Warehouse Lease Amendment #3 — Expansion Into 8653 Grovemont Circle

This *Warehouse Lease Amendment #3* (Amendment #3) is made this 9th day of July 2004 by and between HALCYON ASSOCIATES (Landlord), and MONTGOMERY COUNTY, MARYLAND (Tenant) to the August 2000 lease as amended (Prior Documents) for 8663 Grovemont Circle, Gaithersburg, Maryland. Landlord and Tenant agree:

RECITALS

1. WHEREAS, on or about 22 August 2000, Landlord and Tenant executed a Lease Agreement (the "Original Document") for flex space at 8663 Grovemont Circle ("8663") to accommodate the Fire Department's arson investigators and explosives response unit. The term for 8663 started on October 1, 2001 and ends (subject to Tenant's option to extend) on September 30, 2005.

2. On or about 20 June 2001, Landlord and Tenant executed Warehouse Lease Amendment #1 — Expansion of Premises ("Amendment #1") to expand the Premises to include the adjacent flex space at 8653 Grovemont Circle ("8653") for use by the Fire Department's radio unit. The term for 8653 started July 1, 2001 and was scheduled to end June 30, 2003. This Amendment #1 did not affect Tenant's use and occupancy of 8663.

3. On or about 15 October 2003, Landlord and Tenant executed Warehouse Lease Amendment #2 — First Extension of Additional Premises ("Amendment #2") to extend the term for 8653 until December 31, 2003 for continued use by the Fire Department's radio unit. This Amendment #2 did not affect Tenant's use and occupancy of 8663.

4. WHEREAS, the term for 8653 having ended, Landlord and Tenant now wish to enter into a new agreement for 8653. This Amendment #3 provides for a new term for 8653 and for the construction of improvements to 8653 by the Landlord to accommodate the Fire Department's "Self Contained Breathing Apparatus" unit. This Amendment #3 will not affect Tenant's use and occupancy of 8663.

NOW THEREFORE, Landlord and Tenant further agree:

A#3(a) Other Terms and Conditions. This Lease now comprises the Prior Documents and this Amendment #3. This Amendment #3 supersedes the Prior Documents; but all terms and conditions in the Prior Documents that are not changed in this Amendment #3 remain unchanged and in force. Some terms and conditions are repeated here for convenience. Unless noted otherwise, this Amendment #3 applies to 8653 only and will not affect Tenant's use and occupancy of 8663 Grovemont Circle.

A#3(b) Expansion. The Premises is hereby expanded to include 8653 Grovemont Circle ("8653"), which is deemed to contain 3,000 square feet of Gross Rentable Area and is part of Building "D" of the Shady Grove Industrial Park.

A#3(c) Term. The initial length of the Term for 8653 is expected to be six non-calendar years and two months. Subject to substantial completion of the Landlord's Work, the Starting Date is August 1, 2004. The fixed "Ending Date" is September 30, 2010. If the Landlord's Work is not substantially complete by July 23, 2004, then the Starting Date only shall be postponed until the "Delayed Starting Date," which shall be immediately after both (a) the Landlord's Work is substantially complete and (b) Tenant has had a reasonable time period to occupy 8653. All other dates, including the Ending Date and the start of all subsequent Lease Years, shall remain fixed. The Tenant may extend the Term only by *Rider #1 of Amendment #3 — Tenant's Option for One Five-year Extension (8653).* All Riders and Exhibits are a part of this Amendment and are attached after the signatures.

A#3(d) Rent Payment. Tenant shall pay to Landlord all rent in United States currency without any deduction, set-off, notice, and demand. Tenant shall pay all Monthly Base Rent Installments in advance by the first day of each calendar month. All money shall be paid to: HALCYON ASSOCIATES, P.O. Box 79880, Baltimore, Maryland 21279 – 0880 or any other address or party as Landlord may direct by written notice.

A#3(e) Base Rent. Subject to the possibility of a Delayed Starting Date, Tenant shall pay Base Rent of $254,800.00 (exclusive of Additional Rent, if any) in Monthly Base Rent Installments by the Initial Base Rent Schedule for 8653 Only. If there is a Delayed Starting Date, then Tenant's Base Rent for Lease Year #1 only shall be reduced per diem until the Delayed Starting Date.

Initial Base Rent Schedule for 8653 Only

Period	Period Starting Date	No. of Months	Monthly Base Rent Installment ($)	Period Base Rent ($)
Lease Year #1	08/01/04	14	3,200.00	44,800.00
Lease Year #2	10/01/05	12	3,296.00	39,552.00
Lease Year #3	10/01/06	12	3,395.00	40,740.00
Lease Year #4	10/01/07	12	3,497.00	41,964.00
Lease Year #5	10/01/08	12	3,602.00	43,224.00
Lease Year #6	10/01/09	12	3,710.00	44,520.00
Total Initial Base Rent (exclusive of Additional Rent, if any)				254,800.00

A#3(f) Tenant's Pro Rata Share. For 8653 only, (a) Tenant's Share is 7%, (b) the Base Year for taxes shall be the July 2004 – June 2005 tax year, and (c) the Base Year for insurance shall be the November 2004 – October 2005 insurance year.

A#3(g) Improvements. Landlord shall make improvements to 8653 only by *Rider #2 to Amendment #3 — Improvements to 8653 Grovemont Circle*. Unless noted otherwise, these improvements shall be provided, paid for, and installed by the Landlord.

A#3(h) Brokers. With regard to this Amendment #3, Tenant warrants that it has not dealt with any finders, real estate agents, or brokers.

The signature page follows next.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be properly executed:

Witness to Mr. Daniel:

David Balais

Date signed: 7/1/04

Witness:

Rebecca S Demaruk

Date signed: 7-9-04

Landlord: HALCYON ASSOCIATES, LTD.

John Daniel

John Daniel, General Partner

Date signed: 7/1/04

Tenant: MONTGOMERY COUNTY, MARYLAND

By: Joseph F Beach

Name: Joseph F. Beach

Title: Assistant Chief Admin. Officer

Date signed: 7/9/04

RECOMMENDED

By Cynthia Brenneman

Name: Cynthia Brenneman

Title: Director, Office of Real Estate

Date signed: 6/8/04

APPROVED AS TO FORM AND LEGALITY
OFFICE OF COUNTY ATTORNEY

By Eileen T. Basaman

Name: Eileen T. Basaman

Title: Associate County Attorney

Date signed: 6/30/2004

Rider #1 of Amendment #3 — Tenant's Option for One Five-year Extension (8653)

A#3/R#1 (a) Extension Term. By this *Rider #1*, Tenant may extend the term for 8653 once for ONE FIVE-year "Extension Term" only. If the conditions in the below part *(b) Requirements* are not met, then Landlord, at Landlord's sole discretion, may void this option.

A#3/R#1 (b) Requirements. If (a) Tenant is not in default, (b) the Lease is in force, (c) the Lease has not been assigned and the Premises has not been sublet, (d) Tenant will lease 8641 or 8663 Grovemont Circle through the Extension Term, and (e) at least THREE months but not more than SIX months before the end of the initial Term, Tenant gives Landlord notice that Tenant will extend, then the Term shall be extended. TIME IS OF THE ESSENCE FOR TENANT'S NOTICE TO LANDLORD.

A#3/R#1 (c) Base Rent — Lease Year #7. The Base Rent of the First Extension Term (Lease Year #7) will be greater of (a) or (b):

(a) An annual Base Rent of $45,852.00, paid in equal monthly installments of $3,821.00, or;

(b) The "CPI-Adjusted Annual Rent," paid in equal monthly installments and as calculated by:

$$\frac{\text{CPI-U, January 2010}}{\text{CPI-U, October 2004}} \times \$38{,}400.00 = \text{CPI-Adjusted Annual Rent}$$

CPI-U is the U.S. Bureau of Labor Statistics' Consumer Price Index for all Urban Wage Earners (CPI-U) U.S. City Average, All items 1982-84=100, or the appropriate replacement index.

A#3/R#1 (d) Base Rent — Lease Years #8 – 11. By the same method as the Initial Base Rent for 8653, the Base Rent for each of the subsequent Extension Lease Years after Lease Year #6 shall be increased by 3% of the Base Rent of the previous Lease Year.

A#3/R#1 (e) Other Provisions. Unless noted otherwise, all other Lease terms and conditions, including but not limited to the payment of Additional Rent (if any), shall remain the same during the Extension Term. If, at the start of any Extension Term, the customary insurance coverage for this type of lease and tenant has increased, then Tenant will increase its coverage. For the First Extension, Tenant shall accept the Premises "AS-IS."

Rider #2 to Amendment #3 — Improvements to 8653 Grovemont Circle

A#3/R#2 (a) Landlord's Work. At the start of the Initial Period of the Term only, Landlord shall perform only the following "Landlord's Work." There is no other Landlord's Work. Unless noted otherwise, all work shall be Building Standard. Some Landlord's Work may have already been completed. Unless noted otherwise, Landlord shall pay for all Landlord's Work. As Landlord's Work, Landlord shall:

a. ***Drawings.*** Provide all architectural and engineering drawings necessary for permit.

b. ***Permits.*** Obtain construction permit and use/occupancy permit as required.

c. ***Partitions.*** Install new drywall partitions for Compressor room, Server room, HVAC closet, shower, Break Room, and Equipment Room substantially in accordance with *Exhibit "A" of Amendment #3 — Schematic Plan of 8653 Grovemont Circle* (Plan). Soundproof compressor room. Paint all partitions.

d. ***HVAC.*** Place existing HVAC (five tons) in good working order. Replace if required with heat-pump. Modify return as required. Add to or modify supply ductwork as required. Install small exhaust fan in compressor room vented to exterior.

e. ***Plumbing and fixtures.*** Place existing plumbing in good working order. Install new rough-in for clean-up sink and install clean-up sink. (Sink to be provided by County). Install new shower in toilet room. Install 50 gallon electric water heater. Install new sink in Break Room.

f. ***Floor covering.*** Install new vinyl tile and cove base in all areas except HVAC closet.

g. ***Ceiling.*** Replace existing ceiling tile as required; paint grid.

h. ***Break Room cabinets.*** Provide and install approximately ten feet base and wall cabinets in Break Room.

i. ***Interior Doors.*** All doors 3'-0" wide with metal jambs. Provide and install pair solid core doors for compressor room.

j. ***Ceiling light fixtures.*** Relocate or install new switched ceiling lighting fixtures for compressor, server, HVAC, electric and kitchenette. Switch circuits as shown on Plan. Install four new ceiling light fixtures over workbenches

k. ***Electrical.*** Install new distribution panel. Install 208/60 amp service to Compressor Rom. Install two GFI receptacles and one refrigerator receptacle in kitchenette Install four quad receptacles and four duplex receptacles along workbench wall. Install other receptacles as

shown on Plan. Install not more than six additional convenience receptacles in locations as directed by County.

l. ***Blinds.*** Clean or replace existing blinds.

m. ***Sprinklers.*** Relocate or provide sprinklers as required.

n. ***Code items.*** Provide exit signs and emergency lighting as required.

A#3/R#2 (b) Tenant's Specific Work. The following are NOT included in Landlord's Work, but are listed for coordination and clarity:

o. ***NO clean-up sink.*** COUNTY shall provide the clean-up sink.

p. ***NO counters or work benches.*** COUNTY shall provide all counters, work benches, and trade fixtures.

q. ***NO fire extinguishers.*** COUNTY shall provide any required fire extinguishers.

r. ***NO telecommunications or data systems.*** COUNTY shall provide all telephone and data systems and wiring.

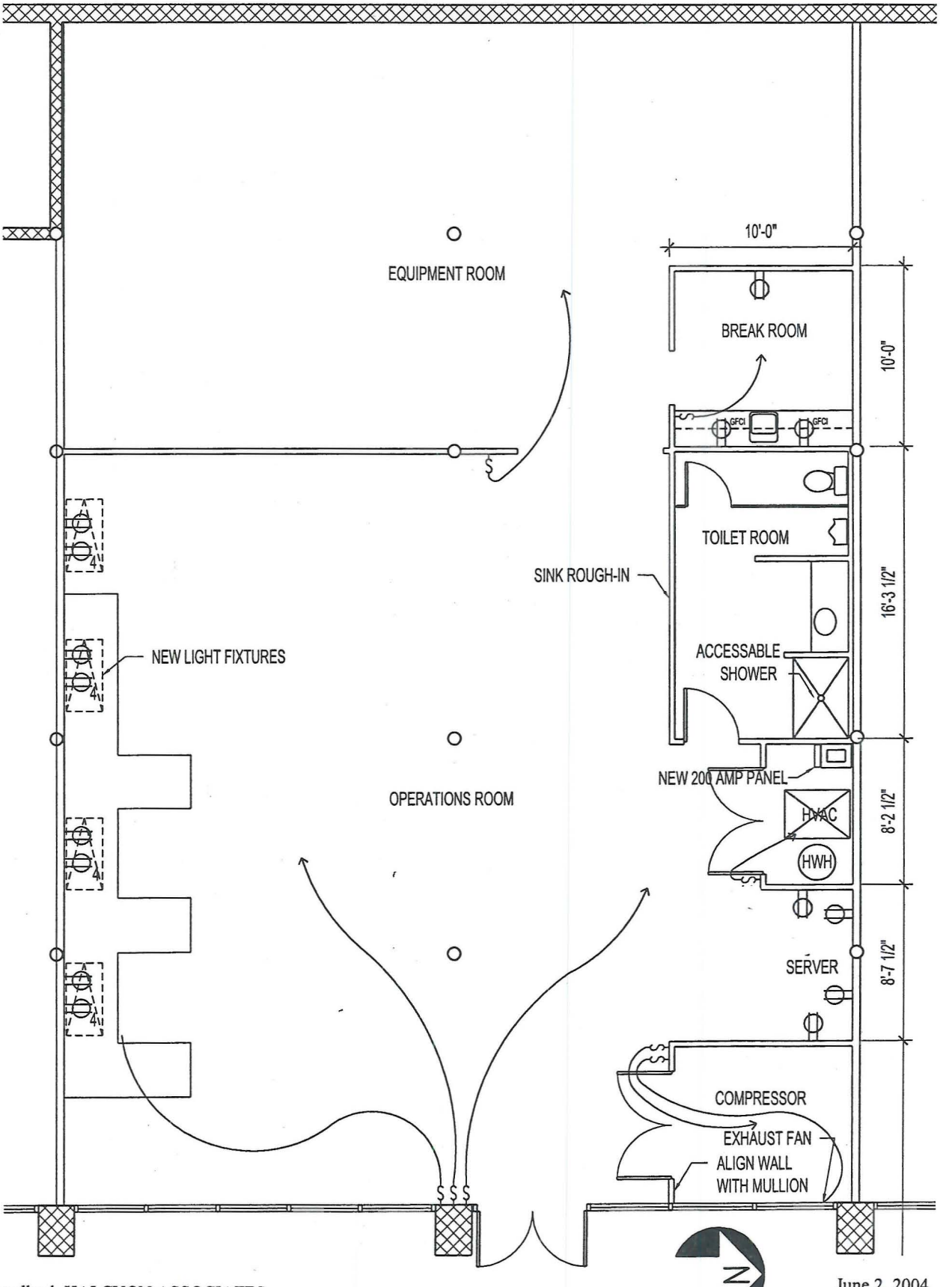
s. ***NO security systems.*** COUNTY shall provide all security systems and shall re-key exterior door lock.

t. ***NO power backup.*** COUNTY shall provide all power backup.

A#3/R#2 (c) Tenant's General Work. Other than Landlord's Work, Tenant shall provide and install any other or subsequent (if any) improvements to the Premises for Tenant's use, including but not limited to additional partitions, lighting, HVAC, modular office furniture, electrical distribution, special equipment, systems furniture, telephone wiring and systems, computer systems, alarm systems, etc., and any associated plans, permits, and code items, including but not limited to, fire suppression systems for specific equipment and low-voltage wiring permits.

A#3/R#2 (d) Mandatory Site Visits. Because of the specialized nature of the improvements to the Premises, the Tenant's using agency shall, during construction, either (a) visit the Premises daily or (b) provide for visits to the Premises on 24-hour notice.

Exhibit "A" of Amendment #3 — Schematic Plan of 8653 Grovemont Circle



Landlord: HALCYON ASSOCIATES

Tenant: MONTGOMERY COUNTY, MD. at 8653 GROVEMONT CIRCLE

June 2, 2004

SCALE - 1/8" = 1'