enjoyed positive media coverage from National Public Radio, the Washington Post, C-SPAN, the Washington Times, The Washington Informer, Channel 9, among others.

Reaching the Community beyond the Classroom

Chavez wants the Bruce School, a valuable community asset, to serve more than just the Chavez students and is committed to working with local organizations to address the various needs of the Columbia Heights/Pleasant Plains communities. To this end, Chavez has garnered support from leading Ward 1 community organizations including CentroNia, the Latin American Youth Center, Carlos Rosario International School, Bruce Monroe Public School, Mary's Center, and the Council of Latino Agencies, among others.

Furthermore, to ensure that the residents of Ward 1 benefit from the numerous development opportunities occurring in this neighborhood, Chavez proposes to partner with the Development Corporation of Columbia Heights (DCCH) to bring appropriate programs to the residents of Pleasant Plains and the Georgia Avenue corridor.

After considering many options, Chavez sought out a partnership with DCCH, because of DCCH's successful track record and commitment to economic development and revitalization activities that provide affordable housing opportunities, local business expansion and employment opportunities for low and moderate-income residents, business owners, and stakeholders in Ward 1. DCCH has a distinguished history of providing high quality programs and services that have positively impacted the community. Through this proposed partnership, Chavez is seeking to bring these services to the parents, grandparents, guardians, and neighbors of our students.

DCCH will make use of Chavez's classrooms, library, computer labs and multipurpose space during non-school hours and weekends to bring to the community a matrix of programs and services, deployed at all levels of the work-life continuum, to strengthen the civic fiber and social cohesiveness of Columbia Heights/Pleasant Plains. Chavez will provide the platform for DCCH to assist small businesses and aspiring entrepreneurs; and grow meaningful options for residents (including seniors) by providing leadership training, job training and placement opportunities.

Program Uses, Community Participation & Public Benefits

1. Cesar Chavez & Development Corporation of Columbia Heights Partnership

Description of Proposed Uses and Public Benefits

Chavez will provide the facility; the community-based entities will operate and manage programs that best meet community needs. Chavez will also open its doors for public uses such as ANC meetings and town hall/community related functions.

Through this partnership between Chavez and DCCH, high quality adult educational programs and career preparation services can be offered. Potential programs may include:

- **Job Training & Professional Development**—DCCH provides specialized business skills training and information through a structured curriculum seminar: Advanced Business Learning & Entrepreneurship (ABLE). Assistance in the areas of marketing, loan packaging, business plan writing, and licensure will be made available to the residents of Ward 1.
- **Neighborhood Jobs Initiative**—Chavez is interested in partnering with DCCH to maximize the community's ability to connect to local and regional job opportunities through the Neighborhood Jobs Initiative, which provides job training and career skills development; workshops on resume writing, job interviewing and launching an effective job search; as well as computer software training.
- **Literacy Training**—Ward 1 is a very diverse community with families from varying backgrounds and cultures. Providing English as a Second Language and Spanish as a Second Language training, as well as literacy skills is a priority for Chavez. These workshops could be offered and open to any community resident.

**FIRST AMENDMENT TO THE LEASE AGREEMENT BY AND BETWEEN
THE GOVERNMENT OF THE DISTRICT OF COLUMBIA AND CESAR
CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY**

THIS FIRST AMENDMENT TO LEASE AGREEMENT ("First Amendment") is dated as of the 4th day of ~~October~~^{November}, 2008, between the District of Columbia, a municipal corporation by and through its Office of Property Management ("**Landlord**"), and Cesar Chavez Public Charter Schools for Public Policy, a District of Columbia non-profit corporation and public charter school ("**Tenant**").

RECITALS

WHEREAS, Landlord and Tenant entered into a lease agreement on October 10, 2007 (hereinafter, the "**Lease**") for the real property located at 770 Kenyon Street, N.W., Washington, D.C.; more specifically known for tax and assessment purposes as Square 2891, Lot 823 (the "**Property**");

WHEREAS, pursuant to the Lease, Tenant undertook to design and construct the Redevelopment Project Improvements (as defined in the Lease);

WHEREAS, to finance the construction of the Redevelopment Project Improvements, Tenant, for and on behalf of its prospective lender, has requested revisions to the Lease;

WHEREAS, Landlord and Tenant have agreed upon certain lease revisions and desire to amend the Lease to memorialize the understanding of the parties regarding the agreed upon revisions to the rights and obligations of Approved Mortgagees and the parties; and

WHEREAS, the parties agree that this First Amendment shall only be effective upon Tenant closing with Bank of America for Nine Million Three Hundred Thousand and No/100 Dollars (\$9,300,000.00) on or before November 15, 2008 and otherwise shall be void *ab initio*.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. The recitals and the Lease are incorporated herein by reference.
2. All capitalized terms used herein shall have the same meaning ascribed to them in the Lease, unless otherwise indicated, or unless the context hereof shall otherwise require.
3. Section 7.1.1 is hereby amended by adding the following subsection (c):

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"(c) In the event an Approved Mortgagee holds a Leasehold Mortgage, any such proceeds shall be paid to the Approved Mortgagee to be applied as follows:

- (i) To Landlord, an amount sufficient to pay all costs to secure the Property, to clear the Leased Premises of partially damaged or destroyed improvements and debris; and for cleaning and restoration of the surface of the affected portion of the Leased Premises;
- (ii) At the sole option of the Approved Mortgagee, either (A) to the Approved Mortgagee, an amount sufficient to pay all amounts owed by Tenant to Approved Mortgagee or (B) to the Approved Mortgagee to deposit in an interest-bearing account with the Approved Mortgagee to complete repair and restoration of the damage to the Renovation Project Improvements;
- (iii) To Landlord to compensate Landlord for all sums due in connection with an Event of Default arising prior to termination, including without limitation the cost of cure of any Event of Default and unpaid Rent through the Lease termination date; and
- (iv) To Tenant, to the extent of any remainder of such proceeds.

Nothing contained herein shall be construed to limit any obligation on the part of the Tenant to restore or repair any damage or destruction to the Renovation Project Improvements."

4. Section 7.2.3 is deleted and replaced by the following:

"If Tenant fails to commence and diligently pursue the repairs, restoration and rebuilding required under Section 7.2.1 within the two hundred and seventy (270) calendar day period as required by Section 7.2.2, Landlord and any Approved Mortgagee shall each have the option, in each of their respective sole discretion, to terminate this Lease. If termination is elected by the Landlord, then Landlord shall terminate this Lease by written notice to Tenant, subject, however, to the rights of any holder of a Leasehold Mortgage as set forth in Article XII hereof. If termination is elected by an Approved Mortgagee, then such Approved Mortgagee shall send written notice to Landlord, and Landlord shall terminate this Lease by written notice to Tenant; provided, however, that an Approved Mortgagee initiated termination shall not be subject to the rights of any holder of a Leasehold Mortgage as set forth in Article XII hereof."

5. Section 12.2.3 is deleted and replaced by the following:

"The transfer or Assignment of the leasehold estate of Tenant under this Lease pursuant to any foreclosure

(judicial or otherwise) by any Approved Mortgagee or any deed or assignment in lieu of foreclosure or the disposition of the leasehold estate by the holder of such Leasehold Mortgage shall only be: (i) to a public charter school with a charter in effect and established pursuant to D.C. Official Code §§ 31-2853.11 through 31-2853.25 for Permitted Uses, in which event all of this Lease shall continue in full force and effect with respect to all rights and obligations hereunder, or (ii) to an entity for educational purposes in which event this Lease shall continue in full force and effect with respect to all rights and obligations hereunder except that Article XIX of the Lease shall be of no further force and effect as of the date of transfer or Assignment."

6. Section 12.7.1(b) is deleted and replaced by the following:

"If not enjoined or stayed, take steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same to completion with due diligence within sixty (60) calendar days of the expiration of any Additional Cure Period assuming that Landlord has not previously exercised its right to satisfy the obligations under the Leasehold Mortgage or purchase the leasehold estate prior to such foreclosure proceedings, as set forth in Section 12.1.1(a); provided, however, that said sixty (60) calendar day period shall be extended on a day-to-day basis by the number of days from (i) the date of Landlord's receipt of written notice, pursuant to Section 12.1.1(a), of Approved Mortgagee's intent to initiate foreclosure to (ii) the earlier of (x) the date of Approved Mortgagee's receipt of a writing from Landlord evidencing Landlord's intent to exercise its option or (y) sixty (60) calendar days from (i)."

7. Section 12.7.3 is amended to add the following sentence at the end of said Section:

"Nothing in this Section 12.7.3 shall be construed to obligate, contrary to as provided in Section 12.7.1(a), an Approved Mortgagee to cure: (A) obligations of Tenant to satisfy or otherwise discharge any lien, charge or encumbrance against Tenant's interest in this Lease or the Leased Premises junior in priority to the lien of the Leasehold Mortgage held by such Approved Mortgagee or (B) past nonmonetary obligations then in default and not reasonably susceptible of being cured by the payment of money by such Approved Mortgagee. Provided the Approved Mortgagee is otherwise in compliance with

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Section 12.7.1(a), this Lease shall not then terminate and the time for completion by such Approved Mortgagee of its proceedings shall continue so long as such Approved Mortgagee is enjoined or stayed by a court of competent jurisdiction, and shall not terminate thereafter for so long as such Approved Mortgagee proceeds to complete steps to acquire or sell Tenant's interest in the Lease by foreclosure of the Leasehold Mortgage or by other appropriate means with reasonable diligence and continuity. Notwithstanding anything to the contrary contained herein, provided all defaults or Events of Default reasonably susceptible of being cured and any monetary defaults or Events of Default have been so cured, and the Approved Mortgagee shall discontinue any foreclosure proceedings, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease."

8. **Mutual Representations and Warranties.** Landlord and Tenant hereby represent and warrant that, as of the date hereof, there have been no Tenant Delays or Landlord Delays, including, but not limited to the Design Development Drawings for Tenant Improvements, Third-Party/Governmental Delays or Force Majeure Delays under the Lease, that neither Landlord nor Tenant has defaulted under the Lease or any other agreements between the parties, and that neither Landlord nor Tenant has any current claim of any default against the other under the Lease or any other agreement between the parties.
9. **Counterparts.** This First Amendment may be executed in two (2) or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument and shall have the same force and effect as if all parties hereto had executed a single copy of this First Amendment.
10. **Integration.** This First Amendment constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties or any of them with respect to the subject matter hereof.
11. **Ratification.** Except as expressly amended by this First Amendment, all other terms, conditions and provisions of the Lease are hereby ratified and confirmed and shall continue in full force and effect. In the event of a conflict between this First Amendment and the Lease, the provisions of this First Amendment shall control.
12. **Anti-Deficiency.** All financial obligations of the District under this First Amendment, if any, are and shall remain subject to the provisions of (i) the federal Anti-Deficiency Act (31 U.S.C. §§ 1341, 1342, 1349-1351, 1511-1519 and D.C. Official Code §§ 1-206.02(e) and § 47-105 (2001)), (ii) the District of

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Columbia Anti-Deficiency Act (D.C. Official Code §§ 47-355.01 et seq. (2006 Supp.); and (iii) § 446 of the District of Columbia Home Rule Act (D.C. Official Code § 1-204.46 (2006 Supp.)), each as may be amended from time to time.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the day and year first hereinabove written.

LANDLORD:

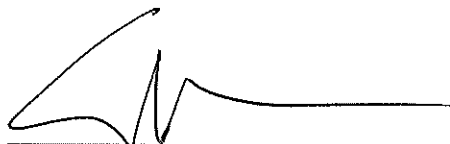
DISTRICT OF COLUMBIA,
by and through its
Office of Property Management

By: _____


Robin-Eve Jasper

Chief Property Management Officer

Approved as to Legal Sufficiency:



Assistant Attorney General, D.C.

Date: 10/29/08

TENANT:

Cesar Chavez Public Charter Schools for Public
Policy,
a District of Columbia non -profit corporation and
public charter school

By: _____

Name:

Title:

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Columbia Anti-Deficiency Act (D.C. Official Code §§ 47-355.01 et seq. (2006 Supp.); and (iii) § 446 of the District of Columbia Home Rule Act (D.C. Official Code § 1-204.46 (2006 Supp.)), each as may be amended from time to time.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the day and year first hereinabove written.

LANDLORD:

DISTRICT OF COLUMBIA,
by and through its
Office of Property Management

By: _____
Robin-Eve Jasper
Acting Chief Property Management Officer


Approved as to Legal Sufficiency:

Assistant Attorney General, D.C.

Date: _____

TENANT:

Cesar Chavez Public Charter Schools for Public
Policy,
a District of Columbia non -profit corporation and
public charter school

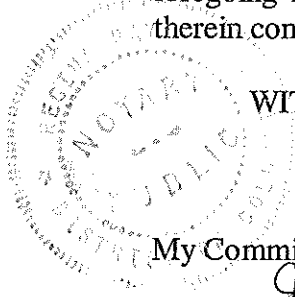
By:  _____
Name: *IRASEMA SALCIDO*
Title: *CEO*

EXECUTION COPY

DISTRICT OF COLUMBIA, TO WIT:

I HEREBY CERTIFY, that on this 31st day of October, 2008, before me, a Notary Public of said State, personally appeared Robin-Eve Jasper, Chief Property Management Officer, Office of Property Management for the District of Columbia, known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument and acknowledged that he/she executed the same for the purposes therein contained.

WITNESS my hand and Notarial Seal.

A circular notary seal for Regine Payton, Notary Public, District of Columbia. The seal is partially obscured by the text and the signature.
Regine Payton
Notary Public

My Commission Expires:

June 14, 2013

DISTRICT OF COLUMBIA, TO WIT:

I HEREBY CERTIFY, that on this ____ day of _____, 2008, before me, a Notary Public of said State, personally appeared _____, a _____ of Cesar Chavez Public Charter Schools for Public Policy, known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument and acknowledged that he executed the same for the purposes therein contained as the duly authorized agent of Cesar Chavez Public Charter Schools for Public Policy.

WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires:

EXECUTION COPY

DISTRICT OF COLUMBIA, TO WIT:

I HEREBY CERTIFY, that on this ____ day of _____, 2008, before me, a Notary Public of said State, personally appeared Robin-Eve Jasper, Acting Chief Property Management Officer, Office of Property Management for the District of Columbia, known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument and acknowledged that he/she executed the same for the purposes therein contained.

WITNESS my hand and Notarial Seal.


Notary Public

My Commission Expires: _____

DISTRICT OF COLUMBIA, TO WIT:

I HEREBY CERTIFY, that on this 30th day of October, 2008, before me, a Notary Public of said State, personally appeared Aracena Salcido, a CEO of Cesar Chavez Public Charter Schools for Public Policy, known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument and acknowledged that he executed the same for the purposes therein contained as the duly authorized agent of Cesar Chavez Public Charter Schools for Public Policy.

WITNESS my hand and Notarial Seal.



Notary Public

My Commission Expires: _____

CORNELIUS KELLY
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires October 14, 2013



AMENDMENT TO GROUND LEASE AGREEMENT

THIS AMENDMENT TO GROUND LEASE AGREEMENT ("Amendment") is made as of the 31st day of October, 2010 by and between the District of Columbia, a municipal corporation by and through its Department of Real Estate Services ("Landlord") and Cesar Chavez Public Charter Schools for Public Policy, a non-profit corporation and public charter school operating under the laws of the District of Columbia ("Tenant").

WHEREAS, Landlord and Tenant are parties to that certain Ground Lease Agreement, dated October 10, 2007 (the "Lease"), for the Leased Premises as set forth therein; and

WHEREAS, Landlord and Tenant do hereby desire to enter into an amendment to the Lease on the terms, conditions and provisions set forth below. Unless otherwise defined herein, capitalized terms have the meanings ascribed to them in the Lease.

NOW THEREFORE, in consideration of the mutual premises one to the other, the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. The definition of "Institutional Lender" in Article I of the Lease is hereby amended and restated in its entirety as follows:

"Institutional Lender" means a lender or equity investor in real estate that is not a Prohibited Person but is: (i) a commercial bank, investment bank, investment company, savings and loan association, trust company or national banking association, acting for its own account, (ii) a finance company principally engaged in the origination of commercial mortgage loans or any financing-related subsidiary of a Fortune 500 company (such as AT&T Capital Corporation or General Electric Capital Corporation), (iii) an insurance company, acting for its own account or for special accounts maintained by it or as agent or manager or advisor for other entities covered by any of clauses (i)-(xi) hereof, (iv) a public employees' pension or retirement system, (v) a pension, retirement, or profit sharing, or commingled trust or fund for which any bank, trust company, national banking association or investment adviser registered under the Investment Advisors Act of 1940, as amended, is acting as trustee or agent, (vi) a real estate investment trust (or umbrella partnership or other entity of which a real estate investment trust is the majority owner), real estate mortgage investment conduit or securitization trust or similar investment entity, (vii) any federal, state, or District agency regularly making, purchasing or guaranteeing mortgage loans, or any governmental agency supervising the investment of public funds, (viii) a profit-sharing or commingled trust or fund, the majority of equity investors in which are pension funds having in the aggregate no less than \$1,000,000,000.00 in assets; (ix) any entity of any kind actively engaged in commercial real estate financing (including without limitation, affordable housing financing) and having total assets (on the date when its interest in the Project, or any portion thereof, is

obtained) of at least \$30,000,000.00, (x) a corporation, other entity or joint venture that is a wholly owned subsidiary or combination of any one or more of the foregoing entities (including, without limitation, any of the foregoing entities described in clauses (i)-(ix) when acting as trustee or manager for other lender(s) or investor(s), whether or not such other lender(s) or investor(s) are themselves Institutional Investors), (xi) any bank or other financial institution serving as trustee or fiduciary securing taxable or tax-exempt revenue bonds issued by the District of Columbia, a portion of the proceeds of which shall be used to finance or refinance all or a portion of the costs of designing, renovating, constructing, and otherwise completing the Redevelopment Project (including environmental remediation, if any), or (xii) such other lender or equity investor which at the time of making the investment is of a type which may customarily be utilized as an investor or lender on projects like the portion of the Project upon which such financing is placed. Landlord agrees that Building Hope: A Charter School Facilities Fund® and affiliates thereof each qualify as an Institutional Lender).

2. The definition of "Permitted Financing" in Article I of the Lease is hereby amended and restated in its entirety as follows:

"Permitted Financing" means (1) Construction Financing for up to one hundred percent (100%) of the total costs for the Redevelopment Project Improvements, and (2) taxable or tax-exempt revenue bonds issued by the District of Columbia, a portion of the proceeds of which shall be used to finance or refinance all or a portion of the costs of designing, renovating, constructing, and otherwise completing the Redevelopment Project (including environmental remediation, if any), including bonds secured *pari passu* with such bonds.

3. Section 12.1.2 of the Lease is hereby amended and restated in its entirety as follows:

The term "Leasehold Mortgage" as used in this Lease shall mean a mortgage deed of trust or other security instrument from an Approved Mortgagee by which Tenant's leasehold interest in the Leased Premises is mortgaged, conveyed, assigned or otherwise transferred to an Approved Mortgagee, to secure a debt or other obligation which (a) in the case of construction financing, (i) is security only for indebtedness of Tenant incurred by Tenant with respect only to the development, construction and operation of the Leased Premises and (ii) secures a loan for the operation, repair and maintenance of the Leased Premises providing by its terms to be paid in full no later than the expiration of the full original Term of this Lease, or (b) secures taxable or tax-exempt revenue bonds issued by the District of Columbia, a portion of the proceeds of which shall be used to finance or refinance all or a portion of the costs of designing, renovating, constructing, and otherwise completing the Redevelopment Project (including environmental remediation, if any), including bonds secured *pari passu* with such bonds. The holder of a Leasehold Mortgage shall be a "Leasehold Mortgagee."

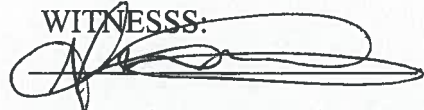
4. Except as modified herein, all the remaining terms and provisions of the Lease shall remain in full force and effect as set forth in the Lease.
5. This Amendment may be executed in counterparts and each such counterpart shall be deemed an original thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized officers as of this ____ day of October, 2010

LANDLORD:

District of Columbia, by and through its Department of Real Estate Services

WITNESS:



Name: Athena Hortel

By: 

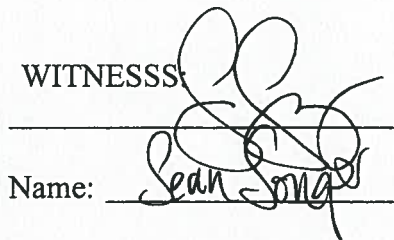
Name: Robin-Eve Jasper

Title: Director

TENANT:

Cesar Chavez Public Charter Schools for Public Policy, a District of Columbia non-profit corporation and public charter school

WITNESS:



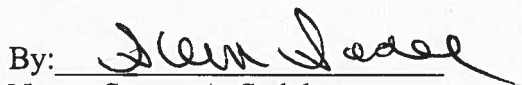
Name: Sean Songer

By: 

Name: Jeff Cooper

Title: Managing Director and COO

Approved For Legal Sufficiency:

By: 

Name: Steven A. Sadel

Title: Assistant Attorney General