### GARAGE GROUND LEASE AGREEMENT

# STATE CENTER PRESTON AND EUTAW STREET GARAGE

approved assignees and/or sublessees, as lessee ("DGS"), acting by and through the Board of Public Works of the State of Maryland, as lessor, made and entered into as of this 1st day of SEPTEMBEL., 2010, ("Garage Commencement Date") by and between the DEPARTMENT OF GENERAL SERVICES THIS GARAGE GROUND LEASE AGREEMENT ("Garage Ground Lease") is MARYLAND DEPARTMENT OF TRANSPORTATION ("MDOT") and its

#### WITNESSETH:

specifically described in the MDA ("Project"). The MDA was fully executed by all parties and property known as "State Center" and located in the City of Baltimore, Maryland, as more defined in the MDA), for the phased redevelopment of approximately 21.8 +/- acres of State the BPW and became effective June 15, 2009; and (hereinafter called "Developer"), with acknowledgment from the State Center Agencies (as business at c/o PS State Center, LLC, a Maryland limited liability company, having an office and principal place of ("BPW") approved a Master Development Agreement ("MDA") by and among DGS, MDOT, WHEREAS, on June 3, 2009, the Board of Public Works of the State of Maryland Partners, LLC, 3430 Second Street, Suite 310, Baltimore, Maryland 21225

WHEREAS, following approval of the MDA, the parties commenced preparation and negotiation of the first phase of redevelopment of the Project ("First Phase"). The parties parcels are identified on the Preliminary Development Plan ("PDP") of the Approved Concept determined that the First Phase would be the redevelopment of Parcel G and Parcel I as those construct the First Phase; and Plan. Developer also commenced the architectural and engineering design work necessary to

retail buildings on Parcel G, Parcel I and future phases at State Center require the construction of the First Phase and contemplated complex of governmental and private office, residential, and a parking garage for governmental and private use; and WHEREAS, the parties determined that the demand for parking at and in the vicinity of

Baltimore, Maryland (the "Property"), as more specifically described in "Exhibit A"; and Parcel G, which it acquired by deed and is recorded among the Land Records of the City of WHEREAS, DGS has jurisdiction over, and the State of Maryland is the owner of,

uses, and the general public; and for its operation (the "Garage") for the use of employees and officials of the State, other Project totaling approximately 900-1000 spaces and all appurtenant Garage and Project improvements Property to consist of an approximately three-level below-grade vehicle parking structure WHEREAS, DGS and MDOT desire that a vehicle parking facility be constructed on the

"Exhibit B"; and and limited portions of the above grade Property necessary to construct, operate, repair and WHEREAS, this Garage Ground Lease is for the below grade portions of the Property Garage and its appurtenances ("Garage Site"), as more particularly set out in

the State Finance and Procurement Article of the Annotated Code of Maryland, as amended; and custody and control over the Property pursuant to this Ground Lease, under Section 10-304, of WHEREAS, the BPW has authority to transfer the Property, and all rights of physical

related purpose; and provide services, supplies, construction, and maintenance for MDOT or for any transportation of Maryland, as amended, specifies that the Secretary of MDOT may contract with any person to WHEREAS, Subsection 2-103 (h) of the Transportation Article of the Annotated Code

within the power and authority of the Secretary of MDOT; and Subsection 2-103(h) of the Transportation Article of the Annotated Code of Maryland that is and maintenance of the Garage as part of the Project is a transportation related purpose under WHEREAS, contracting for the supervision, financing, construction, operation, repair,

authorized, subject to certain limitations that are specified therein (but inapplicable to this exercise or perform; and Garage Ground Lease), to exercise or perform any power or duty that any unit in MDOT may Article of the Annotated Code of Maryland, as amended, the Secretary of MDOT is further WHEREAS, pursuant to the provisions of Subsection 2-103(g) of the Transportation

the most advantageous means to provide or secure the foregoing services; and one or more third parties, for the term of this Garage Ground Lease and to coordinate with DGS operate, repair, and maintain the Garage, or to secure some or all of the foregoing services from WHEREAS, MDOT desires, on behalf of the State and the Project, to finance, construct,

agreed to lease from DGS the Garage Site and any existing improvements thereon WHEREAS, to effectuate the same, DGS has agreed to lease to MDOT and MDOT has

Site, subject to the following terms and conditions: acknowledged, DGS hereby leases to MDOT and MDOT hereby leases from DGS the Garage other good and valuable consideration, the receipt and sufficiency of which are NOW, THEREFORE, in consideration of the mutual promises contained herein, and for hereby

subject of this Garage Ground Lease, is all of the space below the surface of a lot of approximately two (2) acres of land, including limited portions of the above-grade Phase located in the City of Baltimore, Maryland, as more particularly described in the description Property necessary to construct, operate, repair and maintain the Garage and its appurtenances Description of the Land. The Garage Site, which is a lost the space below the surface of a farage Ground Lease, is all of the space below the above-grade The Garage Site, which is the premises that are the

following: attached hereto and incorporated in this Garage Ground Lease as Exhibit B, subject to the

- Lease, as may be revealed by an industry standard title search and commitment obtained Encumbrances"); immediately limitations, encumbrances and easements of record on the date of this Garage Ground prior the operation and effect of any conditions, to Commencement of this Garage Ground Lease ("Permitted restrictions, agreement,
- across or adjacent to the Garage Site; any and all rights now held, used, granted or reserved by any public utility
- public street or sidewalk; the rights of the public to use so much of the Garage Site as is located in a
- Developer (or an affiliate thereof) in connection with a portion of the First Phase of the Project; and reciprocal easements to be granted and received by the State to and from
- maintenance of the Garage. Company or similar such utilities to accommodate the construction, operation, repair and easements to be granted by the State to Baltimore Gas and Electric
- title to the Garage Site. created, caused or permitted to be created any lien, encumbrance or charge against its fee simple forth in Section 1 above, the State represents and covenants that to its knowledge it has not State Title to Land. Except for Permitted Encumbrances and other matters set
- component of the First Phase, including all renewals thereof, unless terminated earlier as the term of the ground lease from DGS to the affiliate of Developer that will develop initial permitted herein (the "Expiration Date"), and shall commence on the Garage Commencement Term of Lease. The term of this Garage Ground Lease shall be co-terminus with
- sufficiency of which is hereby acknowledged by DGS (\$1.00) paid by MDOT to DGS on or before the Garage Commencement Date, the receipt and The rent for the entire term of this Garage Ground Lease is One Dollar
- agreement, lease, or sublease that will govern the operations and/or financing of the Garage and that is anticipated to also delineate the terms and conditions pursuant to which the Garage will be unreasonably withheld, delayed, or conditioned, anticipates entering into a garage operations and related purposes to be more fully described in a garage operations and/or financing designed, constructed, equipped, financed or refinanced, operated, repaired and maintained Use of the Land. The Garage Site may be used and occupied solely for parking or sublease. MDOT, with DGS' consent, which consent shall not be

### Payment of Taxes and Other Charges

- of the Tax Property Article of the Annotated Code of Maryland (2001 Replacement Volume, as employment taxes, real property taxes assessed against the Garage Site pursuant to Section 6-102 sublessees, including, but not limited to federal and state income taxes, retail sales taxes, assessed in connection with the use and occupancy of the Garage Site by MDOT, its assigns or same do not represent an impermissible tax, levy, or fee assessed against the State, all taxes amended from time to time). (a) MDOT shall pay or cause others to pay, as applicable and only to the extent the
- and expenses assessed against the Garage Site, but only to the extent that the same do not services rendered or supplied upon or in connection with the Garage Site and all other charges (b) MDOT shall pay or cause others to pay all charges for the supply, connection and usage of electricity, gas, heat, water, telephone and other communication services used and other represent an impermissible tax, levy, or fee assessed against the State.
- incur in their own name or be responsible for all utility costs in connection with the Garage Site. MDOT shall incur in its own name and be responsible for, or shall cause others to
- utility services to the Garage Site The State, MDOT and DGS shall not be responsible for interruptions or failure of
- unit thereof may otherwise assert under applicable law. the State's immunity, the State's sovereignty, or any limitation of liability which the State or any Nothing in this Garage Ground Lease shall be construed or held to be a waiver of

# 7. Maintenance and Repairs; State's Right of Entry.

- replacements maintain at their expense, the Garage Site and the Garage related improvements now or hereafter sublessee, as applicable, shall keep and maintain at its expense or cause others to keep and located thereon in good condition, order and repair and make all repairs, renewals and During the term of this Garage Ground Lease, MDOT, or its assignee, lessee, or
- fulfilling any other duties or obligations which the State or DGS has under the terms of this construction, equipping, operation and maintenance of the Garage and Garage Site and for reasonable times to inspect the Garage and Garage Site for any purposes related to the in cases of emergency Garage Ground Lease or Project agreements, upon reasonable advance notice to MDOT, except The State, DGS and its agents shall be entitled to enter the Garage Site at all

#### . Easements.

- such access. Any such request may be subject to the approval of the BPW. property, provided that MDOT shall incur no legal or financial obligation in connection with utility lines, pipes or other public utility facilities for use in connection with the State's adjacent Site provided such grant does not prevent the intended use of the Garage by MDOT for the purposes described herein and DGS shall coordinate all such grants and dedications with MDOT sewers, water lines, electric lines, gas lines and other public utilities in or through the Garage (a) DGS will not unreasonably refuse, delay, or condition any grant and dedication to the City, the public, and any public utility company for an easement for storm sewers, sanitary before making the same. DGS shall be entitled, with reasonable prior notice, to access any
- use of the easement to MDOT, or its approved assignees, lessees, or sublessees, as applicable, for Services. If DGS acquires the easement from the City of Baltimore, DGS shall assign reasonable acquired shall be in the name of the State of Maryland, to the use of the Department of General Baltimore for the installation of necessary Garage related streetscape facilities. Any easements the duration of this Ground Lease DGS will cooperate with MDOT to acquire any easements from the City of
- exempt obligations for federal income taxation purposes. take all actions necessary to preserve such exclusion from gross income of interest on said taxrefinance capital on the Garage or on or related to the Garage Site, and MDOT and DGS will obligations of the State, DGS, or MDOT, the proceeds of which were used to finance and gross income action with respect to the Garage Site and the Garage that will impair the excludability from permit any of their respective successors, permitted assigns, or lessees or sublessees to take any utilized, MDOT and DGS covenant and agree that they will not take any action nor knowingly for federal income taxation purposes of interest on outstanding tax-exempt Tax Exempt Obligations of the State. To the extent that tax-exempt financing is
- municipal, relating, to the use and occupancy of the Garage Site and any improvements thereon regulations, requirements or orders of any federal, State or local agency, court or other performance of any obligation of MDOT, DGS, or the State under this Garage Ground Lease. operation of all, or any portion, of the Garage Site and any improvement thereon or the governmental body applicable from time to time to the financing, ownership, possession or The provisions of this Garage Ground Lease are subject to the provisions of any applicable laws. binding laws, statutes, ordinances, rules and regulations, whether federal, state, county or The parties hereto represent that each to the extent authorized will comply with all applicable, Compliance with and Subject to all Applicable Laws, Rules and Regulations
- withheld, delayed, or conditioned, to assign or sublease from time to time all or a portion of its foregoing, the BPW hereby authorizes MDOT, upon DGS' consent, not to be unreasonably unreasonably withheld, delayed, or conditioned, and that of the BPW. Notwithstanding the subleased by either party without the prior written approval of the other party, not to be leasehold interest herein to an MDOT Assignment and Sublease. This Garage Ground Lease shall not be assigned or modal administration, the Maryland Transportation

maintenance of the Garage. Authority, and/or MEDCO to achieve the financing, construction, operation, repair, and/or

#### 12. Termination

- terminate on the Expiration Date, without the necessity of any further notice from the State, DGS, or MDOT to terminate same (a) This Garage Ground Lease and the tenancy hereby created shall cease and
- consent of the parties hereto ("Early Termination Date") and subject to the approval of the BPW This Garage Ground Lease may be terminated prior to the Expiration Date by
- Garage Ground Lease upon thirty (30) days notice to the other party. has not commenced by December 31, 2011, then thereafter, either party may terminate this efforts, believes that the State Garage cannot be completed; or (ii) the construction of the Garage (c) Notwithstanding the foregoing, or anything herein contained in this Garage Ground Lease to the contrary, in the event: (i) DGS, after exercising reasonable good faith
- returned to DGS in its then current condition. Notwithstanding the foregoing, the Garage will continue to be owned and operated by MDOT. Surrender of Property. At the end of the Term of Lease, the Garage Site will be
- such funds is expressly made subject to their appropriation. funds for any such obligations must be appropriated by the General Assembly, the availability of available to MDOT for such purposes under any financing agreement. To the extent that the Bonds, rents and other payments received by MDOT under any facility financing and other funds general obligations of MDOT but are limited obligations payable solely from the proceeds of the Limited Obligation of MDOT. The obligations of MDOT hereunder are not
- Maryland law. to any other action pursuant to this Garage Ground Lease, except as may be permitted by within the scope of their employment and authorizations incur any personal liability with respect capacity, nor shall any member, officer, employee or agent of MDOT, DGS, or the State acting future member, officer, employee or agent of MDOT, DGS, or the State in his or her individual contained herein shall be deemed to be a covenant, agreement or obligation of any present or Limitation of Personal Liability. No covenant, condition or agreement
- construction of the Garage. deemed reasonable by MDOT, or otherwise required by any issuer of bonds used to finance the Liability insurance for the Garage and the Garage Site in coverages, endorsements and amounts insurance. MDOT shall obtain or cause to be obtained Commercial General
- which shall be paid from the proceeds of any Garage financing or an abstract thereof, among the Land Records for the City of Baltimore, Maryland, the cost of Recording. MDOT, with DGS' consent, may record this Garage Ground Lease,

- interpretation, construction, and performance of this Garage Ground Lease Governing Law. The laws of the State of Maryland govern the validity,
- all necessary consents have been obtained and that this Garage Ground Lease shall be a valid and approved by the Board of Public Works and by DGS and MDOT and delivered by them, this binding obligation of the parties hereto. Garage Ground Lease shall have been duly authorized by all necessary governmental action and and authority to enter into this Garage Ground Lease, and that when executed and Representations. Each of the parties hereto represents to the other that it has full
- modified except by a written instrument duly executed by the parties and subject to the approval of the Board of Public Works Amendments. This Garage Ground Lease shall not be amended, changed or
- and effect invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force Severability. If any provision of this Garage Ground Lease is declared to be
- at the respective address as set forth below: sent by registered or certified mail, return receipt requested, postage prepaid to DGS or MDOT, required or permitted hereunder ("notices") shall be in writing and shall be delivered by hand or Notices. All notices, requests, demands, approvals, or other communications

To DGS: Department of General Services

301 West Preston Street

Baltimore, Maryland 21201

Attention: Assistant Secretary, Department of Real Estate

To MDOT: Maryland Department of Transportation

7201 Corporate Center Drive Hanover, Maryland 20176

Attention: MDOT Secretary

With a copy to: Maryland Department of Transportation 7201 Corporate Center Drive Hanover, Maryland 20176

Attention: Office of Real Estate

deemed to have been given when delivered to the address so designated Either Party may, by notice, change its address for all subsequent notices. Notices shall be

and inure to the benefit of MDOT and DGS and their respective successors and, except as otherwise provided herein, assigns Successors. The agreements, terms, covenants and conditions herein shall bind

- defend such action or proceeding at DGS's sole expense if MDOT notifies DGS of the action or brought against MDOT by reason of any claims described in this Section, and DGS shall resist or Garage Ground Lease. any of the covenants, agreements, terms, provisions, conditions or limitations contained in this occurring on the Garage Site; or (d) any failure on the part of DGS to perform or comply with part of DGS or any of its agents, lessees, or sublessees; (c) any damage to person or property by licensees, invitees, employees, agents and visitors; (b) any negligence or tortious act on the liabilities arising from or relating to the use of the Garage Site or the improvements built thereon, interest in the Garage Site and/or the Garage by reason of or in connection with (a) all claims and attorney's fees, that may be imposed upon or incurred or paid by or asserted against MDOT or its shall reimburse MDOT for, all liabilities, obligations, damages, fines, penalties, claims, subject to appropriation, DGS shall indemnify and save MDOT harmless against and from, and demands, costs, Indemnification by the State. charges, judgments and expenses, including but not limited to reasonable MDOT shall give DGS prompt written notice of any action or proceeding Whereas, to the extent permitted by law and
- any such statement delivered under this Garage Ground Lease may be relied upon by third each such default of which the signer has knowledge. Each party acknowledges and agrees that covenant, agreement or condition contained in this Garage Ground Lease and, if so, specifying certificate knows of any default by the party requesting the certificate in performance of any modified and stating the modifications), and (2) the dates to which the rent and other amounts parties not a party to this Garage Ground Lease payable hereunder have been paid in advance, if any; and (ii) stating whether the signer of such there have been modifications, that the Garage Ground Lease is in full force and effect as (i) certifying (1) that this Garage Ground Lease is unmodified and in full force and effect (or if written notice from another party, shall execute, acknowledge and deliver a statement in writing Estoppel Certificate. Each party, upon not less than fifteen (15) days prior
- subject to appropriation, hold harmless the other for any action or claim by a person alleging entitlement to such a fee and claiming through that party. execution of this Garage Ground Lease. Each party shall to the extent permitted by law and brokerage commission, finder's fee or other similar form of compensation in connection with the No Broker. The parties covenant and agree that no person is entitled to a
- of the same entity acquiring, owning or holding a leasehold estate created hereby and such other created hereby with any other estate in the Garage Site which is the subject of this Garage Ground Lease, including the fee estate, or any part thereof or improvements thereon, by reason Ground Lease, there shall be no merger of this Garage Ground Lease or any leasehold estate estate in the subject real property. No Merger of Estates. Unless otherwise expressly provided in this Garage
- counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts together shall constitute but one and the same Garage Ground Lease Counterparts. This Garage Ground Lease may be executed in any number of

- the Garage, and any exhibits attached thereto, contain all the promises, agreements, conditions, agreements entered by MDOT and consented to by DGS for purposes of operating or financing Site by DGS to MDOT inducements and understandings between DGS and MDOT relative to the lease of the Garage Entire Agreement. This Garage Ground Lease, any operations or financing
- effective upon and only upon its execution and delivery by each party hereto and approval by the Board of Public Works Approval. This Garage Ground Lease shall become
- Maryland, as they may be amended from time to time. waiver of any immunity which DGS or MDOT may be entitled to under the laws of the State of Waiver of Immunity. Nothing in this Garage Ground Lease shall constitute a
- the exercise of any such right shall be deemed a waiver as to any other such instance or any other waiver of the future exercise of such right. No such waiver made as to any instance involving writing. No delay or omission by DGS or MDOT in exercising any such right shall be deemed a exercise of any right to which they hold hereunder unless such waiver is made expressly and in Waiver of Rights. Neither DGS nor MDOT shall be deemed to have waived the
- in a manner similar to that for other State Center agencies the MDA and for the Project. Employees of MDOT are expected to be allocated spaces, if any manner determined by DGS and MDOT to facilitate performance of their respective duties under general public. It is expected that these users will be provided parking spaces in the Garage in a Garage primarily for use by employees and officials of the State, other Project uses, and the Operation of Garage. MDOT intends to operate or cause the operation of the

### 34. Environmental Compliance

- from or adjacent to the Phase Property, unless such Environmental Contaminants are used Contaminants (as defined in the MDA) to be used, generated, stored or disposed of on, about, generated, stored or disposed of in compliance with Environmental Law (as defined in the MDOT, its successors and assigns shall not cause or permit Environmental
- (b) Notwithstanding any termination of the Garage Ground Lease or any other provision of the Garage Ground Lease to the contrary, DGS shall indemnify MDOT with regard assessment relating to the existence of Environmental Contaminants on the Garage Site or Phase compensations, damages, cleanup, injury, loss, liability, charge, cost, demand, deposited on by Contaminants on the Garage Site or Phase Property. to any Environmental Contaminants (as defined in the MDA) which exist on, have been, or are This indemnity shall include all costs of cleanup or removal of Environmental DGS, the Garage Site or the Phase Property, including for any claims, penalty or

35. Recitals. All of the "Whereas" clauses contained at the beginning of this Garage Ground Lease shall be incorporated herein and shall become a part of this Garage Ground Lease.

[SIGNATURE PAGES CONTINUE.]

date the

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[SEAL]	THE STATE OF MARYLAND, By: DEPARTMENT OF GENERAL SERVICES
ATTEST:	
	Alvin Collins Secretary
	GROUND LESSEE:
[SEAL]	THE STATE OF MARYLAND  By: MARYLAND DEPARTMENT OF  TRANSPORTATION
ATTEST:	
	Beverley K. Swaim-Staley Secretary
	a s
Approved as to form and legal sufficiency this $\frac{2\theta}{1}$ day of $\frac{500}{1}$ , 2010:	Approved as to form and legal sufficiency this day of, 2010:

Name: 5att which Al-Department of General Services Assistant Attorney General

Name:

Maryland Department of Transportation

Assistant Attorney General

date

	irst written above.	IN WITNESS WHEREOF, the
		WITNESS WHEREOF, the parties have executed this Garage Ground Lease on the
		rage Ground Lease on the

	GROUND LESSOR:
[SEAL]	THE STATE OF MARYLAND, By: DEPARTMENT OF GENERAL SERVICES
ATTEST:	
	Ð
	Alvin Collins Secretary
	GROUND LESSEE:
[SEAL]	THE STATE OF MARYLAND  By: MARYLAND DEPARTMENT OF  TRANSPORTATION
ATTEST:	Beverley K. Swalm-Staley Secretary
Approved as to form and legal sufficiency this, 2010:	Approved as to form and legal sufficiency this 25th day of July, 2010:
Name: Department of General Services Assistant Attorney General	Name: () Maryland Department of Transportation Assistant Attorney General

#### BOARD OF PUBLIC WORKS OF THE STATE OF MARYLAND

(as to all)	Executive Secretary  Board of Public Works	Sheila C. McDonald	Show Many	ATTEST:	s	
By: Jella And (SEAL) Peter Franchot, Comptroller	4 5 6	Kepp, Treasurer	7		Martin O'Malley, Governor	By: \( (SEAL)

appeared MARTIN O'MALLEY, known to me (or satisfactorily proven) to be the persons whose names are subscribed to the FRANCHOT, Comptroller, constituting the Board of Public Works of the State of Maryland, STATE OF MARYLAND, COUNTY OF I HEREBY CERTIFY that, on this EREBY CERTIFY that, on this day of 36 , 2010, the subscriber, a Notary Public of the State and County aforesaid, personally Governor, NANCY K. KOPP, Treasurer, and PETER

within Garage Ground Lease, who signed the same in my presence and acknowledged that they executed the same for the purposes therein contained.

AS WITNESS my hand and Notarial Seal.

Notary Public

Approved by the Board of Public Works of the State of Maryland at a meeting held on the  $\frac{1}{2000}$  day of  $\frac{1}{2000}$  as Item No./ $\frac{1}{2000}$  on the Department of General Services Agenda.  $-\frac{1}{2000}$   $\frac{1}{2000}$  PARCELE.

#### EXHIBIT A

### LEGAL DESCRIPTION OF PROPERTY

SW N. Eutaw Street (Lot 7D) - Tax ID No. 11-04-459-003, with a legal description as follows:

"All that property conveyed to the State of Maryland, by virtue of a Deed dated December 24, 1958, recorded January 19, 1959 in Liber JFC No. 541, at folio 316 among the Land Records of Baltimore City, Maryland."

#### EXHIBIT B

# LEGAL DESCRIPTION OF GARAGE SITE

The below grade portions of the Property described in Exhibit A and limited portions of the above grade Property described in Exhibit A necessary to construct, operate, repair and maintain the Garage

#### EXHIBIT C

### PERMITTED ENCUMBRANCES

- 541, at folio 316; and (i) the provisions of the Deed from the Mayor and City Council of Baltimore dated December 24, 1958 and recorded among the Land Records of Baltimore City, Maryland in Liber JFC No.
- February 1, 1956, and any plans or plats related thereto (ii) the surviving encumbrances, if any, contained in the Agreement between the State of Maryland, acting through the Board of Public Works, and the Mayor and City Council of Baltimore, dated as of July 28, 1954, as set forth in Baltimore City Ordinance No. 217, approved