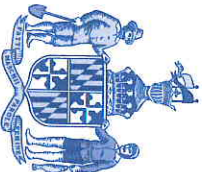


DOUGLAS F. GANSLER
Attorney General



KATHERINE WINFREER
Chief Deputy Attorney General

JULIA P. DAVIS
*Counsel to the
Department of General Services*

TURHAN E. ROBINSON
Deputy Counsel

JOHN B. HOWARD, JR.
Deputy Attorney General

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF GENERAL SERVICES

MARTHA A. DELEA
NANCY H. RUSSELL-FORRESTER
JYOTI A. KUMTA
SCOTT C. WALCHAK
JANICE M. SETREN
Assistant Attorneys General

September 9, 2010

VIA HAND DELIVERY

State Center, LLC
State Center Parcel G Master Tenant, LLC
State Center Parcel I-2 Master Tenant, LLC
c/o Caroline Moore, Ekistics, LLC
3430 2nd Street, Suite 320
Baltimore, Maryland 21225

RE: State Center Redevelopment Project
MDA Amendment, Ground Leases, Garage Ground Lease

Dear Ms. Moore:

Please find enclosed for your files:

1. "First Amendment to Master Development Agreement" – 1 original
2. "Parcel G Phase Ground Lease" and
"Parcel I-2 Phase Ground Lease" – 1 original each
3. "Garage Ground Lease Agreement" – copy

As you know this transaction was approved by the Board of Public Works on July 28, 2010 as Items 8-RP, 10-LL, and 11-LL, respectively.

If there are any questions please do not hesitate to contact me at the number provided.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott Walchak", written over a horizontal line.

Scott Walchak
Assistant Attorney General
(410) 767-2049

Enclosure

**FIRST AMENDMENT TO
MASTER DEVELOPMENT AGREEMENT**

By and Between

**THE STATE OF MARYLAND, by and through the Department of General Services
and**

STATE CENTER, LLC

State Center,
A Transit Oriented Development

Baltimore City, Maryland

Dated as of 9/1, 2010

**FIRST AMENDMENT TO
MASTER DEVELOPMENT AGREEMENT
FOR TRANSIT ORIENTED DEVELOPMENT
STATE CENTER**

THIS FIRST AMENDMENT TO MASTER DEVELOPMENT AGREEMENT FOR TRANSIT ORIENTED DEVELOPMENT (“First Amendment”) is dated as of the 15⁷ day of September, 2010, and is made by and among **THE STATE OF MARYLAND (“State”)**, to the use of the **DEPARTMENT OF GENERAL SERVICES (“DGS”)** having its principal office and place of business at 300 W. Preston Street, Room 601, Baltimore, Maryland 21201, with acknowledgment by the **MARYLAND MILITARY DEPARTMENT (“MD”)**, the **MARYLAND DEPARTMENT OF LABOR, LICENSING, AND REGULATION (“DLR”)**, (collectively referred to as “State Center Agencies”), and **MARYLAND DEPARTMENT OF TRANSPORTATION (“MDOT”)**, and **STATE CENTER, LLC**, a Maryland limited liability company, having an office and principal place of business at c/o PS Partners, LLC, 3430 Second Street, Suite 310, Baltimore, Maryland 21225 (hereinafter called “Developer”).

RECITALS

R-1. On June 3, 2009, the Board of Public Works (“BPW”) approved a Master Development Agreement (“MDA”) between DGS, MDOT, and Developer, with acknowledgment from the State Center Agencies, for the phased redevelopment of approximately 21.8 +/- acres of State property known as “State Center” and located in the City of Baltimore, Maryland, as more specifically described in the MDA (“Project”). The MDA was fully executed by all parties and the BPW and became effective June 15, 2009.

R-2. Following approval of the MDA, the parties commenced preparation and negotiation of the first phase of redevelopment of the Project (“First Phase”). The parties determined that the First Phase would be the redevelopment of Parcel G and Parcel I-2 as those parcels are identified on the PDP of the Approved Concept Plan. Developer also commenced the architectural and engineering design work necessary to construct the First Phase.

R-3. On or about September 3, 2009, Developer provided initial economic terms for the First Phase Occupancy Lease(s) and DGS, MDOT, and Developer negotiated in good faith to establish final occupancy lease terms that could be presented as Developer’s Lease Proposal in accordance with Section 2.5.1.2 of the MDA.

R-4. On December 10, 2009, Developer presented its Lease Proposal to DGS, MDOT, and the State Center Executive Committee which included the identification of Parcel G and Parcel I-2 as the portion of the Property to be included in the First Phase and the particular economic terms proposed for each Occupancy Lease as determined in part through Exhibit 6.2 of the MDA.

R-5. On or about March 2, 2010, DGS and MDOT responded affirmatively to the final terms of Developer's Lease Proposal, and commenced negotiations with Developer to finalize all other aspects of the First Phase Ground Lease and First Phase development.

R-6. In furtherance of the development of the Initial Improvements on the First Phase by Developer, DGS intends to ground lease a portion of Parcel G to MDOT (or its designee to be identified and approved by the BPW in the garage ground lease) ("**Garage Ground Lease**") for an initial term of years equivalent to the term of the Component Lease for the first Component separated from the Phase Ground Lease for Parcel G. MDOT intends to cause the finance, design, and construction of a parking garage ("MDOT Garage") on the property that would be subject to the Garage Ground Lease and, subject to the terms herein, contribute up to Twenty-Eight Million Three Hundred Sixty-One Thousand and 00/100 Dollars (\$28,361,000.00) ("**MDOT Garage Funds**") towards the hard and soft costs of construction (other than costs of financing). The MDOT Garage is to be a sub-surface vehicular parking structure containing no less than 928 parking spaces, or such greater amount as cost savings may allow, and of which no more than thirty-two percent (32%) shall be sized for compact cars. The MDOT Garage is to be consistent with "Option 5" of the options generated by Mithun, dated March 24, 2010 and entitled "Baltimore State Center Parcel G Garage – Option 5 – 3.5 Levels Down," a copy of which is attached hereto as Exhibit A.

R-7. Pursuant to Section 7.2 of the MDA, Developer is required to obtain approval from the State (including approval by the BPW and/or Applicable Law as may be necessary) prior to assigning Development Rights other than a Pre-Approved Assignment to a Pre-Approved Assignee. On or around February 3, 2010, Developer submitted a request for approval to assign Development Rights and later amended its proposal to add additional assignees to its request. Developer submitted evidence of requisite reputation, experience and financial strength consistent with the Development Rights proposed for assignment, and other information reasonably required by the State to enable it to determine the suitability to the State and the Project of the requested assignment. The requested assignment does not release Developer from any of its obligations under the MDA.

R-8. On April 27, 2010, DGS and MDOT, after consultation with the State Center Executive Committee, approved Developer's alteration of the ownership structure and inclusion of additional business partners in the Project as more definitively described on the attached Exhibit B.

R-9. In furtherance of the events described above, DGS, MDOT, and Developer, with acknowledgement by the State Center Agencies, desire to amend the MDA with this First Amendment.

R-10. DGS, MDOT, and Developer, with acknowledgement by the State Center Agencies, have each agreed to enter into this First Amendment to amend the MDA, upon the terms and subject to the conditions which are hereinafter set forth and each will be bound thereby.

NOW, THEREFORE, for and in consideration of the agreements, terms, covenants, and conditions hereinafter set forth, the parties hereby agree as follows:

1. **Board of Public Works Approval.** This First Amendment will not be binding upon the State until it has been approved and executed by the Maryland Board of Public Works ("**Board**

of **Public Works**" or "**BPW**"). As stated in the MDA, Developer shall have no right to institute any action or proceedings to compel the State to present this First Amendment to the Board of Public Works or to compel the Board of Public Works to approve this First Amendment. The Developer's sole and exclusive remedy shall be to declare this First Amendment null and void.

2. (a) Attached as Exhibit 2.3 to the MDA is a form of Phase Ground Lease ("Form Phase Ground Lease") which implements the development of the Project. As originally approved by the BPW, the Form Phase Ground Lease provided for a 50-year ground lease term with two (2) 20-year renewal options, each of which were subject to BPW approval. To accommodate phasing, including market factors and financing issues, the State and Developer have agreed, subject to BPW approval, to modify the ground lease term of the Form Phase Ground Lease for the implementation of the First Phase of the Project. The State and Developer will agree that the Phase Ground Lease for the First Phase of the Project will have a seventy-five- (75-) year original ground lease term and a fifteen- (15-) year renewal option, which renewal option will be subject to BPW approval.

(b) To facilitate the implementation of subsequent Phases, the second sentence of Section 2.3 of the MDA is deleted in its entirety and replaced with the following:

Each Phase Ground Lease will be generally consistent with the terms of the Phase Ground Lease attached hereto as Exhibit 2.3 and the Approved Concept Plan, except as to changes DGS and Developer deem necessary due to the particular Phase or stage of the Project, environmental matters, market factors, Phase financing, or maximizing returns to the State, and further details such as the description of the property, the uses permitted or required for that Phase and the economic terms negotiated between the parties.

3. The third sentence of Section 2.4 of the MDA is deleted in its entirety and replaced with the following:

Details regarding the length of the term, rentable square footage, any additional improvements to be provided by Developer, the economic terms determined by the formula described in Section 6.2, the necessity for a modified gross lease, office lease, or triple net lease, and other requirements as may be identified by the Using Unit and the parties as a result of market conditions and/or financing requirements, will be negotiated by the parties prior to any BPW Submittal.

4. Section 2.7 of the MDA is deleted in its entirety and replaced with the following:

2.7 Parking and Traffic Mitigation Plan. Except for the submission of the First Phase, which includes the construction of the MIDDOT Garage, prior to the submission of any BPW Submittal to the BPW, DGS and Developer will agree on the terms of a parking management and traffic mitigation plan for the portion of the Project applicable to the BPW Submittal. The plan for each portion of the Project applicable to the BPW Submittal will become an element of and incorporated into the overall parking management and traffic mitigation plan for the Project (the "**Parking**

and Traffic Mitigation Plan”), which upon agreement, will be attached hereto as Exhibit 2.7 and amended as each Phase is approved. Each such element of the Parking and Traffic Mitigation Plan will be substantially in accord with, and identify the phasing, size, location and means of financing parking for the uses contemplated by, the Approved Concept Plan for such particular portion of the Project applicable to the BPW Submittal, including parking for State employees and alternative parking during construction. The Parking and Traffic Mitigation Plan will also be incorporated as an exhibit to each Phase Ground Lease, to the extent applicable.

5. The first sentence of Section 2.8 of the MDA is hereby deleted in its entirety and replaced with the following:

Prior to the execution of any Phase Ground Lease that will involve use, impact, or reconfiguration of the State’s Power Plant, DGS and Developer will negotiate in good faith the terms of a Power Plant transition plan (the “**Power Plant Transition Plan**”).

6. Section 4.1.1.2.1 shall be added to read as follows:

4.1.1.2.1 Developer will use all commercially reasonable good faith efforts to start construction of the residential Improvements in the First Phase within six (6) months of the later to occur of: (a) securing all necessary Development Approvals for such construction, or (b) securing all necessary financing for such construction. Developer will use all commercially reasonable good faith efforts to diligently pursue (i) securing the necessary Development Approvals and (ii) securing any necessary financing, for such residential Improvements in the First Phase.

7. **Garage on Parcel G.** (a) The parties intend that the Garage Ground Lease shall be submitted to the BPW for approval with the First Phase BPW Submittal and in accordance with the provisions of Section 2.5.1.

(b) If the BPW approves the First Phase BPW Submittal and the Garage Ground Lease, MDOT shall pursue obtaining the MDOT Garage Funds and take reasonable steps to have the MDOT Garage financed, designed, and constructed, subject to Applicable Law and necessary administrative and BPW approvals; provided however, that the State need not: (1) close on the financing for the MDOT Garage Funds; (2) commence construction of the MDOT Garage; or (3) execute any Component Lease with the Developer or an Affiliate of the Developer for a Component of the Parcel G Phase Ground Lease (“**Parcel G Lease**”) or Parcel I-2 Phase Ground Lease (“**Parcel I-2 Lease**”) for the development of the First Phase until each of the following conditions have been met, to the reasonable satisfaction of the State:

(i) Developer has secured financing commitments for the construction of the Initial Improvements for the First Phase;

(ii) A payment-in-lieu of taxes agreement has been approved (in form and substance acceptable to both the State and Developer) by the City for Parcel G and Parcel I-2; and

(iii) With respect to the Occupancy Lease to be entered into between the State and an Affiliate of Developer for space located in the Initial Improvements of the First Phase, the State and Developer have agreed upon and memorialized: (1) all exhibits to such Occupancy Lease; (2) the Outside Rental Obligation Commencement Date, and (3) the collateral which will secure the Liquidated Damages available to the State in the event the Affiliate of Developer fails to substantially complete the Initial Improvements on the First Phase pursuant to the terms of such Occupancy Lease.

(c) DGS, MDOT and Developer will negotiate in good faith to satisfy the foregoing contingencies in Section 7(b) so that the parties can enter into Component Leases for the development of the First Phase. If DGS, MDOT and the Developer, while acting in good faith, cannot satisfy the contingencies in Section 7(b), as well as enter into Component Leases for the First Phase on or before January 1, 2012, then either the landlord or tenant(s) under the Parcel G Lease and the Parcel I-2 Lease may terminate the Parcel G Lease and/or the Parcel I-2 Lease, and the landlord and tenant(s) thereunder will be relieved of any further liability under the Parcel G Lease and/or the Parcel I-2 Lease, and the foregoing parties shall have no liability to each other for any actual, indirect, consequential or punitive damages.

(d) Notwithstanding the foregoing, or any other provision to the contrary contained in the MDA or any other document executed between Landlord or Tenant (or an Affiliate of either):

(i) if MDOT is not successful in obtaining the MDOT Garage Funds, or the MDOT Garage is not ultimately constructed, neither MDOT nor the State shall have any liability whatsoever to Developer (or any Affiliate or assignee of Developer) for not obtaining such MDOT Garage Funds or not constructing the MDOT Garage, and Developer acknowledges and agrees that the State shall in no event be liable for any actual, indirect, consequential, or punitive damages whatsoever for not obtaining such MDOT Garage Funds or for not constructing the MDOT Garage; and

(ii) if Developer does not commence construction of the Initial Improvements to the First Phase within twelve (12) months of completion of construction of the MDOT Garage (subject to Events Beyond Developer's Control [but expressly excluding from Events Beyond Developer's Control shall be the following: (i) any inability by Developer to obtain financing, or (ii) any loss of, or substantial diminution of, any form of financing obtained by Developer]), then, notwithstanding Section 16.1.7, the State may terminate this MDA. Developer acknowledges and accepts the foregoing time limitation because the State may undertake the first construction to occur on the Project and has a significant interest to have the Initial Improvements thereafter constructed in a timely manner.

(e) Prior to completion of construction of the MDOT Garage, and subject to requisite MDOT approvals, the parties anticipate developing and having executed a shared use operating

agreement for the use of the MDOT Garage. Such shared use operating agreement shall coordinate the parking activities within the MDOT Garage so as to facilitate the needs of State employees working in spaces subject to Occupancy Leases, employees of other private spaces subject to Occupancy Leases, as well as customers and employees of retail facilities within the Initial Improvements constructed on the First Phase. At a minimum, the shared use operating agreement shall provide, among other provisions, that:

- (i) MDOT and State employees working in spaces subject to Occupancy Leases shall have access to no less than 550 spaces during regular and extended State working hours, of which no less than 50 spaces shall be available 24-hours a day for governmental use; and
- (ii) MDOT (or its designee) shall be the operator of the MDOT Garage for the benefit of both the Developer and the State.

8. **Approved Concept Plan.** Exhibit A of the MDA (Definitions) is hereby amended to delete the definition of “Approved Concept Plan” and replace it with the following:

Approved Concept Plan: The “Approved Concept Plan” consists of (a) the PDP; (b) the PUD as finally approved (as it may thereafter be amended with the consent of DGS), and (c) the Maximum/Minimum Mix set attached as **Exhibit 4.1.**

9. **Additional AGL Trigger Event.** If initial construction on the MDOT Garage does not commence by December 31, 2011, and such inaction is caused by the State and not caused by the tenant under the Parcel G Lease (e.g., tenant not obtaining a financing commitment for the construction of the Initial Improvements as defined in the Parcel G Lease)(“**Garage Delay**”), then such Garage Delay shall be deemed an additional AGL Trigger Event in accordance with Section 2.11 and Section 9 of the MDA, as long as both of the following conditions are met: (i) on or before June 30, 2012, either the landlord or the tenant under the Parcel G Lease terminates the Parcel G Lease pursuant to the terms of Section 8.1.7 of the Parcel G Lease, and (ii) within six (6) months of the termination of the Parcel G Lease, the tenant under the Parcel G Lease timely delivers an AGL Notice.

10. **Miscellaneous.**

- (a) **Recitals:** The Recitals are incorporated into this First Amendment as though fully set forth at length.
- (b) **Defined Terms.** Capitalized terms, not otherwise modified, amended, or defined in this First Amendment, shall have the meanings ascribed to them in the MDA.
- (c) **Counterparts.** This First Amendment may be executed in counterparts, all of which shall constitute one agreement which shall be binding on all of the parties.
- (d) **Modification or Amendment.** This First Amendment constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and

contemporaneous oral and written agreements and discussions, and may not be amended, waived, discharged or terminated except by a written instrument signed by all the parties hereto.

(e) **Ratification.** Except as amended hereby, the terms and conditions of the MDA shall remain unaffected. From and after the date hereof, all references to the MDA shall mean the MDA as amended hereby. Additionally, State and Developer each confirms and ratifies that, as of the date hereof, (a) the MDA is and remains in good standing and in full force and effect, (b) no AGL Trigger Event has occurred, and (c) neither party has any claims, counterclaims, set offs or defenses against the other party arising out of the MDA or in any way relating thereto or arising out of any other transaction between State and Developer.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed under seal as of the date first above written.

STATE CENTER, LLC

By: 

Name: Carolhne G. Moore

Title: Authorized Person

Date: July 28, 2010

STATE OF MARYLAND
COUNTY OF _____, TO WIT:

On this _____ day of _____, 2010, before me the undersigned officer, personally appeared _____, the authorized person of State Center, LLC known to me or satisfactorily proven to me to be the person set forth herein, who acknowledged himself to be the Managing Member of State Center, LLC, and that holding such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by himself in the foregoing capacity.

AS WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires: _____

[Signature Pages Continue]

STATE OF MARYLAND:

By: Maryland Department of General Services

By: _____

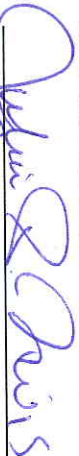


Name: ALVIN COLLINS

Title: SECRETARY

Date: JULY 26, 2010

APPROVED FOR LEGAL FORM AND SUFFICIENCY



Julia Davis


Chief Counsel, Department of General Services

[Signature Pages Continue]


REVIEWED AND ACKNOWLEDGED:

STATE OF MARYLAND:

By: Maryland Department of Transportation

By: 
Name: BEVERLY L. SWANN - SECRETARY
Title: SECRETARY
Date: JULY 26, 2010

By: Military Department

By: 
Name: James A. Adkins, Brigadier General (MD)
Title: Adjutant General
Date: July 27, 2010

By: Department of Labor, Licensing and Regulation

By: 
Name: Richard S. Hovine
Title: Deputy Secretary
Date: 8/3/10

[Signature Pages Continue]

Approved by the State of Maryland Board of Public Works on the 25th day of July, 2010 by Agenda Item No. SKP-D&S.

STATE OF MARYLAND BOARD OF PUBLIC WORKS

ATTEST:

By: *Martha O'Malley*
Martha O'Malley
Governor

Sheila C. McDonald
Sheila C. McDonald, Secretary
as to each

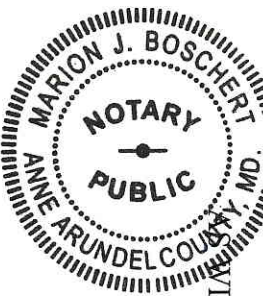
By: *Peter Franchot*
Peter Franchot
Comptroller

By: *Nancy K. Kopp*
Nancy K. Kopp
Treasurer

STATE OF MARYLAND
COUNTY OF Anne Arundel, TO WIT:

On this 15th day of SEP, 2010, before me the undersigned officer, personally appeared MARTIN O'MALLEY, PETER FRANCHOT and NANCY K. KOPP, known to me or satisfactorily proven to me to be the persons set forth herein, who acknowledged themselves to be, respectively, the Governor of the State of Maryland, the Comptroller of the State of Maryland and the Treasurer of the State of Maryland, and that holding such capacity, being each authorized so to do, each executed the foregoing instrument for the purposes therein contained, by himself or herself in the foregoing capacity.

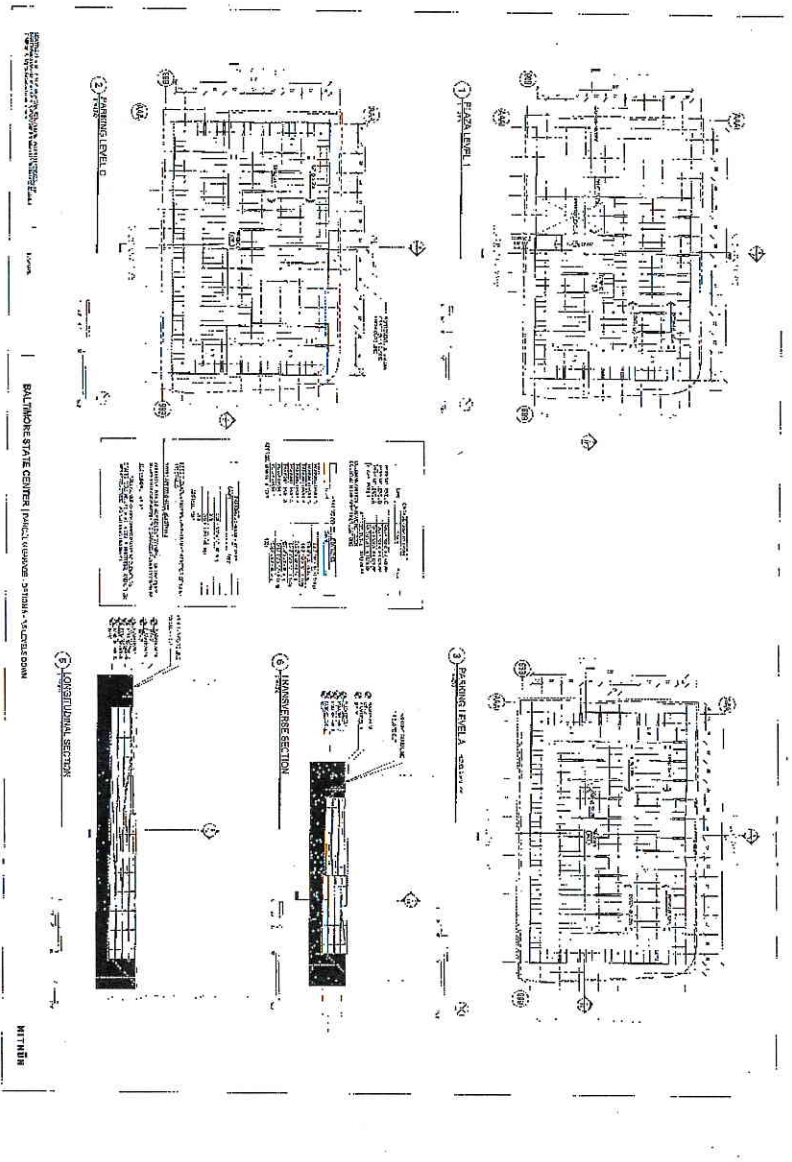
WITNESS my hand and Notarial Seal.



Marion J Boschert
Notary Public
My Commission Expires: 12/26/2011

EXHIBIT A

(Baltimore State Center Parcel G Garage – Option 5 – 3.5 Levels Down)



State Center - Phase I Garage

Tuesday, March 30, 2010

Garage Design Option: Hard & Soft Costs Summary	Option 4A		Option 5		Option 5A		Option 6		Option 7	
	Total	Per Space	Total	Per Space	Total	Per Space	Total	Per Space	Total	Per Space
GSF	310,548		319,074		355,184		382,959		495,630	
No. spaces	955		928		1,031		1,093		1,414	
% Compact	50%		32%		29%		33%		32%	
Base Building Construction Costs	20,738,000		21,580,000		23,796,296		26,770,000		33,749,000	
- Contractor Design Contingency	1,036,900	5%	1,079,000	5%	1,189,815		1,338,500		1,687,450	
- General Contingency	622,140	3%	647,400		713,889		803,100		1,012,470	
Total Base Building Construction Costs	22,397,040	\$23,428	23,306,400	\$25,115	25,700,000	\$24,927	28,911,600	\$26,462	36,448,920	\$25,777
A&E Costs Total	1,827,600		1,827,600		1,827,600		1,827,600		1,827,600	
of which										
- Architect Design	590,000		590,000		590,000		590,000		590,000	
- Main Engineering Subcontractors	450,000		450,000		450,000		450,000		450,000	
- Other Engineers	169,000		169,000		169,000		169,000		169,000	
- Other	618,600		618,600		618,600		618,600		618,600	
Organizational & Professional, Other	583,064		583,064		583,064		583,064		583,064	
Development Fee	744,231	3%	771,512		843,320		843,320		1,165,788	
Owners Contingency for Hard	1,567,793	7%	1,631,448		1,799,000		2,023,812		2,551,424	
Owners Contingency for Soft	241,066	10%	241,066		241,066		241,066		241,066	
Total Hard and Soft Costs (excluding finance costs)	\$27,260,794	\$28,620	\$28,361,080	\$30,567	\$30,994,050	\$30,067	\$34,536,810	\$31,589	\$42,817,662	\$30,281

Notes:

- Financing fees and costs are excluded and do not represent latest work by MDDT/MEPCO/BAE
- A&E costs revised based upon recent quotes from key subs, but no full quotes or contract negotiated yet
- Major contingencies include construction of deep foundations (\$800K-\$1.5m) and hazmat/airals (\$850K-\$950K)
- Allowance of \$150K for permitting fees is incl - can fees be waived for State Garage?

EXHIBIT B

(Business Partners)



CEO Chris McCoy

Partnered w/ Omari Patterson
Founded in 1988



CEO Ron Adolph
Founded in 2000



CEO Kevin Johnson

Partnered w/ Joe Haskins & Eddie Brown
Founded in 1990



CEO Adrian Washington
Founded in 1999

