



## ARLINGTON COUNTY, VIRGINIA

<b>County Board Agenda Item Meeting of October 13, 2007</b>
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**DATE:** September 27, 2007

**SUBJECT:** Approval of a Deed of Lease Between The County Board of Arlington County, Virginia, as Landlord, and Washington Drama Society, Inc., trading as Arena Stage, as Tenant, for the Leasing of 9,530 Square Feet of Space in the Building, and use of adjacent County Property for parking, on a Portion of the County's Real Property Located at 3806 S. Four Mile Run Drive, Arlington, Virginia (RPC #29002013)

### C. M. RECOMMENDATIONS:

1. Approve the attached Deed of Lease (the "Lease") between The County Board of Arlington County, Virginia (the "County"), as Landlord, and Washington Drama Society, Inc., a District of Columbia non-profit corporation registered to do business in the Commonwealth of Virginia, trading as Arena Stage ("Arena Stage"), as Tenant, for the Leasing of 9,530 Square Feet of Space in the Building, and use of adjacent County Property for parking, on a Portion of the County's Real Property Located at 3806 S. Four Mile Run Drive, Arlington, Virginia (RPC #29002013); and
2. Authorize the Real Estate Bureau Chief, Engineering and Capital Projects Division, Department of Environmental Services, to execute, on behalf of the County Board, the Lease, a copy of which is attached hereto as "Attachment 1", and all related documents, subject to approval as to form of all documents by the County Attorney.

**ISSUE:** None.

**SUMMARY:** This is a request to approve a Deed of Lease between the County and Arena Stage, whereby Arena Stage will lease 9,530 square feet of space in the County's building (the "Premises"), and use of adjacent County Property for parking, on a portion of the County's real property located at 3806 S. Four Mile Run Drive, Arlington, Virginia (RPC #29002013), as depicted in the Vicinity Map, attached hereto as "Attachment 2." The Lease permits Arena Stage to use the Premises for the construction and storage of stage sets and scenery to be used in its theatrical productions; no productions will be performed in the Premises, and the Premises will not be open to public audiences. Rent for the Premises is to be paid in equal monthly installments for the lease term of three (3) years, with a provision for the abatement of base rent equal to the value of the improvements Arena Stage is required to make to the Premises.

**BACKGROUND:** Staff proposes a Deed of Lease by which Arena Stage will lease from the County and the County will lease to Arena Stage the Premises. The term of the Deed of Lease

County Manager: \_\_\_\_\_

County Attorney: \_\_\_\_\_

Staff: Michael R. Halewski, Real Estate Specialist – DES, Real Estate Bureau

will be three (3) years. Arena Stage will use the Premises to construct and store sets and scenery to be used in its various theatrical productions. No productions or performances will be permitted in the Premises, nor shall the Premises be open to public audiences of any kind. Arena Stage will be responsible for paying the County base rent in the amount of Two Thousand Seven Hundred Seventy-seven and 78/100 Dollars (\$2,777.78) per month throughout the term of the Lease. However, because Arena Stage will make significant improvement to the Premises, the Lease provides for an abatement of base rent equal to the value of the improvements to the Premises made by Arena. It is currently estimated that the value of the improvements to the Premises to be made by Arena Stage will exceed the total base rent amount for the three (3) year term of the Lease.

**DISCUSSION:** The attached Deed of Lease has been structured to provide a commercially viable agreement to protect the County's rights and needs as a local government. Some of the pertinent provisions of the Deed of Lease are as follows:

- The County shall lease to Arena Stage the Premises, containing approximately 9,530 square feet of space in the County's building on a portion of the County's real property located at 3806 S. Four Mile Run Drive, Arlington, Virginia (RPC #29002013), for a term of three (3) years;
- Arena Stage is permitted to use portions of the County's real property adjacent to the County's building for parking, if Arena Stage meets certain preconditions;
- The term for the Lease commences on October 17, 2007;
- Effective October 17, 2007, base rent shall be \$33,333.33 per year, payable in equal monthly installments of \$2,777.78, said payments being due and payable to Landlord beginning on the seventeenth (17th) day of each calendar month after the commencement date during the term of the lease;
- Arena Stage shall automatically receive an initial one (1) month abatement of base rent;
- Arena Stage shall be entitled to receive additional base rental abatements in an amount equal to the value of the improvements made to the Premises by Arena Stage. If the value of the improvements exceeds the base rent amount for a given month, the excess value shall constitute an abatement of base rent for future months;
- All improvements to the Premises required to be made by Arena Stage shall be completed within ninety (90) days of the date of commencement;
- It is anticipated that the value of the improvements to the Premises required to be made by Arena Stage will exceed the base rent amount for the three (3) year term, resulting in a full abatement of base rent as consideration for the improvements made to the Premises.
- The Premises is being leased in "AS IS" condition;

Approval of a Deed of Lease Between  
Arlington County and Washington Drama Society, Inc. ("Arena Stage")

- Arena Stage shall be solely responsible for the maintenance of the Premises during the term of the Lease.
- Arena Stage, at its sole cost and expense, shall arrange and pay for all utilities servicing the Premises.
- The Lease specifically provides that the County does not waive its rights as a local government.

**FISCAL IMPACT:** If the attached Deed of Lease is approved and executed on behalf of the County, the Arlington County Department of Parks, Recreation and Cultural Resources will receive rent in the amount of \$20,833.35 for Fiscal Year 2008, provided there is no continuing rental abatement; completion of all required improvements will result in a full rental abatement, and no Fiscal Impact.

**DEED OF LEASE**

**THIS DEED OF LEASE** ("Lease"), made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2007, by and between **THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA**, a body corporate, with an address of 2100 Clarendon Boulevard, Arlington, Virginia 22201, herein referred to as the "Landlord" or the "County Board", and **WASHINGTON DRAMA SOCIETY, INC.**, a District of Columbia non-profit corporation registered to do business in the Commonwealth of Virginia, trading as **ARENA STAGE**, hereinafter referred to as the "Tenant", with the Landlord and the Tenant herein collectively referred to as the "Parties", provides as follows:

**RECITALS**

**WHEREAS**, the Landlord is the owner of the parcel of land in Arlington County, Virginia, RPC # 29002013 (the "Property"), the location of the Property being more particularly shown on a Vicinity Map attached hereto as Exhibit A, and being improved with a building having a mailing address of 3806 South Four Mile Run Drive, Arlington, Virginia 22206 (the "Building");

**WHEREAS**, the Tenant is a non-profit corporation organized, among other things: 1) to encourage public interest in Washington, DC and elsewhere in the arts, particularly in the drama; and, 2) to provide instruction and experience in and facilities for experimentation and development of, the composition and presentation of the drama and the performing arts, including writing, musical composition, theatrical design, acting, voice, moving and still photography, recording, costuming, dancing, staging, directing and theatre management, and to improve the standard of performance of all the foregoing by education, research and experimentation.

**WHEREAS**, by this Lease, the Landlord leases to the Tenant a portion of the Building for specified uses related to the purposes for which the Tenant is organized, and permits the use of portions of the Property adjacent to the Building for vehicular parking, subject to the following terms:

**WITNESSETH**

**NOW THEREFORE**, in consideration of the sum of Ten Dollars (\$10.00), the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**1. PREMISES.** The Premises consists of Nine Thousand Five Hundred Thirty (9,530) rentable square feet, more or less, of space on the first (1st) floor of the Building (the "Premises"), as shown on the floor plan attached hereto as Exhibit B. The Premises shall not include any portion of any second floor of the Building. As part of the Tenant Improvements, as hereinafter defined, the Tenant, at its sole cost and expense, shall remove any mezzanine level or structure located within the Premises.

2. **TERM, RENEWAL, AND EXPIRATION.**

A. **Term.** The term of this Lease ("Term") is three (3) years, commencing on the seventeenth (17<sup>th</sup>) day of October, 2007 ("Commencement Date"), and expiring at 11:59 pm on the sixteenth (16<sup>th</sup>) day of October, 2010 ("Expiration Date").

B. **Renewal.** INTENTIONALLY OMITTED.

C. **Expiration.** The Tenant, upon the expiration of the Term, shall quit and deliver possession of the Premises to the Landlord. The Tenant shall have no right to holdover, remain in, or otherwise continue to occupy the Premises after the expiration of the Term. The Landlord reserves the right to use all legal methods available to remove the Tenant and its equipment, furnishings, and trade fixtures that continue to occupy the Premises beyond the Term. Upon the expiration or termination of this Lease, the Tenant shall remove its equipment, furnishings and trade fixtures, and leave the Premises, in good condition (by way of example and not limitation, broom swept), normal wear and tear excepted.

3. **BASE RENT AND OTHER EXPENSES.**

A. **Base Rent.** The Tenant shall pay to the Landlord base rent for the Premises in the amount of THIRTY-THREE THOUSAND THREE HUNDRED THIRTY-THREE AND 33/100 DOLLARS (\$33,333.33) per annum, payable in equal monthly installments, without deduction or demand, of TWO THOUSAND SEVEN HUNDRED SEVENTY-SEVEN AND 78/100 DOLLARS (\$2,777.78) each, on the first (1<sup>st</sup>) day of each month during the Term ("Base Rent"). The payment shall be made by check, payable to the Treasurer of Arlington County, Virginia, and delivered to the following address: Arlington County, Virginia, Department of Environmental Services, Engineering and Capital Projects Division, 2100 Clarendon Boulevard, Suite 813, Arlington, Virginia 22201, or to the Landlord at such other place as the Landlord may from time to time designate in writing.

Term	Annual Rent	Monthly Installment of Base Rent
10/17/2007-10/16/2010	\$33,333.33	\$2,777.78

B. **Initial Base Rent Abatement.** Notwithstanding the Tenant's obligation to pay Base Rent for the Term stated in this Section 3, the Tenant shall automatically (i.e. without written request) receive from the Landlord an initial abatement of Base Rent for the first month of the Term.

C. **Continuing Base Rent Abatement.** Notwithstanding the Tenant's obligation to pay Base Rent for the Term stated in this Section 3, the Tenant shall have the right to receive a continuing abatement of Base Rent in an amount equal to the value of the improvements, as

reasonably determined by the Landlord, made to the Building or the Premises by the Tenant as part of the Tenant Improvements, as hereinafter defined, provided, however:

(1) that the Tenant shall commence the Tenant Improvements, as hereinafter defined, immediately upon the Commencement Date;

(2) that the Tenant shall improve the Building or the Premises each month by a value, as reasonably determined by the Landlord, of a minimum of TWO THOUSAND SEVEN HUNDRED SEVENTY-SEVEN AND 78/100 DOLLARS (\$2,777.78);

(3) that the Tenant shall submit to Landlord written requests for continuing abatement (after the automatic initial base rent abatement) of Base Rent on the first (1st) day of each month after which qualifying improvements have been made to the Building or the Premises by the Tenant. Each such written request made by the Tenant shall specify the amount of the continuing abatement of Base Rent requested, along with documentation clearly and convincingly establishing that the Tenant has caused improvements to be made to the Building or the Premises as part of the Tenant Improvements, as hereinafter defined, in an amount equal to the value of the continuing abatement of Base Rent amount requested;

(4) that the Tenant shall complete all said Tenant Improvements, to the Landlord's reasonable satisfaction, in a timely manner, and the Tenant shall obtain a Final Certificate of Occupancy for the Premises, no later than ninety (90) days after the Commencement Date;

(5) that the Tenant shall provide a copy of the Final Certificate of Occupancy to the Landlord; and

(6) that if the amount of the value of the improvements made to the Building or the Premises by Tenant in a given month shall exceed the TWO THOUSAND SEVEN HUNDRED SEVENTY-SEVEN AND 78/100 DOLLARS (\$2,777.78) minimum, an abatement of Base Rent equal to the additional amount above the minimum amount shall be applied to the next installment payment of Base Rent. By way of example and not limitation, if Tenant causes \$11,111.12 in improvements to the Building or Premises, as reasonably determined by the Landlord, during the first month of the Term, then the Tenant shall have the right to receive a continuing abatement of Base Rent for the first five months of the Term (first month Initial Base Rent Abatement per §3B, above, and four additional months of Continuing Base Rent Abatement (\$11,111.12 improvements/\$2,777.27 minimum = 4 months)).

**D. Annual Increase in Base Rent.** (Intentionally Omitted).

**E. Custodial Services.** The Tenant shall be solely responsible to afford and pay for all custodial services and custodial supplies, pest control extermination services, window washing, and trash removal services for the Premises. Prior to the Commencement Date, Tenant shall provide a plan for providing adequate custodial services, pest control, window washing, and pest removal for the Premises to the Landlord's Facilities Management Division for review and approval.

**F. Maintenance, Repairs and Upkeep of Premises.** The Tenant, at its sole cost and expense, shall be solely responsible for all maintenance, repairs, and all necessary upgrades to the Premises, including the interior walls, windows, ceilings, lighting, electrical fixtures and the electrical system, life safety systems, ice and snow removal, heating, ventilation, and air conditioning systems ("HVAC"), plumbing system, and telecommunications risers, equipment, panels, and cabling from the minimum point of entry into the Building up to the Premises. The Tenant shall use the plumbing within the Premises and the Building only for the purposes for which it is designed. The Tenant shall, at its sole cost and expense, be solely responsible for any breakage, stoppage or damage to the HVAC, plumbing, and electrical systems. The Tenant, at its sole cost and expense, shall maintain the exterior and interior glass. If the exterior or interior glass is broken or chipped, the Tenant shall repair or replace the glass to match with the existing glass on the exterior or interior of the Building. The Tenant shall install and maintain the fire alarm system, recall system, and approved fire exit lighting.

**G. Additional Rent.** If the Tenant fails to make or diligently complete any repair for which it is responsible, then the Landlord may, upon (10) days prior written notice (except in the case of an emergency, when no notice shall be necessary), cause such work to be completed on behalf of the Tenant and at the Tenant's sole cost and expense. The Tenant shall reimburse the Landlord, as provided below, for the Landlord's costs for services and repairs, including, but not limited to electrical, HVAC, plumbing, pest control, window washing, ice and snow removal, and trash removal ("Additional Rent"). The Landlord shall invoice the Tenant for the Additional Rent to reflect the actual cost incurred by the Landlord for the services provided by the Landlord to the Tenant, which are defrayed by such Additional Rent. The Tenant shall pay to the Landlord the Additional Rent within ten (10) days after receipt by the Tenant of an invoice from the Landlord.

**H. Utilities.**

(1) The Tenant shall, at the Tenant's sole cost and expense, cause to be installed a separate electric meter for the Premises. The Tenant shall pay, directly to the service provider, all periodic charges for electric service.

(2) The Tenant shall, at the Tenant's sole cost and expense, cause to be installed any necessary separate electric water and sewer meters for the Premises. The Tenant shall pay, directly to the service provider, all periodic charges for water and sewage service to the Premises.

(3) The Tenant shall, at the Tenant's sole cost and expense, cause to be installed any necessary separate utility meters or other equipment for service to the Premises. The Tenant shall pay, directly to the service provider, all periodic charges for any other utilities and utility service necessitated by Tenant's occupancy of the Premises.

**I. Telephone and Data Communication Services.** The Tenant, at its sole cost and expense, shall obtain and pay, directly to the installer and service provider, for its own telephone and data communication installation and monthly service.

**J. Additional Tenant Responsibilities.** The Tenant shall be responsible for ensuring that all of the Tenant's activities, including all installations, operation and storage of its equipment, fixtures, and supplies, are at all times in compliance with applicable federal, state and local laws, ordinances and codes, including, without limitation, the Americans with Disabilities Act ("ADA"), and that all areas of the Premises and the Building that the Tenant is responsible for maintaining shall be maintained by the Tenant, at its sole cost and expense, in accordance with such laws, ordinances and codes. Violations of any applicable federal, state or local law, ordinance or code shall be considered a default of this Lease. Pursuant to Section 23 of this Lease, the Tenant shall cure such default within thirty (30) days after receipt of written notice thereof.

**5. DELINQUENT RENT CHARGES.** All Base Rent, Additional Rent, and other monetary obligations of the Tenant arising pursuant to this Lease, not paid within ten (10) days of the date due under this Lease shall:

**A.** Accrue interest thereafter at a rate of ten percent (10%) per annum, or the maximum rate then allowed by applicable law, whichever is less, on the unpaid balance until said balance is paid in full;

**B.** Incur a late payment charge equal to five percent (5%) of the amount due; and

**C.** Be grounds for default under Section 23 of this Lease.

No payment by the Tenant or receipt and acceptance by the Landlord of a lesser amount than the full amount then due and payable to the Landlord for Base Rent, Additional Rent, or other payments to the Landlord required hereunder shall be deemed to be other than part payment of the full amount then due and payable. No endorsement or statement on any check or any letter accompanying any check, payment of Base Rent, Additional Rent, or other payment, shall be deemed an accord and satisfaction. The Landlord may accept such part payment without prejudice to the Landlord's right to recover the balance due and payable or pursue any other remedy in this Lease.

**6. USE OF PREMISES.**

**A.** Notwithstanding the construction of the Tenant Improvements, as hereinafter defined, the Tenant shall use the Premises solely for the construction and storage of theatrical scenery, backdrops, stage sets, and props, and for administrative storage, including, but not limited to files and filing cabinets.

**B.** The Tenant, at its sole cost and expense, shall obtain all required permits, licenses, and certificates to use and occupy the Premises solely for uses provided for in this Section 6 and for no other purposes whatsoever without the prior written consent of the Landlord. The Tenant shall comply with all laws, rules, orders, ordinances and regulations promulgated or issued by the Landlord or by any applicable governmental or judicial authority now or at any time in the future.

C. The Tenant agrees that the Landlord, its elected and appointed officers, officials, employees, and agents shall not be responsible for any loss, injury, death or damage to persons or property that at any time may be suffered or sustained by the Tenant or by any person whatsoever may at any time be using or occupying or visiting the Premises or be in, on or about the same, whether such loss, injury, death or damage is caused by or in any way results from or arise out of any act, omission or negligence of the Tenant or of any occupant, visitor or user of any portions of the Premises, or results from or is caused by any other matter or thing whether the same kind as or of a different kind than the matters or things above set forth. The Tenant covenants to save, defend, hold harmless and indemnify the Landlord, its elected and appointed officers, officials, employees and agents from and against all claims, loss, damage, injury, cost (including court costs and attorneys' fees), charge, liability or exposure, however caused, resulting from, arising out of, or in any way connected with the Tenant's occupation and use of the Premises.

7. **ILLEGAL USE.** The Tenant shall not use or permit the Premises or any part thereof to be used for any disorderly, unlawful, or extra-hazardous storage or purpose, nor for any purpose other than hereinbefore specified. The Tenant shall not manufacture any commodity within the Premises.

8. **RULES AND REGULATIONS.** The Tenant covenants that the rules and regulations listed on Exhibit C, and such other and further rules and regulations as the Landlord provides to the Tenant with written notice of, and which, in the Landlord's reasonable judgment, are needed for the general well being, safety, care and cleanliness of the Premises and the Building of which they are a part, together with their appurtenances, shall be faithfully kept, observed and performed by the Tenant, and by its agents, servants, employees, guests and invitees unless waived in writing by the Landlord.

9. **SUBLETTING AND ASSIGNMENT.** The Tenant shall not sublet the Premises or any part thereof. The Tenant shall neither transfer possession or occupancy of the Premises or any part thereof to any person, firm or corporation, nor transfer or assign this Lease.

10. **TENANT IMPROVEMENTS.**

A. Beginning on the Commencement Date, the Tenant and its contractors may enter the Premises to construct the Tenant Improvements, as more particularly shown and described in the floor plan attached hereto as Exhibit B, and made a part hereof, and in the Tenant Improvement documents attached hereto as Exhibit D, and made a part hereof, **and including, but not limited to, any other improvements necessary to remove any mezzanine level or structure within the Premises, and to otherwise make the Premises strictly compliant with applicable building, zoning, and fire codes, and other applicable laws and ordinances, including, but not limited to, the Americans with Disabilities Act, as amended** (jointly, the "Tenant Improvements"), provided that the Tenant has, before such entry, satisfied all applicable requirements of this Lease, including, but not limited to obtaining the required permits and insurance.

B. Notwithstanding any provision of this Lease to the contrary, before the Tenant shall occupy or use the Building, the Premises, or any portion thereof, the Tenant shall, at its sole cost

and expense, complete the Tenant Improvements. The Tenant, at its sole cost and expense, shall apply for and obtain all permits, licenses, and permissions to enter and occupy the Premises, including, but not limited to a Final Certificate of Occupancy, before the Premises or any portion thereof may be occupied. Any violation of this provision shall constitute an Event of Default as hereinafter defined.

C. The Tenant, at its sole cost and expense, shall construct the Tenant Improvements with licensed contractors of the Tenant's choosing. Notwithstanding the foregoing, the Tenant shall submit to the Landlord a list of its license contractors to perform any of the Tenant Improvements for prior approval by the Landlord, which approval shall not be unreasonably withheld, hindered, or delayed. The Landlord hereby approves Fischer and Strachan, General Contractors, to perform the Tenant Improvements. Those Tenant Improvements not required by the Landlord to be removed by the Tenant at the expiration of termination of the Lease shall become the property of the Landlord without the necessity of any further action by either party.

## **11. TENANT ALTERATIONS.**

A. Upon completion of the Tenant Improvements, the Tenant shall not make any subsequent alterations, installations, changes, replacements, additions or improvements (structural or otherwise) in or to the Premises or the Building, or any part thereof, without the prior written consent of the Director of the Arlington County General Services Division or his designee (the "Director of GSD"). Notwithstanding the foregoing, the Tenant may, from time to time, make minor, non-structural improvements within the Premises without the Landlord's prior written consent, provided that:

(1) the total cost of such minor, non-structural improvements shall not exceed ten thousand dollars (\$10,000.00) in a calendar year, as such amount is reasonably determined by Landlord;

(2) the Tenant shall provide the Landlord with a written notice and description of the minor, non-structural improvements to be made by the Tenant within the Premises; and

(3) upon the Tenant's abandoning or vacating the Premises, the Landlord may, at the Landlord's sole discretion, require the Tenant to remove, at the Tenant's sole cost and expense, any minor, non-structural improvements made within the Premises by the Tenant pursuant hereto.

B. If the Tenant elects to make any subsequent alterations to the Premises other than the Tenant Improvements, then, prior to beginning the installation of any subsequent alterations, the Tenant shall provide to the Director of GSD, for his review and approval, a copy of the proposed space plan(s) depicting the subsequent alterations. If the Director of GSD or others determine that any such changes will affect the structural, electrical or mechanical systems of the Building, then the Director of GSD shall have the right to make such subsequent alterations, according to the Tenant's plans or specifications, at the Tenant's sole cost and expense, and without liability to the Landlord.

C. The Landlord's consent to any work by the Tenant or approval of the Tenant's plans or specifications shall not be deemed a certification that such work complies with applicable building codes, laws or regulations, nor shall it impose any liability whatsoever upon the Landlord.

**12. LIENS.**

A. The Tenant agrees not to permit or authorize any mechanics' or other liens to be placed upon or attached to the Property, the Building, or the Premises. The Tenant agrees that mechanics' or other liens do not attach to, and cannot be perfected against public property or buildings, including the Property, the Building, and the Premises. If any mechanics' or other lien is filed against the Property, the Building, or the Premises, for work, labor, services, or materials, done for or supplied to the Tenant, or claimed to have been done for or supplied to the Tenant, such lien shall be discharged by the Tenant, at its sole cost and expense, within ten (10) days from the date that the Tenant received written demand from the Landlord to discharge said lien, by the payment thereof or by filing any bond required by law. If the Tenant shall fail to discharge any such lien, the Landlord may, at its sole option, discharge the lien and treat the cost thereof as Additional Rent, due and payable upon the receipt by the Tenant of a written statement of costs from the Landlord. It is hereby expressly covenanted and agreed that such discharge of any lien by the Landlord shall not be deemed to waive or release the Tenant from its default under the Lease for failing to discharge the same.

B. The Tenant shall indemnify and hold harmless the Landlord from and against any and all claims, damages, and expenses incurred by the Landlord arising from any mechanics' or other liens placed against the Property, the Building, or the Premises, as a result of the Tenant or the Tenant's contractor(s) undertaking any construction work on the Property, or on or within the Building or the Premises, at its own cost and expenses and under its own control and direction, or making any of the Tenant Improvements or any permitted subsequent alterations to the Property, the Building, of the Premises.

**13. OTHER TENANTS. INTENTIONALLY OMITTED.**

**14. ELECTRICAL EQUIPMENT.** The Tenant shall not install or operate in the Premises any electrically operated equipment or other machinery, other than such electrically operated machinery and equipment normally used in the process of making or constructing theatrical sets, scenery, designs, and props, provided that such machinery and equipment shall not exceed the electrical capacity of the Premises as determined by the Landlord. The Tenant shall not install any other equipment of any kind or nature whatsoever which shall or may necessitate any changes, replacements or additions to or require the use of the water system, plumbing system, heating system, air conditioning system or the electrical system of the Premises, without the prior written consent of the Landlord.

**15. ACCESS/SECURITY.**

A. On the Commencement Date, the Landlord shall deliver three (3) sets of keys to the Premises to the Tenant. The Landlord shall maintain copies of said keys for emergency access.

Replacement of keys lost by the Tenant shall be replaced at the Tenant's sole cost and expense. The Landlord reserves the right for itself and its employees and agents to enter upon the Premises at any time during business hours, upon prior verbal or written notice (e.g. telephone, facsimile, email, and letter) from the Landlord to the Tenant, which notice shall be given at least twenty-four (24) hours prior to any such entry, to inspect the Building or the Premises, to show the same to prospective tenants, and to perform such duties as may be the responsibility of the Landlord under this Lease or as a local government entity. In the event of any entry into the Premises, the Landlord shall make reasonable efforts to avoid any interference with the Tenant's business operations therein.

**B.** The Tenant shall have access to the Premises through the private alley as shown on Exhibit A. The Tenant shall neither cause or permit the alley to be blocked, nor impede access by others.

**16. PARKING.** Prior to occupying the Premises, the Tenant shall satisfy all applicable parking requirements and parking agreements, as determined by the Zoning Administrator, for the parking required or permitted for the Tenant's proposed uses of the Premises. Such requirements include, but shall not be limited to, other leases and operational agreements. The Landlord does not represent or warrant that the Property contains sufficient space to meet all necessary parking requirements of the Tenant. All parking provided as part of any parking agreement shall be located adjacent to the Building in the private alley as shown on Exhibit A. Notwithstanding the foregoing, the Tenant shall neither cause nor permit the alley, or any portion thereof, to be blocked or impeded for vehicular access. Any portion of the Property made available to the Tenant by the Landlord for use as parking on the Property shall be for the non-exclusive use of that portion of the Property for vehicular parking, and shall be a license only. The Tenant shall be responsible for obtaining any additional insurance coverage necessitated, as solely determined by the Arlington County Department of Risk Management, by any parking agreement.

The Tenant shall not install signs regarding parking; the Tenant cannot reserve parking spaces. The Tenant shall ensure that all parking spaces comply with the ADA and Zoning requirements. Notwithstanding any provision in the Lease to the contrary, providing the legally required number of parking spaces for the Premises and for the uses permitted therein is the sole responsibility of the Tenant and not the Landlord.

**17. TENANT'S SIGNAGE.** All exterior and interior signs and advertisements shall be in compliance with applicable law and any Site Plan for the Property, the Building, and the Premises. Any interior signage for the Tenant not in existence on the Commencement Date shall be provided at the Tenant's sole cost and expense, subject to prior written approval of the Landlord. The Tenant, at its sole cost and expense, may install exterior signage to identify the Premises after obtaining any necessary and proper permits from Arlington County. Within five (5) days after expiration of the Term, the Tenant, at its sole cost and expense, shall promptly remove its signage and restore the Property, the Building, and the Premises back to its original condition.

18. **AS-IS CONDITION.** The Tenant has inspected the Property, the Building, and the Premises. The Tenant accepts the Premises on the Commencement Date in "AS IS" condition, without requiring any alterations or modifications by the Landlord. The Landlord makes no representations or warranties as to: 1) the condition of the Premises, Building, or Property; 2) the fitness of the Premises, Building, and Property for the Tenant's intended uses; and, 3) the compliance of the Premises, Building, and Property with any laws, codes, ordinances, or regulations.

19. **DAMAGE.** Subject to the terms of this Lease, all injury to the Property, the Building, or the Premises caused by the Tenant, its agents, servants, employees, or visitors, shall be repaired promptly by the Tenant, at the Tenant's sole cost and expense. If the Tenant fails to make such repairs within thirty (30) days after receipt by the Tenant of a written notice from the Landlord, then the Landlord shall have the right to make such necessary repairs, alterations, and replacements (structural, non-structural, or otherwise). In such event, such cost or charge shall become Additional Rent payable with the installment or Base Rent next becoming due or thereafter falling due under this Lease. This provision shall be construed as an additional remedy granted to the Landlord and not in limitation of any other rights and remedies that the Landlord may have in under the circumstances described in this section.

20. **DAMAGE BY FIRE OR CASUALTY.** If the Building, the Premises, or any part thereof shall be partially damaged or totally destroyed by fire or other casualty, the Landlord shall, at its sole option, repair or rebuild the same, or, in the event that the Landlord reasonably determines that the repair of such damage shall take more than one hundred eighty (180) days to complete, the Landlord may terminate this Lease upon written notice to the Tenant; in all cases of fire or other casualty that result in a partial or total destruction of the Building or the Premises, the rent shall be equitably apportioned or abated.

21. **INSURANCE.**

A. **Generally.**

(1) If, in the reasonable opinion of the Landlord, the amount of coverage required by this Section 21 is determined by the Landlord to be inadequate, then the Tenant shall increase the insurance coverage as required by the Landlord. The deductible(s) on any insurance policy required to be carried by the Tenant.

(2) All insurance policies required of the Tenant hereunder shall be endorsed to include the following provision: "It is agreed that this policy is not subject to cancellation, non-renewal, material change, or reduction in coverage until thirty (30) days prior written notice has been given to Arlington County, Virginia." The Tenant shall make good faith efforts to have the Tenant's insurance carrier eliminate the words "endeavor to" and "but failure to mail such notice shall impose no obligation of liability of any kind upon the company, its agents or representatives" are to be eliminated from the cancellation provision of standard ACORD certificates of insurance. The Tenant shall provide the Landlord with a certificate(s) of insurance evidencing the coverage required by this Section 21 within thirty (30) days after the date of this Lease and thereafter on an annual basis during the Term of this Lease.

(3) Each policy shall name the Landlord and any other parties in interest designated in writing by the Landlord as additional insureds, and shall contain a provision that the same may not be canceled or reduced without providing the Landlord not less than thirty (30) days prior written notice. Copies of all policies or certificates evidencing the existence and amounts of such insurance shall be delivered to the Landlord no later than five (5) days prior to the Commencement Date, and renewals thereof shall be delivered to the Landlord at least ten (10) days prior to the expiration of any such policy. The Tenant's failure to provide and keep in force the insurance required under this Section 21 shall be regarded as a material default, entitling the Landlord to exercise any or all of the remedies provided in this Lease. Any policy may be carried under so-called "blanket coverage" form of insurance policies.

**B. Commercial General Liability.** During the Term, the Tenant shall carry and at all times maintain, at its own expense, with a company authorized to do business in the Commonwealth of Virginia, commercial general liability insurance in the amount of at least two million and 00/100 Dollars (\$2,000,000). The County Board of Arlington County and Arlington County (including its elected and appointed officials, agents, and employees) shall be added as additional insureds. Coverage afforded under this policy shall be primary to all other insurance with respect to Arlington County (including its elected and appointed officials, agents, and employees). Prior to the beginning of the Term, the Tenant shall provide the Landlord with evidence of such insurance, in a form reasonably required by the Landlord. Such liability insurance shall be applicable to, among other things, the Premises and all equipment installed therein and thereon.

**C. Property Insurance.** Throughout the Term, the Landlord shall maintain fire and extended risk insurance for the replacement value of the Building or, alternatively, self-insure the Building. The foregoing insurance policy and any other insurance or self-insurance carried by the Landlord shall be for the sole benefit of the Landlord and under the Landlord's sole control, and the Tenant shall have no right or claim to any proceeds thereof or any other rights thereunder.

**D. Leasehold Improvements.** The Tenant shall, at the times during the Term, maintain in effect policies of insurance covering the leasehold improvements (including any alterations, additions or improvements as may be made by the Tenant and the contractor(s), plate glass, trade fixtures, merchandise and other personal property from time to time in or on the Premises, in an amount not less than one hundred percent (100%) of their actual replacement cost, providing protection against all risks covered by the standard form of "Fire and Extended Coverage insurance," together with insurance against vandalism and malicious mischief. The Tenant shall also cause the contractor(s) to maintain at their sole cost and expense workman's compensation insurance in the maximum amount required by law.

**E. Umbrella/Excess Liability Insurance.** All insurance required to be carried by the Tenant shall include Umbrella/Excess Liability Insurance to provide coverage against claims and losses resulting from bodily injury, personal injury or property damage in excess of the limits of insurance specified above for commercial general liability and comprehensive automobile liability. The limits of this umbrella/excess liability insurance will be sufficient to provide total

coverage of at least two million and 00/100 Dollars (\$2,000,000), including the underlying primary limits. Any self-insured retention applicable to this umbrella/excess insurance will require the Tenant to provide to the Landlord, satisfactory evidence of arrangements for adequate financing of this exposure.

**F. Tenant's Contractor's Insurance.**

(1) The Tenant shall cause its contractor(s) to maintain, at all times during which the contractor(s) is performing, working, or within the Building or the Premises, comprehensive liability insurance for bodily injury and property damage naming the Landlord as an additional insured, in such amounts as are adequate to protect the Landlord against liability for injury to or death of any person in connection with the use, operation, or condition of the Building and the Premises. Such insurance shall, at all times during the Term of this Lease, be in an amount not less than One Million Dollars (\$1,000,000.00) combined, single limit with an annual aggregate of at least Two Million Dollars (\$2,000,000.00). If, in the reasonable opinion of the Landlord, the amount of public liability and property damage insurance coverage at the time is not adequate, the Tenant shall cause its contractor(s) to increase the insurance coverage as required by the Landlord.

(2) During the term of any contract relating to the Tenant Improvements or any subsequent alterations, the Tenant shall cause its contractor(s) to maintain in full force and effect, at its sole cost and expenses, a "Builder's Risk Insurance" policy on an "all risks" basis, covering all fixtures, materials, supplies, machinery, and equipment to be used in, or incidental to, the Tenant Improvements or any subsequent alterations. The policy shall include an occupancy clause granting occupancy of the project insured for the purpose it is intended and list the Landlord as loss payee.

(3) All insurance required to be carried by the Tenant's contractor(s) shall be issued by responsible insurance companies, qualified to do business in the Commonwealth of Virginia and reasonably acceptable to the Landlord. Each policy shall name the Landlord, its elected and appointed officers, officials, employees, agents, contractors, and any other parties in interest designated in writing by the Landlord as additional insureds, and shall contain a provision that the same may not be canceled or reduced without providing the Landlord at least thirty (30) days prior written notice. Copies of all policies or certificates evidencing the existence and amounts of such insurance shall be delivered to the Landlord no later than five (5) days prior to the Commencement Date, and renewals thereof shall be delivered to the Landlord at least ten (10) days prior to the expiration of any such policy. The Tenant's failure to provide and keep in force the insurance required under this Section 21 shall be regarded as an Event of Default as hereinafter defined, entitling the Landlord to exercise any or all of the remedies provided in this Lease. Any policy may be carried under a form of insurance policy colloquially referred to as "blanket coverage".

**G. Fire Insurance.**

(1) The Tenant shall not do or permit anything to be done in the Premises or on the Building or bring or keep anything therein that shall in any way increase the rate of fire or other

insurance in said Building, or on the property kept therein, or conflict with the fire laws or regulations, or with any insurance policy upon said Building or any part thereof, or with any self insurance requirement, statutes, rules or regulations enacted or established by the applicable governmental authority.

(2) If the Building or any part thereof is partially damaged or totally destroyed by fire or other casualty, the Landlord shall repair or rebuild same or, in the event that the Landlord reasonably determines the repair of such damage shall take more than one hundred eighty (180) days to complete, the Landlord may terminate this Lease upon written notice to the Tenant; in all cases of fire or other casualty which result in a partial or total destruction, the rent shall be equitably apportioned or abated.

**22. WAIVER OF SUBROGATION.** Notwithstanding anything to the contrary contained herein, the Landlord and the Tenant hereby mutually waive and release their respective rights of recovery against each other for any loss of property (in excess of a deductible amount for each of the Landlord and the Tenant that is reasonable in light of the size and status of each of the Landlord and the Tenant and applicable market conditions) capable of being insured against by fire and extended coverage insurance or any insurance policy providing property damage coverage, whether carried or not. Each party shall apply to its insurer to obtain said waiver and obtain any special endorsement, if required by its insurer to evidence compliance with the aforementioned waiver, and each shall bear the respective costs.

**23. DEFAULT; REMEDIES.**

A. If, at any time during the Term, any one or more of the following events ("Events of Default"), shall occur, then the Tenant shall be deemed in default of this Lease:

- (1) The Tenant makes an assignment for the benefit of creditors;
- (2) The Tenant's leasehold interest is taken on execution;
- (3) the Premises remains unoccupied, unattended, deserted, abandoned or vacated during the Term for more than thirty (30) days after receipt of written notice thereof from the Landlord to the Tenant;
- (4) The Tenant assigns, mortgages or encumbers this Lease, or sublets the whole or any part of the Premises, otherwise than as expressly permitted hereunder;
- (5) The Tenant fails to pay any installment of the Base Rent set forth in the Lease, when the same shall become due and payable, and such failure continues for ten (10) days after receipt of written notice thereof from the Landlord to the Tenant;
- (6) The Tenant fails to pay any charge required to be paid by the Tenant hereunder other than the Base Rent reserved herein, and such failure continues for ten (10) days after receipt of written notice thereof from the Landlord to the Tenant;

(7) The Tenant fails to perform or observe any other requirements of this Lease (not hereinbefore specifically referred to) to be performed or observed on the part of the Tenant, and such failure continues for thirty (30) days after receipt of written notice thereof from the Landlord to the Tenant, provided however, that if such failure is of such nature that it cannot with due diligence be cured within a period of thirty (30) days as herein provided, and so long as the Tenant proceeds with all due diligence to complete the curing of such default, the time of the Tenant within which to cure same shall be extended for such period as may be reasonably necessary to complete the same with all due diligence.

**B.** Upon the happening of any one or more of the aforementioned Events of Default, numbered from (1) to (7), inclusive, and the expiration of the cure period prescribed in any default notice required to be given, the Landlord may give to the Tenant a notice (hereinafter called "Notice of Termination") of its intention to end the Term of the Lease at the expiration of twenty (20) days from the date of service of such Notice of Termination, and at the expiration of such twenty (20) days, this Lease and the Term hereof, as well as all of the right, title and interest of the Tenant hereunder shall wholly cease and expire in the same manner and with the same force and effect as if the date of expiration of such twenty (20) day period was the date originally specified herein for the expiration of this Lease, and the Tenant shall then quit and surrender the Premises to the Landlord.

**C.** If this Lease is terminated as herein provided, the Landlord, its agents or employees may immediately or at any time thereafter re-enter and recover possession of the Premises together with all alterations and improvements thereon, and remove there from the Tenant, its agents, servants, employees, any subtenants, and any other person, firm or corporation, and all or any of the property thereon, by such legal process as provided by the laws of Virginia, or by any suitable proceedings as may at the time be in force in cases relating to the Landlord and the Tenant. The liability of the Tenant under this Lease for all rents provided herein shall survive and continue after such termination, re-entry and recovery of possession.

**D.** Upon termination of this Lease by the Landlord as herein provided, the Landlord shall use its best efforts to re-lease the Premises for the balance of the Term on such terms, covenants, conditions and agreements and for such rent as the Landlord in its exclusive discretion shall deem most advantageous to it, and the Tenant's liability shall be reduced by the amount of rent collected from the new tenant or tenants to the end of the Term, net of all reasonable costs incurred by the Landlord in re-leasing the Premises and in collecting such rents.

#### **24. REMEDIES NON-EXCLUSIVE; WAIVER.**

**A.** The specified remedies to which the Landlord may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which the Landlord may have recourse in case of any Event of Default.

**B.** The failure of the Landlord or of the Tenant on any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions, provisions or agreements of this Lease by the other party, or to exercise any option herein reserved to the Landlord or to the Tenant, shall not be construed as a waiver or a relinquishment for the future by the Landlord

or the Tenant, as applicable, of any such term, covenant, condition, provision, agreement or option set forth in this Lease.

C. A receipt and acceptance by the Landlord of rent or any other payment, or the acceptance or performance of anything required by this Lease to be performed, with knowledge of the Tenant's breach of any term, covenant, condition, provision or agreement of this Lease, shall not be deemed a waiver of such breach, nor shall any such acceptance of rent in lesser amount than is herein provided (regardless of any endorsement on any check, or any statement in any letter accompanying any payment of rent) operate or be construed either as an accord and satisfaction or in any manner other than as a payment on account of the earliest rent or other amount due and then unpaid by the Tenant.

D. In addition to the other remedies provided herein, and anything contained herein to the contrary notwithstanding, the Landlord shall be entitled to restraint by injunction of any violation or attempted or threatened violation by the Tenant of any of the terms, covenants, conditions, provisions or agreements of this Lease.

25. **SUCCESSORS.** All rights, remedies and liabilities herein given to or imposed upon either of the Parties hereto, shall extend to the Landlord's and the Tenant's successors.

26. **ENVIRONMENTAL COVENANTS.**

A. The Tenant shall maintain, operate, use and occupy the Premises strictly in accordance with all applicable federal, state and local environmental protection laws, regulations, rules and orders, including but not limited to those laws relating to the storage, disposal and presence of Hazardous Substances (as defined herein), disposal of solid waste, release or emission of pollutants or Hazardous Substances into the air or soil or into groundwater or other waters, and erosion and sedimentation control (collectively, "Environmental Law or Laws"). The Tenant covenants that it has acquired or shall acquire, prior to or at the time required by applicable law, all permits and licenses required by any Environmental Law in connection with the Tenant's conduct of its business upon the Premises.

B. The Tenant shall notify the Landlord immediately of (i) any and all enforcement, cleanup, removal, investigation or other governmental or regulatory actions instituted or threatened against the Premises with respect to any Environmental Law; and (ii) any and all claims made or threatened by any third person against the Landlord, the Tenant or the Premises relating to any Environmental Law, or to injury to any person or property caused by the presence of a Hazardous Substance on the Premises.

C. The Landlord, its agents and employees (including environmental engineers engaged by the Landlord) shall have the absolute and unconditional right to enter the Premises, upon reasonable prior notice, at any reasonable time to inspect the Premises or to conduct a reasonable environmental investigation, including without limitation, an environmental assessment or audit of the Premises to satisfy the Landlord that the Premises are free from environmental contamination and hazards. Any such entry and inspection shall be at the Landlord's sole expense and the Landlord shall take all reasonable steps to avoid interfering with the Tenant's use and operation of the Premises.

D. From time to time, and upon the Landlord's request, the Tenant shall give to the Landlord or to any person as designated by the Landlord, such assurances as may be necessary to demonstrate that the Premises are in compliance with all Environmental Laws. However, this provision shall not require the Tenant to incur costs for any environmental audit or assessment. If the Landlord reasonably and correctly determines that the Tenant has not substantially complied with an Environmental Law as required herein, the cost of any environmental investigation and audit conducted by the Landlord, in addition to all costs actually incurred by the Landlord and required to comply with such Environmental Law and to conduct necessary cleanup, shall be borne by the Tenant, shall bear interest at the legal rate of interest, and shall be payable as Additional Rent to the Landlord within thirty (30) days after receipt of the written demand.

E. For purposes of this paragraph, "Hazardous Substances" shall mean and include any and all materials or substances defined or classified under present or future federal, state or local laws or regulations as being a "hazardous substance", a "hazardous waste" or "medical waste", a "pollutant" or "toxic pollutant", a "hazardous air pollutant", a "hazardous material", or any element, compound, mixture, solution or substance that, when released into the environment, may present substantial danger to the public health or welfare, or the environment. Hazardous Substances include specifically, without limitation, asbestos in all forms, polychlorinated biphenyls (PCBs), petroleum and petroleum-based derivatives, lead-based paints, and urea formaldehyde.

F. The provisions of this paragraph shall not apply to storage and use of minimal quantities of Hazardous Substances, nor to keeping, storage or use of Hazardous Substances in the ordinary conduct of the Tenant's business, provided that such substances are of a type, and are kept only in quantities customarily found in the occupancy and operation of commercial properties generally similar in type and use to the Premises. All such Hazardous Substances, of whatever quantities or types, shall be kept, stored, used and disposed of in complete and strict compliance with applicable Environmental Laws.

G. The Landlord represents, covenants, and agrees that to the best of the Landlord's knowledge, during the time the Landlord has maintained legal title to and possession of the Building and the Premises, no Hazardous Substances have been released, discharged, or disposed of on, under or about the Building or the Premises (or off-site of the Premises, which might affect the Building or the Premises) by the Landlord. The Landlord's representations, covenants, and agreements made herein are limited to the Landlord's actual knowledge pertaining only to the time of the Landlord's ownership of the Building and the Premises. Furthermore, the Landlord's representations, covenants, and agreements herein made pertain only to actions of the Landlord, and specifically exclude actions of others, including former owners or tenants of the Building or the Premises, without first performing a record search or environmental testing. As of the Commencement Date, if any Hazardous Substances are found deposited, released, stored, disposed, discovered, or present in or on the Building or the Premises, the Landlord, at the Landlord's sole cost and expense, shall promptly and diligently, to the extent required by any applicable law, including, without limitation, the Environmental Laws, rules, regulations, and policies of any governmental entity with jurisdiction over the same, and in compliance with such laws, remove, transport and dispose of such Hazardous Substances. Notwithstanding the foregoing, the Landlord shall have no responsibility, obligation, or liability regarding any Hazardous Substances found deposited, released, stored, or disposed by the Tenant in or on the Building or the Premises in violation of this Lease.

**27. SURRENDER OF LEASED PREMISES AT END OF LEASE TERM**

A. On the Expiration Date, the Tenant shall quit and surrender the Premises broom clean and in good condition and repair. Upon surrender, the Tenant shall remove any trade fixtures installed by the Tenant, and repair any damage to the Premises caused thereby.

B. Due to the unique nature of the Tenant's permitted uses of the Premises under this Lease, and the unique nature of the type of the Tenant's fixtures and personal property, the following shall apply if the Tenant abandons, vacates, or otherwise defaults under this Lease:

(1) upon the expiration of ten days after notice by publication in the Washington Times, any fixtures installed by the Tenant or other personal property of the Tenant remaining in the Premises shall be deemed also abandoned;

(2) any fixtures or other personal property of the Tenant deemed abandoned may be disposed of by the Landlord in any manner, at the Tenant's sole cost and expense;

(3) the Tenant waives all claims against the Landlord relating to the loss and destruction of fixtures or other personal property deemed abandoned; and

(4) the Tenant hereby acknowledges and agrees that any fixtures or other personal property deemed abandoned and disposed of by the Landlord pursuant to the provisions of this Lease shall not be construed as conversion of the Tenant's property.

**28. INTERPRETATION.**

A. Wherever required in the context of this Lease to give effect to its provisions, the singular form shall include the plural and vice versa, the conjunctive form shall include the disjunctive and vice versa, and the masculine form shall include the feminine and vice versa.

B. If any term or provision of this Lease or the application thereof to any person or circumstance is finally determined by a court of competent jurisdiction to be invalid or unenforceable, then the remainder of this Lease and the application of such term or provision to persons or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby. In such instance, each term and provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

C. The construction and operation of this Lease shall be governed by the laws of the Commonwealth of Virginia. The Landlord and the Tenant consent to jurisdiction and venue of the General District Court and Circuit Court of Arlington County, Virginia, for all disputes arising out of or pertaining to this Lease, and the Tenant's use and occupancy of the Premises. All actions and suits arising out of this Lease shall be brought in the General District Court or Circuit Court of Arlington County, Virginia, and in no other courts.

D. The captions and headings used throughout this Lease are for the convenience of reference only and shall not define, limit or describe the scope, intent or interpretation of the provisions hereof.

E. This Lease sets forth the entire agreement of the Parties concerning the terms of the tenancy created hereby. This Lease supersedes all prior negotiations, representations, agreements and understandings between the Parties pertaining to the subject matters hereof. No modification, amendment, limitation or construction of this Lease shall be binding upon either party hereto unless expressed in writing and signed by the party sought to be bound.

**29. APPROPRIATION OF FUNDS.** All obligations of the Landlord under the Lease shall be subject to the appropriation of funds by the County Board of Arlington County, Virginia for the specific purpose of satisfying any payment and other obligations of the Landlord under the Lease.

**30. NOTICES.** All notices required or desired to be given by either party to the other shall be given by certified or registered mail. All notices to the respective Parties required or desired to be given pursuant to this Lease shall be addressed as follows:

**LANDLORD:** The County Board of Arlington County, Virginia  
2100 Clarendon Boulevard, Suite 300  
Arlington, Virginia 22201

with a required copy to: Arlington County, Virginia  
2100 Clarendon Boulevard, Suite 302  
Arlington, Virginia 22201  
Attn: County Manager

with a required copy to: Arlington County, Virginia  
Department of Environmental Services  
Engineering and Capital Projects Division  
Real Estate Bureau  
2100 Clarendon Boulevard, Suite 900  
Arlington, Virginia 22201  
Attn: Real Estate Bureau Chief

**TENANT:** Washington Drama Society, Inc.  
t/a Arena Stage  
1101 6th Street, SW  
Washington, DC 20024  
Attn: **Guy Bergquist**

Either party has the right to change the notice address by designating a new address for any such notice in writing delivered to the other party.

**31. ROLE OF LANDLORD/LANDLORD DECISIONS; NO WAIVER.** The Landlord's execution of the Lease shall not constitute the granting of governmental approval to the Tenant for any governmental approval or consent required to be obtained by the Tenant. Nothing in the Lease shall be construed to waive any of the Landlord's powers, rights or obligations as a governing authority or local governmental body, including, but not limited to, its police powers.

**32. SOVEREIGN IMMUNITY.** Nothing in the Lease, nor any action taken by the Landlord pursuant to the Lease, nor any documents which arise out of the Lease, shall constitute or be construed as a waiver of either the sovereign immunity or governmental immunity of the Landlord, or of its elected and appointed officials, officers and employees.

**33. INDEMNIFICATION AND HOLD HARMLESS.** No provision of this Lease shall be construed as the Landlord, explicitly or implicitly, agreeing to indemnify or hold harmless the Tenant or any third party or parties from liability of any nature.

**34. NO RIGHTS IN THIRD PARTIES.** The Lease shall not create in the public, nor in any person or entity other than those signing the Lease, any rights as a third party beneficiary.

**35. STATUTORY PROVISION.** Pursuant to § 15.2-734 of the Code of Virginia, at the termination of this Lease it shall not be renewed if required for any of the purposes mentioned in § 15.2-1639 of the Code of Virginia, and that upon termination, all improvements thereon shall revert to the County Board and the real property including all improvements erected thereon shall revert to the County Board and shall be free from any encumbrance at the time of such reversion.

36. **APPROVAL OF LEASE BY LANDLORD.** The Lease shall not become effective unless and until the County Board approves the Lease as provided therein and the Lease is executed on behalf of the County Board. If the Lease is not approved by the County Board, then no liability whatsoever shall accrue and the Landlord and the Tenant shall have no obligation whatsoever to each other.

37. **RECITALS.** The Recitals are incorporated into this Lease.

**WHEREFORE**, this Deed of Lease is executed by persons duly authorized to bind Landlord and the Tenant.

**WITNESS:**

**LANDLORD: THE COUNTY BOARD OF  
ARLINGTON COUNTY, VIRGINIA**

\_\_\_\_\_

**BY:** \_\_\_\_\_

**TITLE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**WITNESS:**

**TENANT: WASHINGTON DRAMA SOCIETY, INC.,**  
a District of Columbia Non-Profit Corporation  
registered to do business in the Commonwealth of  
Virginia, trading as **ARENA STAGE**

\_\_\_\_\_

**BY:** \_\_\_\_\_

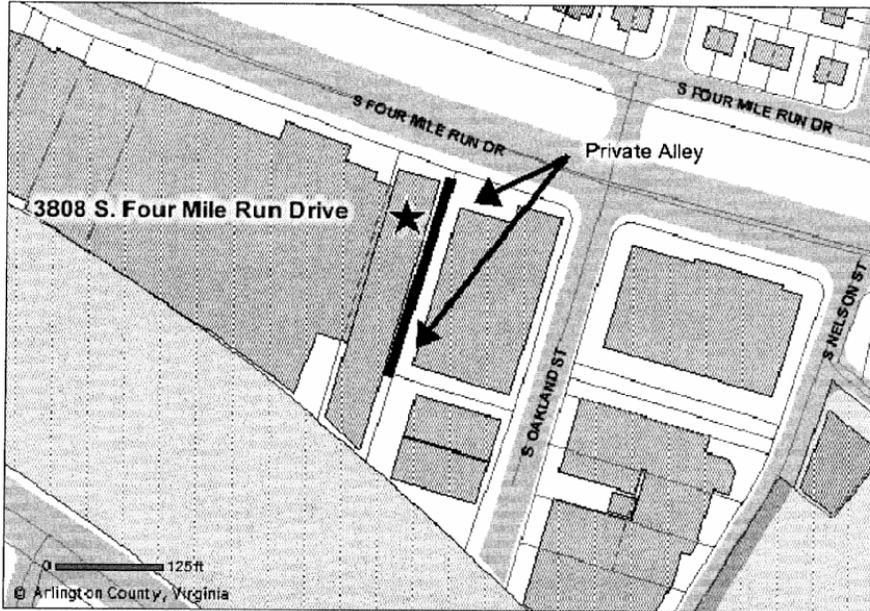
**TITLE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
County Attorney

**EXHIBIT A**  
**VICINITY MAP**

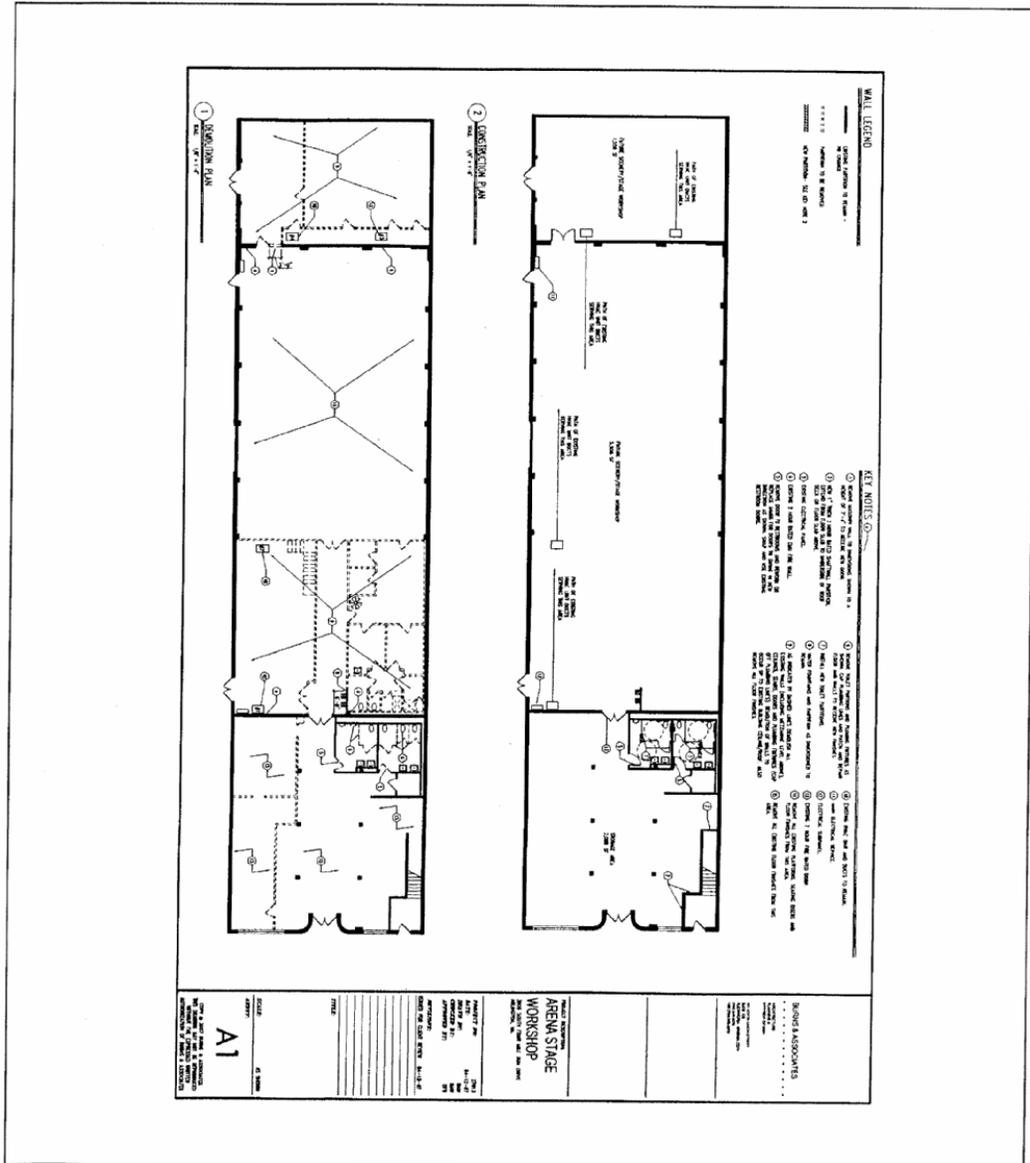


**Deed of Lease**  
**Washington Drama Society, T/A Arena Stage (the Tenant)**  
**3806 South Four Mile Run Drive, Arlington Virginia**

**\*Bold line on the Schematic indicates the location of the private alley**

**October 13, 2007**

**EXHIBIT B  
FLOOR PLAN OF PREMISES &  
TENANT IMPROVEMENTS**



**EXHIBIT C**  
**RULES AND REGULATIONS**

The Tenant expressly covenants and agrees, at all times during the Term, and at such other times as the Tenant occupies the Building, Premises or any part thereof, to comply, at its own cost and expense, with the following:

1. The Building and the Premises are smoke-free facilities. Smoking is not permitted in or on the Building or the Premises. The Tenant shall not allow smoking by employees, guests or clients. The Tenant shall post no smoking signs that are clearly visible to the public.
2. Any handling of freight for any purpose, or deliveries to or from the Premises, shall be made in a manner which is consistent with good practice and only at such times, in such areas, and through such entrances and exits as are from time to time designated for such purposes by the Landlord (the Loading Area).
3. All trash and other debris shall be kept inside the Premises in the type of container specified by the Landlord until such time as it is to be collected. All trash shall be prepared for collection, and collected in the manner and at the times and places specified by the Landlord.
4. The Tenant shall not (i) suffer, allow or permit any vibration, noise, odor or flashing or bright light to emanate from the Premises or from any machine or other installation located therein, or otherwise suffer, allow or permit the same to constitute a nuisance to or interfere with the safety, comfort or convenience of the Landlord; (ii) display, paint, or place any handbills, bumper stickers or other advertising devices on any vehicle(s) parked in the parking area(s) of the Building, whether belonging to the Tenant, its employee(s), or any other Person(s); (iii) solicit business or distribute any handbills or other advertising materials in the common areas; (iv) conduct or permit any activities in the Building that might constitute a public or private nuisance; (v) permit the parking of any vehicles or the placement of any displays, trash receptacles or other items, so as to interfere with the use of any driveway, fire lane, corridor, walkway, parking area, mall or any other common area; (vi) use or occupy the Premises or permit anything to be done therein which in any manner might cause injury or damage in or about the Building; or (vii) use or occupy the Premises in any manner which is unreasonably annoying to other tenants in the Building unless directly occasioned by the proper conduct of the Tenant's business in the Premises.
5. The Tenant shall secure and protect the Premises, and all property located within the Premises. The Tenant acknowledges and agrees that it is solely responsible for securing and protecting the Premises, and all property located within the Premises.
6. The Tenant and its employees shall post their emergency evacuation plan on the wall of the Premises. The Tenant and its employees shall immediately evacuate the Premises and the Building throughout the entire duration of fire drills and emergency evacuations of the Building.
7. The Tenant shall participate in any window cleaning program that may be established by Landlord.

8. The Tenant shall not place a load on any floor in the Building which exceeds a live load of fifty (50) pounds per square foot, or which may result in improper weight distribution on such floors.

9. The Tenant shall not install, operate or maintain in the Premises, or in any other area of the Building, electrical equipment which does not bear the Underwriters Laboratories seal of approval, or which would overload the electrical system or any part thereof beyond its capacity for proper, efficient and safe operation.

10. The Tenant shall not store, display, sell, or distribute any alcoholic beverages, dangerous materials, flammable materials, explosives, or weapons in the Premises, or conduct any unsafe activities therein. Notwithstanding the foregoing, the provisions of this paragraph shall not apply to storage and use of minimal quantities of dangerous materials, flammable materials, explosives, or weapons, nor to keeping, storage of, or use of dangerous materials, flammable materials, explosives, or weapons in the ordinary conduct of the Tenant's business, provided that such substances are of a type, and are kept only in quantities customarily found in the occupancy and operation of commercial properties generally similar in type and use to the Premises. All such dangerous materials, flammable materials, explosives, or weapons, of whatever quantities or types, shall be kept, stored, used and disposed of in complete and strict compliance with applicable laws.

11. The Tenant shall not sell, distribute, display or offer for sale (i) any paraphernalia commonly employed in the use or ingestion of illicit drugs, or (ii) any X-rated, pornographic, lewd, or so-called "adult" newspaper, book, magazine, film, picture, video tape or video disk.

**EXHIBIT D  
TENANT IMPROVEMENTS**



11820 Coakley Circle  
Rockville, Maryland 20852  
301.881.0025 800.833.1573  
Facsimile 301.881.6797

Visit us at:  
<http://www.fisherandstrachan.com>

31 July 2007

Mr. Dennis Burns  
Burns & Associates  
201 North Union Street  
Suite 120  
Alexandria, VA 22314

**Re: Arena Stage Workshop**  
3806 South Four Mile Run Drive, Arlington, VA

Dear Mr. Burns:

We are pleased to present our proposal for the general construction of the referenced facility in accordance with the enumerated documents, and the exclusions and interpretations clarified herein.

<i>Documents</i>	<i>Date</i>	<i>Author</i>
A1 Plan View	4 April 07	Burns & Associates

**General**

- On site work will be performed during normal business hours. After hours work may be performed at the discretion of Fisher and Strachan, Inc.
- The Building Permit and the Certificate of Occupancy are by others.
- Concealed conditions are presumed to be built to applicable code standards. Exclude upgrading existing systems, devices, wiring, fixtures, etc. to meet current code requirements. Existing wiring, circuitry, etc., shall remain as is.
- All existing equipment shall be in good working condition prior to the commencement of the work. Maintenance, cleaning, or repairs to existing equipment shall be performed by others.
- All existing weatherproofing, waterproofing, roofing, windows, doors, storefront and window wall systems, etc., shall be in good condition prior to the commencement of the work. Repairs due to air infiltration, water leakage, etc., in all such existing systems are the responsibility of others UNO herein.
- Current Workload may require at least two weeks' notice to proceed with field work.

**Demolition**

- Post Site Visit we were instructed to leave wood platform (supported by concrete slab) in-place in the center section. Price is conditioned upon seating platforms and stage being mounted on top of the remaining platform. Price excludes repair and fill-in, if required, resulting from leaving the platform in-place.
- If, during the course of normal demolition sequencing, we are directed to remove this platform, an addition to our contract of \$2,000 will be required.
- There were numerous "loose items" in the facility during our Site Visit. Removal of these items is included in our proposed price. A maximum adjustment of \$2,000 may be realized if all "loose items" are removed by Others prior to the start of this contract.
- Excludes patching, fill-in, reconditioning or preparation for paint of resulting surfaces at walls, floors and ceilings.

**Structural & Misc. Steel**

- Not applicable.

**EXHIBIT D (Continued)**  
**TENANT IMPROVEMENTS**

Burns & Associates  
**Re: Arena Stage Workshop**  
Page 2  
31 July 2007

***Doors, Frames & Hardware***

- One new pair of doors with "B" label rating included. Inactive leaf to have surface bolts only. Active leaf to include closer and Schlage "AL" series lockset. Pair of doors to be installed using knock down frame with wood sub-buck.
- Includes new solid core wood doors with privacy sets.
- Master key requirements and the keying of locksets are excluded.

***Metal Studs and Drywall, Acoustical Ceilings***

- Costs in this Division include repair at partially demoed wall to remain, wall work at pair of doors and repair in toilet rooms.

***Flooring***

- All flooring and base work, as well as prep for new floor coverings, are excluded.

***Painting***

- Includes painting the following surfaces
  - Walls and ceiling of each toilet room
  - Perimeter walls to be sprayed flat latex in all three sections
  - Ceiling in front section to be sprayed.
  - Doors and frames to be painted
- Excludes painting the following
  - Wood platform, metal roof deck and steel members in Center Section (excludes masking of same while painting perimeter walls)
  - Ceiling of rear section

***HVAC***

- All Mechanical Work is excluded.

***Plumbing***

- Existing ADA toilets to remain.
- Includes lowering remaining urinal.

***Fire Protection***

- Excluded.

***Electrical***

- Includes removing two panels and the recircuit/reswitch existing lighting to remain.
- An allowance of \$20,000 is included in this Division for to-be-defined Workshop Power Distribution and fire alarm work.

**Additional Work**

Change orders shall be processed for a fee comprised of 15.5% overhead and 5% profit, applied to all associated management, supervision, general conditions, bonds, material, labor, and subcontractor's costs. Project delays are subject to change order for additional time and cost, provided that such delays are due to the action(s) or inaction(s) of entities [e.g., governmental officials, owners, consultants] who are beyond the direct control of the Contractor.

We appreciate the opportunity to present this proposal. Please contact me should you have any questions, or if we may be of further assistance.

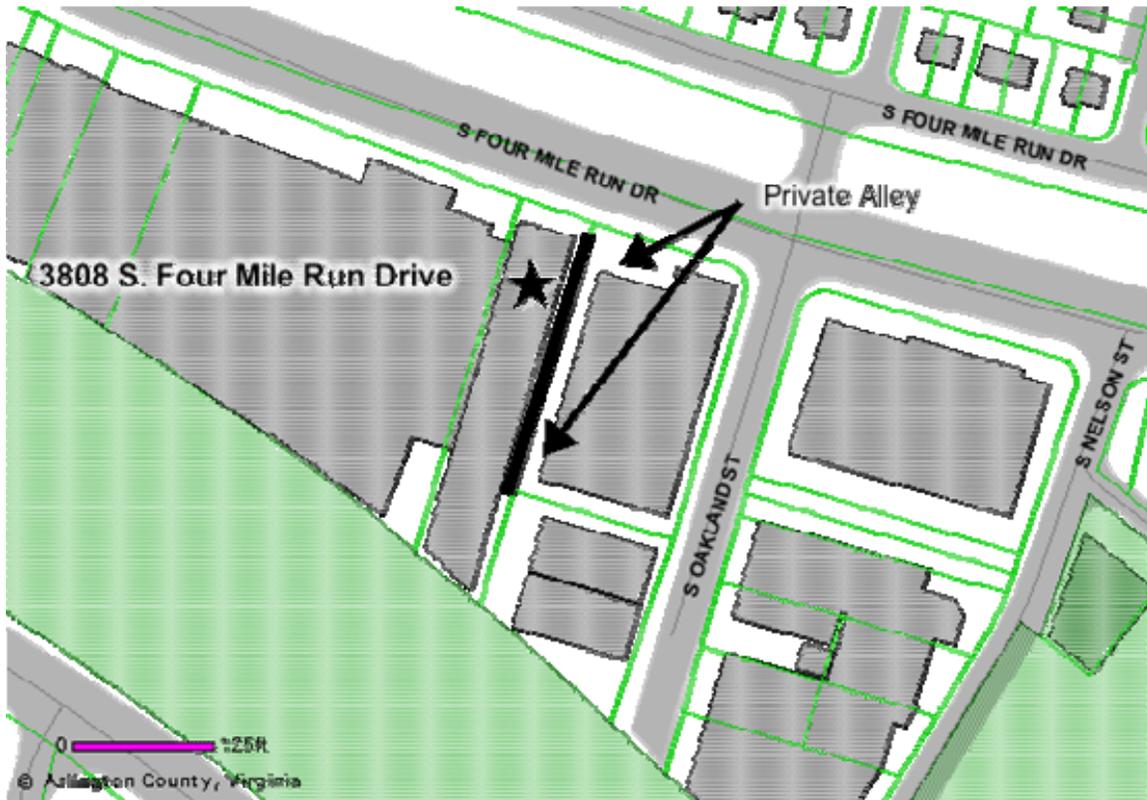
Sincerely,  
**Fisher and Strachan, Inc.**

Richard B. Strachan  
President

Enclosure

**ATTACHMENT 2**

**VICINITY MAP**



**Deed of Lease  
Washington Drama Society, Inc., t/a Arena Stage (the Tenant)  
3806 S. Four Mile Run Drive, Arlington, Virginia**

\* bold line on the schematic indicates the location of the private alley

**October 13, 2007**