

COUNCIL OF THE GREAT CITY SCHOOLS

EXECUTIVE COMMITTEE MEETING

MARCH 19, 2016

WASHINGTON, D.C.

COUNCIL OF THE GREAT CITY SCHOOLS

Executive Committee Meeting Agenda

**March 19, 2016
Washington, D.C.**

March 19, 12:00 noon	EXECUTIVE COMMITTEE CONVENES	
	<ul style="list-style-type: none"> • Welcome and Introductions 	Page 4
	Opening of Executive Committee meeting and introductions.	
	<i>Richard Carranza, Chair of the Board</i>	
	<ul style="list-style-type: none"> • Minutes 	Page 12
	Consideration of minutes from the January 22-23, 2016 meeting of the Executive Committee in El Paso, TX, and the October 10, 2015 meeting of the Board of Directors in Long Beach, CA.	Vote
	<i>Richard Carranza, Chair of the Board</i>	
	<ul style="list-style-type: none"> • Nominations 	Page 28
	Discussion of nominations to fill vacancies on the Executive Committee.	Vote
	<i>Jumoke Hinton Hodge, Nominations Subcommittee Chair</i>	
	<ul style="list-style-type: none"> • Membership Subcommittee Report 	Page 35
	Report of the Membership Subcommittee.	
	<i>Pam Knowles, Membership Subcommittee Chair</i>	
	<ul style="list-style-type: none"> • By-Laws Subcommittee Report 	Page 40
	Report of the By-Laws Subcommittee.	
	<i>Michael Casserly, Executive Director</i>	

	<ul style="list-style-type: none"> • Audit Subcommittee Report 	Page 51
	Review of the 2013-14 audit report, status report on the 2014-15 budget, and proposed budget for 2015-16.	Vote
	<i>Kaya Henderson, Audit Subcommittee Chair</i>	
	<ul style="list-style-type: none"> • Conferences and Meetings 	Page 102
	Executive Committee, job-alike meetings, and major conferences in 2015.	
	<i>Michael Casserly, Executive Director</i>	
	<ul style="list-style-type: none"> • Office Move 	Page 120
	Update on timeline for Council office move.	
	<i>Michael Casserly, Executive Director</i>	
2:00 pm	EXECUTIVE COMMITTEE ADJOURNS	

ABOUT THE COUNCIL

COUNCIL OF THE GREAT CITY SCHOOLS

OUR VISION

Urban public schools exist to teach students to the highest standards of educational excellence. As the primary American institution responsible for weaving the strands of our society into a cohesive fabric, we — the leaders of America’s Great City Schools — see a future where the nation cares for all children, expects their best, appreciates their diversity, invests in their futures, and welcomes their participation in the American dream.

The Great City Schools are places where this vision becomes tangible and those ideals are put to the test. We will keep our commitments, and as we do and as society supports our endeavors, cities will become the centers of a strong and equitable nation, with urban public schools successfully teaching our children and building our communities.

OUR MISSION

It is the special mission of America’s urban public schools to educate the nation’s most diverse student body to the highest academic standards and prepare them to contribute to our democracy and the global community.

OUR GOALS

To educate all urban school students to the highest academic standards.

To lead, govern and manage our urban public schools in ways that advance the education of our children and inspire the public’s confidence.

To build a confident, committed and supportive urban community for raising the achievement of urban public schoolchildren.

COUNCIL OF THE GREAT CITY SCHOOLS

Executive Committee

2015-2016

OFFICERS

Chair of the Board: Richard Carranza, San Francisco Superintendent
Chair-Elect: Felton Williams, Long Beach School Board
Secretary/Treasurer: Kaya Henderson, District of Columbia Chancellor
Immediate Past-Chair: Jumoke Hinton Hodge, Oakland School Board

MEMBERS

Thomas Ahart, Des Moines Superintendent
Jose Banda, Sacramento Superintendent
JoAnn Brannon, Metro Nashville School Board
Juan Cabrera, El Paso Superintendent
Marnell Cooper, Baltimore School Board
Paul Cruz, Austin Superintendent
Darien Driver, Milwaukee Superintendent
Doretha Edgecomb, Hillsborough County School Board
Lawrence Feldman, Miami-Dade County School Board
Eric Gordon, Cleveland CEO
Michael Hanson, Fresno Superintendent
Barbara Jenkins, Orange County Superintendent
Pam Knowles, Portland School Board
Michael O'Neill, Boston School Board
Ashley Paz, Fort Worth School Board
Valeria Silva, St. Paul Superintendent
Paula Wright, Duval County School Board
VACANT
VACANT
VACANT

Ex Officio

Deborah Shanley, Brooklyn College CUNY Dean

COUNCIL OF THE GREAT CITY SCHOOLS
EXECUTIVE COMMITTEE
FY 2015-16

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COUNCIL OF THE GREAT CITY SCHOOLS
EXECUTIVE COMMITTEE
FY 2015-16

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COUNCIL OF THE GREAT CITY SCHOOLS
Board of Directors (as of March 8, 2016)

CITY	SUPERINTENDENTS	BOARD MEMBERS
Albuquerque	Raquel Reedy	Don Duran
Anchorage	Ed Graff	Pat Higgins
Arlington	Marcelo Cavazos	Jamie Sullins
Atlanta	Meria Carstarphen	Leslie Grant
Austin	Paul Cruz	Kendall Pace
Baltimore	Gregory Thornton	Marnell Cooper
Birmingham	Kelley Castlin-Gacutan	Wardine Alexander
Boston	Tommy Chang	Michael O'Neill
Bridgeport	Frances Rabinowitz	Sauda Baraka
Broward Co.	Robert W. Runcie	Laurie Rich Levinson
Buffalo	Kriner Cash	James Sampson
Charleston	Gerrita Postlewait	Cindy Bohn Coats
Charlotte-Mecklenburg	Ann Clark	Mary T. McCray
Chicago	Forrest Claypool	Jaime Guzman
Cincinnati	Mary Ronan	Melanie Bates
Clark County	Pat Skorkowsky	Linda E. Young
Cleveland	Eric Gordon	Denise Link
Columbus	Daniel J. Good	Gary Baker II
Dallas	Michael Hinojosa	Mike Morath
Dayton	Lori L. Ward	Ronald C. Lee
Denver	Tom Boasberg	Allegra Haynes
Des Moines	Thomas Ahart	Cindy Elsbernd
Detroit	Alycia Meriweather (Interim)	N/A
El Paso	Juan Cabrera	Dori Fenenbock
Fort Worth	Kent P. Scribner	Ashley Paz
Fresno	Michael Hanson	Lindsay Cal Johnson
Guilford County	Maurice Green	Rebecca M. Buffington
Hawaii Department of Education	Stephen Schatz	Donald G. Horner
Hillsborough County	Jeff Eakins	Doretha Edgecomb
Houston	Kenneth Huewitt (Interim)	Anna Eastman
Indianapolis	Lewis Ferebee	Samuel Odle
Jackson	Cedrick Gray	Beneta Burt
Jacksonville	Nikolai P. Vitti	Paula Wright
Jefferson County	Donna Hargens	Diane Porter
Kansas City	Allan Tunis (Interim)	Airick West
Long Beach	Christopher Steinhauser	Felton Williams
Los Angeles	Michelle King	Steve Zimmer
Miami-Dade County	Alberto Carvalho	Lawrence Feldman
Milwaukee	Darienne Driver	Michael Bonds
Minneapolis	Michael Goar (Interim)	Don Samuels
Nashville	Chris Henson (Interim)	JoAnn Brannon
Newark	Christopher Cerf	Antoinette Baskerville- Richardson
New Orleans	Henderson Lewis Jr.	N/A
New York City	Carmen Fariña	N/A
Norfolk	Melinda Boone	Rodney Jordan
Oakland	Antwan Wilson	Jumoke Hinton Hodge
Oklahoma City	Rob Neu	Phil Horning
Omaha	Mark A. Evans	Lacey Merica

Orlando
Palm Beach County
Philadelphia
Pittsburgh
Portland
Providence
Richmond
Rochester
Sacramento
St. Louis
St. Paul
St. Petersburg
San Antonio
San Diego
San Francisco
Santa Ana
Seattle
Shelby County (Memphis)
Toledo
Tulsa
Washington, D.C.
Wichita

Barbara Jenkins
Robert Avossa
William R. Hite, Jr.
Linda Lane
Carole Smith
Christopher Maher
Dana Bedden
Linda Cimusz (Interim)
Jose L. Banda
Kelvin Adams
Valeria Silva
Michael Grego
Pedro Martinez
Cindy Marten
Richard Carranza
Richard Miller
Larry Nyland
Dorsey E. Hopson, II, Esq.
Romules L. Durant
Deborah Gist
Kaya Henderson
John Allison

William Sublette
Marcia Andrews
Marjorie G. Neff
Thomas Sumpter Jr.
Pam Knowles
Nicholas Hemond
Jeffrey Bourne
Van Henri White
Christina Pritchett
Rick Sullivan
Jon Schumacher
Peggy O'Shea
Patti Radle
Michael McQuary
Jill Wynns
Rob Richardson
Harium Martin-Morris
Kevin Woods
Chris Varwig
Lana Turner-Addison
N/A
Jeff Davis

COUNCIL OF THE GREAT CITY SCHOOLS

Staff

Michael Casserly, Executive Director
Teri Trinidad, Director of Administration, Finance & Conferences
Alisa Adams, Finance Manager
Marilyn Banks, Administrative Assistant
Terry Tabor, Conference Manager
Shirley Lathern, Systems and Administrative Specialist
Angel Gooch, Administrative and Conference Specialist
Jeff Simering, Director of Legislation
Julie Beth Halbert, Legislative Counsel
Manish Naik, Legislative Manager
Gabriela Uro, Director of ELL Policy & Research
Debra Hopkins, ELL Project Coordinator
Carol Aguirre, ELL Policy Specialist
Henry Duvall, Director of Communications
Tonya Harris, Communications Manager
Danyell Taylor, Communications Specialist
Raymond Hart, Director of Research
Renata Uzzell, Research Manager
Moses Palacios, Research Specialist
Ashley Ison, Research Intern
Ricki Price-Baugh, Director of Academic Achievement
Denise Walston, Director of Mathematics
Robin Hall, Director of Language Arts and Literacy
Robert Carlson, Director of Management Services
Michell Yorkman, Special Projects Manager
Amanda Corcoran, Special Projects Manager
Jonathon Lachlan-Haché, Special Projects Specialist

MINUTES

EXECUTIVE COMMITTEE

**COUNCIL OF THE GREAT CITY SCHOOLS
MINUTES
EXECUTIVE COMMITTEE MEETING
EL PASO, TX
January 22-23, 2016**

Friday, January 22, 2016

Present:

Officers:

Richard Carranza, Chair, San Francisco Superintendent
Felton Williams, Chair-elect, Long Beach School Board
Jumoke Hinton Hodge, Immediate Past Chair, Oakland School Board

Members:

Tom Ahart, Des Moines Superintendent
Jose Banda, Sacramento Superintendent
JoAnne Brannon, Nashville School Board
Juan Cabrera, El Paso Superintendent
Paul Cruz, Austin Superintendent
Darienne Driver, Milwaukee Superintendent
Doretha Edgecomb, Hillsborough County School Board
Lawrence Feldman, Miami-Dade County School Board
Eric Gordon, Cleveland CEO
Barbara Jenkins, Orange County Superintendent
Michael O'Neill, Boston School Board
Ashley Paz, Fort Worth School Board
Deborah Shanley, Brooklyn College, CUNY Dean
Airick West, Kansas City (MO) School Board
Paula Wright, Duval County School Board

Absent:

Terry Grier, Houston Superintendent
Michael Hanson, Fresno Superintendent
Kaya Henderson, District of Columbia Chancellor
Pam Knowles, Portland School Board
Keith Oliveira, Providence School Board

Richard Carranza, Chair of the Board of Directors, called the meeting to order at 2:00 pm.
Present members introduced themselves and a quorum was established.

Minutes

Richard Carranza presented the minutes of the October 8, 2015 meeting of the Executive Committee and the October 10, 2015 meeting of the Board of Directors at the Annual Conference in Long Beach, CA. A motion to approve the minutes passed by voice vote.

Nominations

There are two vacancies on the Executive Committee as a result of Bolgen Vargas, Rochester Superintendent, and Bill Isler, Pittsburg School Board Member, stepping down as of December 31, 2015. Board Chair Carranza nominated Valeria Silva, St. Paul Superintendent, and Marnell Cooper, School Board Member from Baltimore, to fill these vacancies.

The organization's by-laws require a balanced committee, and the chart included in the committee materials provided a breakdown of its current composition. Three additional vacancies will come up as of the March meeting, at which time the committee will need to increase its number of female members and representation from eastern districts.

Approval of the two Executive Committee nominations passed by voice vote.

Membership

Two districts have applied for membership. One was a previous member—Tulsa. The district meets all Council eligibility criteria.

The second applicant is Pinellas County (FL). The district also meets all membership criteria. Committee members, including three representatives from Florida districts, all spoke in favor of Pinellas County, citing the similarity of challenges faced and the district leadership's commitment to reform and improvement.

A motion to accept both Tulsa and Pinellas County as new members passed by voice vote. The committee also recommended that we revisit all recent applicants denied membership at previous meetings.

By-Laws

No report.

Audit

A draft of the external audit report for the 2014-15 program year was provided in committee materials. Once again, the organization had a completely clean audit, with no findings, no exceptions, and no material weaknesses. The materials provided a breakdown of assets/liabilities. Michael Casserly, the organization's executive director, pointed out that there is a substantial surplus, and explained to the group that this large carryover was the result of grants that are being spent out over multiple years.

Committee materials provided a breakdown of restricted and temporarily restricted funds. Again, this data illustrated the spend-down rate in the organization's revenues over time. Additional grants have been received since the audit period, meaning that the revenue base will appear to increase again.

In response to a question about the rotation of auditors, Teri Trinidad, the organization's director of administration and finances, informed the group that the auditing company rotates its field auditors who do the work on the Council's books every few years.

In reviewing the budget, the group also discussed the nonpayment among colleges of education. Deb Shanley welcomed any input or ideas members had to build greater engagement of the group in the Council. One suggestion was to produce a summary of benefits of membership that could be circulated to the Deans group.

Casserly then reviewed the status of district dues payments, and encouraged members to make sure they were up-to-date with payments. He then called the group's attention to the fact that member dues will go up by half a percent next year.

Casserly then reviewed the remainder of the materials in the audit section, including the status of budget expenditures for FY15-16 through December 31, 2015. He also presented the Proposed Budget for FY2016-2017, which will go before the board for approval at the March meeting. In closing, he thanked Teri Trinidad for her stewardship of the organization's finances.

A motion to accept the audit report passed by voice vote.

Conferences and Meetings

Casserly reviewed the evaluations of the 2015 annual conference in Long Beach. In general, the reviews were overwhelmingly positive. Casserly then presented the meeting lineup for 2016. He indicated that the President has been invited to speak at both the legislative and annual conferences. Michael O'Neill, Boston school committee member, then discussed the upcoming summer Executive Committee meeting scheduled for July 15 and 16, 2016 in Boston, MA.

The 2016 annual conference will be held in Miami-Dade County, and information on the hotel and a call for presentations was included in committee materials. One committee member requested that special consideration be paid to sessions of interest to school board members. Other members suggested forums with students, as well as good representation from districts across the country.

Hotel information for the 2017 annual conference in Cleveland was provided in the committee materials, as well as information about the 2018 conference in Baltimore. The committee then reviewed a bid from Louisville to host the conference in 2019.

A motion to hold the 2019 annual conference in Louisville, KY passed by voice vote.

Communications

Casserly started the discussion on Council communications by asking the committee two broad questions. First—are we communicating in a way that reflects your needs and priorities? Second, did we handle communications around the recent testing report in a way that met your needs and expectations?

Casserly then reviewed sample articles, press releases, and official statements that have been released over the past few months. The communications materials included a separate section of sample coverage of the Council’s recent testing report. Members expressed their support and pride in the Council’s communications work in general, and messaging/outreach around the testing report in particular.

Casserly then reviewed the remaining materials, including usage statistics on various common core implementation and public outreach tools, the new 60th anniversary logo, the latest edition of the *Urban Educator*, and a list of Council activities in 2015 that was delivered at the Council’s Christmas luncheon.

Friday, January 22, 2016

Legislation

Jeff Simering, the Council’s legislative director, and Manish Naik, the group’s legislative manager, briefed the committee on legislative issues and developments, starting with the recently approved two-year budget agreement that increased domestic spending, including an increase in education spending.

Simering and Naik then moved to the recently reauthorized ESEA. The bill did not include any of the most damaging provisions, like a change in the Title I formula that would have resulted in substantial decreases in funding for member districts. In addition, the new authorization did not include language on portability or language that would have allowed states to cut education funding without federal repercussions.

Legislative staff also indicated that ESSA eliminated many of the more burdensome NCLB provisions, although the new legislation added others. Questions followed on the transition period, school year 2016-17, and on when everything in the law became effective.

Discussion proceeded on the bill’s provisions related to educational standards, teacher evaluations, accountability, low-performing schools, sub-group reporting, assessments, and other provisions. Committee materials included a detailed summary prepared by Council staff summarizing the legislation.

Research

An overview of Council research activities was provided in committee materials. This overview was followed by information on the expansion of the Trial Urban District Assessment. Over the past year, the Council worked with appropriations committee staff to further expand the program in order to accommodate new districts. A list of eligible

districts was included in the materials, along with an invitation letter. Response are due on February 5.

Casserly then asked if there were additional areas of study members were interested in the Council pursuing.

Members suggested additional research in the areas of—

- Structural imbalances in funding
- Facilities and the support of facilities repairs and renovations
- Teacher evaluations and their effects across the membership
- Effects of teacher race on student achievement
- State legislative erosion of district leadership and authority in running schools
- Charter schools and charter school results and accountability
- A survey of ethnic studies programs in the member districts
- Early childhood education and how they are funded
- Other topics

Extensive discussion followed on the draft NAEP data on charter schools. A suggestion was made to conduct the analysis by state since laws differed substantially state-by-state and by authorizer.

Males of Color Initiative

The committee materials included a copy of the Council's Males of Color pledge, along with a partnership letter with the College Board. Casserly then unveiled and described the Council's new males of color website--malesofcolor.org. Casserly showed the members the website, and walked everyone through the site's various features.

Casserly then focused on the Key Performance Indicators (KPIs) corresponding to elements of the pledge. In general, this constituted a two-fold accountability system we all committed to—which entails both the collection of implementation plans and evidence of progress on the indicators. The Council will be collecting data on the 2013-14 and 2014-15 school years to see whether we've seen any movement on the indicators since we made the pledge. Data collection will begin in a matter of weeks.

Achievement

Eric Gordon gave the report of the achievement task force. He informed the group that the Council had received a new grant from The Bill and Melinda Gates Foundation, and walked the group through the five main areas of work this grant will support. He also gave an update on the Council's efforts to collect and disseminate academic KPIs. Finally, the committee materials included a draft of the Working Group II common core implementation indicators.

Casserly asked the group whether they wanted the Council to continue to focus on providing support and tools around common core standards implementation, or whether

we should shift our focus to other issues. Committee members agreed that common core implementation was still a leading need and priority.

Casserly then informed the group that the Council was being pursued by OER—the Open Educational Resources group—and asked for additional guidance on when to partner and when not to partner with external organizations. Members agreed that when the benefits of a partnership are largely one sided, then there was no reason for the Council to pursue it.

Professional Development

No report.

Bilingual Education

There were a number of large projects being undertaken in this area. To begin, the team’s work on raising the quality of instructional materials for ELLs continues. Casserly recounted the process of narrowing the field of publishers who were willing to produce high quality, standards-aligned ELA materials for ELLs. The two publishers who remained a part of the project are now building out their materials to more grades. In addition, the math component is now underway.

Second—work continues on professional development tools for teachers aimed at improving ELL instruction through a grant from the Helmsley Foundation. We are in the process of identifying the model classrooms/teachers, and filming lessons.

Third—the Council is taking the work we did around instructional materials and expanding it into a joint buying protocol for materials that meet the criteria we have developed. A list of districts we plan on contacting regarding participation in a pilot is provided in the materials. Casserly asked if anyone else was interested in participating, and El Paso, Sacramento, Austin, Milwaukee, Long Beach, and Cleveland voiced interest.

Leadership, Governance, and Management

The preliminary analysis of the Council’s school board survey was provided in committee materials. We now have around 70 percent of member districts responding with at least two school board members, along with 55 superintendents. Council staff is combing through the data to identify the most salient findings, although we are already using some data from the survey to drive our work with school boards.

Airick West, Kansas City school board member, then described some of the Council board visits, and asked JoAnn Brannon, Nashville school board member, to share her experience as one of the district school boards to have worked with the Council team. The group then discussed the importance of sustaining and growing the work moving forward.

In the future, the work could expand to include new board member—and new board chair— training. This cohort training would help provide a support network for these leaders, as well as professional development. Also, the project might develop a board self-

assessment. The overarching aim with this work is to address the churn in district leadership and the rancor in relationships between some boards and district leaders.

Finance

No report. A copy of the financial excellence award application is provided in the materials.

Office Move

Casserly then discussed the Council's upcoming office move. The organization will be moving to the building right next door to where it is now—located at 1331 Pennsylvania Avenue. At this point we have signed the lease and are in the design phase of the project. The build-out will most likely begin in late March, and we will move in June.

We have budgeted very carefully—we will be paying a dollar less per square foot, although the group will be securing more room. Casserly thanked Teri Trinidad for her work brokering the deal.

New Business

Regarding the recent spate of bomb threats in various school districts, Casserly informed the group that the Council has collected copies of the parent and community outreach conducted, which is available to anyone who is interested. Members discussed expanding this into a toolkit for addressing various emergency situations.

The Chair adjourned the meeting at 2:25 pm.

Respectfully submitted:

Michael Casserly
Executive Director

BOARD OF DIRECTORS

**COUNCIL OF THE GREAT CITY SCHOOLS MINUTES
BOARD OF DIRECTORS MEETING
LONG BEACH, CA
OCTOBER 10, 2015**

Richard Carranza, Chair of the Board of Directors, called the meeting to order at 8:45 am. Present members introduced themselves, and a quorum was established.

Minutes

Richard Carranza presented the minutes of the March 15, 2015 meeting of the Board of Directors at the Legislative Conference in Washington, DC, and the July 17-18, 2015 meeting of the Executive Committee in San Francisco, CA. A motion to approve the minutes passed by voice vote.

Annual Reports

The board materials included both the organization's annual report as well as individualized city-by-city reports that detailed membership benefits and services provided directly to each district in 2014-15.

A motion to approve the Annual Report passed by a voice vote.

Conferences and Meetings

Michael Casserly, the organization's executive director, presented the meeting lineup for the remainder of 2015 and for next year. Next year the annual conference will be hosted by Miami-Dade County, October 19-23, and will be the Council's 60th annual conference. The 2017 annual conference will be held October 18-22 in Cleveland, and the 2018 annual conference will be held October 24-28 in Baltimore. The organization is still working to secure a host city for 2019, although the Council has received a preliminary bid from Louisville.

Legislation

Jeff Simering, the Council's director of legislation, updated the board on legislative developments in Washington. He described the short term Continuing Resolution (CR) in place through mid-December, at which point Congress will need to finalize spending levels for FY 2016 (school year 2016-17) or approve another extension. The CR currently has a slight budget cut attached to it, although Simering indicated that the final bill might have modest funding increases

Simering described a number of other pending federal financial deadlines, including extension of the federal debt ceiling, the federal highway reauthorization, and the annual tax extenders legislation. Simering indicated that there was some chance of another legislative showdown in Congress at the end of the year.

Simering indicated that there was some feeling of urgency by both House and Senate chairs to finish the reauthorization of ESEA before Congress moved into an election year when it would be more difficult to pass. The ESEA bills under consideration are both lengthy, but are aimed at adding some flexibility at the state and local levels. For districts without waivers, a new bill will likely be better than NCLB. But for districts with waivers, it is unclear that a reauthorized ESEA will improve anything, given all the requirements. In addition, the threat inherent in a re-calculated Title I funding formula remains. The proposed formula that was being considered in the House, for example, would cost urban districts upwards of \$600 million.

Child nutrition and school meal reauthorization will also constitute another battle between Democrats and Republicans, and both the House and Senate are poised to begin consideration of their bills.

Finally, there is considerable political uncertainty with Speaker Boehner stepping down, and what it will mean for the reauthorization of ESEA and the budget. Questions and discussion followed.

Communications

Casserly reviewed all statements and press releases of the Council since the last board meeting, as well as a sample of recent articles and editorials. He invited board members to let us know if our media outreach or editorializing was not reflecting member interests or positions. Everyone agreed that the right tone was being set.

Board materials also included communications and information tools around the common core. The Council's latest three-minute PSA was released in January, and it has now been seen over 125 million times since then. The PSAs have been particularly popular in Spanish language media outlets. Usage reports for this and other tools were provided in the materials, along with a list of awards the organization has received for these materials.

The Board of Directors materials also included a report on the structure and staffing of public relations/communications offices across districts, along with staffing descriptions and funding information for this function. This report provides cross-district data so that districts can compare their communications operations to other large urban districts.

Finally, the materials included the latest edition of *The Urban Educator* and provided information on the Bernard Harris Scholarships. Henry Duvall, the Council's communications director, urged board members to encourage minority students in their districts to submit applications.

Research

The Board of Directors materials also provided information on the Trial Urban District Assessment of NAEP. The latest results will be announced on October 28—and for the first time results for both states and districts will be released at the same time.

Moreover, the board materials included the Council's final draft report on testing. Casserly reminded the group that this survey and report was initiated by the board at its Albuquerque meeting two years ago. The board's purpose was to provide greater clarity on the testing landscape across our districts. The executive committee reviewed early findings back in July. The executive committee requested that the report focus on aggregated results only, and not provide data for individual cities. Casserly then reviewed the report's structure and key findings, including the number and purpose of tests administered across member districts.

Board members then discussed the findings in detail and how to message it. A number of concerns, questions, and suggestions were raised about the draft press release. Members indicated that it contained very strong language that staff might want to revisit in order to prevent unintended consequences. Members also suggested being very clear about our next steps. All agreed that the report needed to be presented in an even-handed fashion and that everyone needed to be prepared.

The scheduled date for release is October 20. The Council will start reaching out to the communications offices of member districts immediately following this meeting to provide preliminary information, guidance, and to formulate a strategy for dealing with press questions.

A motion to approve the report and to move forward with its release passed by a voice vote. There was not dissent.

Males of Color Initiative

The board materials included the Council's pledge on black male achievement, along with a list of districts that have developed implementation plans to accompany their pledge and a summary table laying out various features of these plans. Casserly encouraged members to continue sending in their implementation plans.

Moving forward, the Council received a grant from The Gates Foundation to help support this work on males of color, which in addition to launching a website will include developing a toolkit of resources, profiling success stories, and hosting webinars to provide technical assistance around males of color efforts.

Julie Wright Halbert then announced a webinar on legal issues surrounding services to males of color that will be held in the coming weeks. Council staff will be sending out more information on this soon.

Achievement Task Force

Eric Gordon, the Cleveland superintendent, gave the report of the Achievement Task Force. This included updates on the Gates Foundation working group project, which involves developing a tool to help districts gauge their implementation of common core standards. Task force members reviewed the draft materials and offered their feedback.

The task force also looked at the 58 academic KPI indicators that have been culled from the original set of over 200. These are largely predictive indicators designed to show that instructional units are heading in the right direction. They also incorporate some cost indicators, as well as achievement indicators specific to males of color and linked to the Council's males of color pledge. Task force members were asked to indicate which were most important in order to further cull the list to roughly 30.

Finally, at the Achievement Task Force meeting, Council staff announced an upcoming convening of principal supervisors in Broward County in May 2016, as well as the development of a new GIMET mobile app to help users gather evidence on whether instructional materials are consistent with the common core.

Professional Development Task Force

Deb Shanley, Brooklyn College Dean, gave the report of the Professional Development Task Force. Echoing the report of Eric Gordon, Shanley called the group's attention to the tools developed by the second working group on district implementation of the common core. These implementation indicators included professional development indicators and data on the money districts were devoting to professional development activities.

Bilingual Task Force

Gabriela Uro, the Council's director of bilingual policy, gave the report of the Bilingual Task Force. The majority of the task force meeting was devoted to updating the group on the Council's various English language learner projects, including the effort to improve English language arts instructional materials for ELLs. The Council has been providing publishers with very specific feedback to help them incorporate more rigorous grade-level content and more complex texts for ELLs. The result of the initiative is that more publishers are now starting to revise their materials and show interest in working with us on a second round.

The Council is now starting the second phase of this project, which will be looking at ELL materials in math. At the conference, a group of experts and practitioners to develop math instructional materials standards for students with disabilities and ELLs met to conduct initial planning.

In addition, the Council is exploring the possibility of creating a mechanism for joint buying agreements in an effort to push the market and exert pressure on publishers to create higher quality ELL materials. This work will be funded under the new Gates Foundation grant.

The task force also discussed a project funded by the Helmsley Foundation to create a virtual professional development platform for enhanced professional development aligned to the common core standards for teachers of ELLs and struggling students.

Manish Naik then briefed the task force on ELL provisions in the draft ESEA reauthorization that would require states to determine a timeframe by which ELLs would be proficient in English.

Leadership, Management, and Governance Task Force

Airick West, Kansas City school board member, updated the group on the Council's school board governance work. The work began with a review of the literature, and from this review staff, superintendents, and school board members built detailed surveys—one for board secretaries, superintendents, and board members. The results show some areas of convergence and some areas of divergence. West then reviewed key findings. Discussion followed.

The Council's annual Managing for Results report was also released at the meeting, and Bill Isler asked Jon Lachlan Hache to review key findings.

Finance Task Force

Tom Ahart, Des Moines superintendent, gave the task force report. He indicated that a new round of finance award applications were now available.

Membership

The board welcomed new members of the Council from Arlington and San Antonio (Texas).

By-Laws

No report.

Audit

The budget for the 2014-15 program year was provided in the board of directors materials. Casserly summarized the status of the organization's budget. He also indicated that the external audit of the organization's budget was scheduled after Thanksgiving and would be available for the executive committee at its January meeting and to the full board in March. Casserly pointed out that there was a surplus, and explained to the group that this carryover was the result of grants that were being spent out over multiple years. The finances of the organization are in good shape and a clean audit is expected.

The materials also included the status of dues payments in FY14-15, which showed all members paid with the exception of New Orleans, which is permanently exempted. It also appeared that dues payments are on track for FY15-16. The materials included financial data for the first quarter of the current program year, starting July 1 and going through September 30, 2015. The organization had spent out roughly 20 percent of its revenues in the first quarter. Casserly informed the group that preliminary notification

was received that an additional \$1.6 million in grant funding from The Gates Foundation was recently approved.

A motion to accept the audit report passed by voice vote.

In closing, the Board Chair thanked Council staff and the host city of Long Beach for a successful annual conference. Long Beach was given an enthusiastic round of applause from the board.

The Chair adjourned the meeting at 11:50 am.

Respectfully submitted:
Michael Casserly
Executive Director

NOMINATIONS

COUNCIL OF THE GREAT CITY SCHOOLS

Subcommittee on Nominations

2015-16

Goal: To ratify slate of Officers, to nominate an individual for Secretary/Treasurer, to renew or replace incumbents whose terms on the Executive Committee are expiring and to fill vacancies on the Executive Committee.

Chair

Jumoke Hinton Hodge, Oakland School Board

Members

Tommy Chang, Boston Superintendent
Cedric Gray, Jackson Superintendent
Darien Driver, Milwaukee Superintendent
Jose Banda, Sacramento Superintendent
Gary Baker II, Columbus School Board
Lacey Merica, Omaha School Board
Paula Wright, Duval County School Board

COUNCIL OF THE GREAT CITY SCHOOLS

Nominations

The Nominations Committee forwards the following nominations for Officers of the Council of the Great City Schools and members of the Executive Committee.

Officers

- 1) Be it resolved: That Felton Williams (Long Beach School Board) serve as Chair of the Board beginning July 1, 2016 and ending June 30, 2017.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

- 2) Be it resolved: That Kaya Henderson (District of Columbia Chancellor) serve as Chair-Elect of the Board beginning July 1, 2016 and ending June 30, 2017.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

- 3) Be it resolved: That Larry Feldman (Miami Dade School Board) serve as Secretary/Treasurer of the Board beginning July 1, 2016 and ending June 30, 2017.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

- 4) Be it resolved: That Richard Carranza (San Francisco Superintendent) serve as Immediate Past Chair of the Board beginning July 1, 2016 and ending June 30, 2017.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

Renewal of Terms

- 1) Be it resolved: That Tom Ahart (Des Moines Superintendent) serve a first three year term beginning July 1, 2016 and ending June 30, 2019.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

- 2) Be it resolved: That Marnell Cooper (Baltimore School Board) serve a first three year term beginning July 1, 2016 and ending June 30, 2019.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

- 3) Be it resolved: That Pamela Knowles (Portland School Board) serve a first three year term beginning July 1, 2016 and ending June 30, 2019.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

- 4) Be it resolved: That Michael O’Neill (Boston School Board) serve a first three year term beginning July 1, 2016 and ending June 30, 2019.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

- 5) Be it resolved: That Valeria Silva (St. Paul Superintendent) serve a first three year term beginning July 1, 2016 and ending June 30, 2019.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

- 6) Be it resolved: That Paula Wright (Duval County School Board) serve a first three year term beginning July 1, 2016 and ending June 30, 2019.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

Vacancies

- 1) Be it resolved: That Cedrick Gray (Jackson Superintendent) fill the vacancy resulting from the expired term of Terry Grier (Houston Superintendent), whose term expires June 30, 2016. Cedrick Gray will serve a first three year term beginning July 1, 2016 and ending June 30, 2019.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

- 2) Be it resolved: That Allegra “Happy” Hayes (Denver School Board) serve the unexpired term of Airick West (Kansas City School Board), whose term expires June 30, 2017.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

- 3) Be it resolved: That Michael Hinojosa (Dallas Superintendent) serve the unexpired term of Larry Feldman (Miami Dade School Board), whose term expires June 30, 2017.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

- 4) Be it resolved: That Ronald Lee (Dayton School Board) serve the unexpired term of Keith Oliveira (Portland School Board), whose term expires June 30, 2017.

ACTION BY COMMITTEE

- Approved
 Not Approved

AFFIRMED

Chair of the Board

**Composition of Executive Committee
FY2015-2016 as of March 7, 2016¹**

Region	Male	Female	Board	Supt	Black	Hispanic	White	Other	Totals
East	3	0	2	1	1	0	2	0	3
Southeast	3	5	5	3	7	0	1	0	8
Midwest	4	4	2	6	2	4	2	0	8
West	4	1	2	3	1	2	2	0	5
Totals	14	10	11	13	11	6	7	0	24

¹ Including new members

SUBCOMMITTEE ON MEMBERSHIP

COUNCIL OF THE GREAT CITY SCHOOLS

Subcommittee on Membership

2015-2016

Subcommittee Goal

To review criteria and applications for membership, and recruit and retain members.

Chair

Pam Knowles, Portland School Board

Members

Thomas Ahart, Des Moines Superintendent
JoAnn Brannon, Nashville School Board
Juan Cabrera, El Paso Superintendent
Darienne Driver, Milwaukee Superintendent
Airick West, Kansas City School Board

Ex Officio

Richard Carranza, San Francisco Superintendent

COUNCIL OF THE GREAT CITY SCHOOLS

Membership by Region

March, 2016

East (E)	Midwest (MW)	Southeast (SE)	West (W)
Boston	Arlington (TX)	Atlanta	Albuquerque
Bridgeport	Austin	Baltimore	Anchorage
Buffalo	Chicago	Birmingham	Fresno
Cincinnati	Dallas	Broward County	Hawaii
Cleveland	Denver	Charleston	Las Vegas
Columbus	Des Moines	Charlotte	Long Beach
Dayton	El Paso	Greensboro	Los Angeles
Detroit	Ft. Worth	Jackson	Oakland
Newark	Houston	Jacksonville	Portland
New York City	Indianapolis	Louisville	Sacramento
Philadelphia	Kansas City	Memphis-Shelby Cty	San Francisco
Pittsburgh	Milwaukee	Miami-Dade County	Seattle
Providence	Minneapolis	Nashville	San Diego
Rochester	Oklahoma City	New Orleans	Santa Ana
Toledo	Omaha	Norfolk	
	San Antonio	Orlando	
	St. Louis	Palm Beach	
	St. Paul	Richmond	
	Tulsa	St. Petersburg	
	Wichita	Tampa	
		Washington D.C.	
15	20	21	14

**DISTRICT APPLICANTS DENIED MEMBERSHIP,
2009-2017**

District Applicants 2009-2015

District	Year	Status
Rockford (IL)	2009	Denied
Socorro (TX)	2009	Denied
Salem (OR)	2009	Denied
Clayton County (GA)	2009	Denied
Durham Public Schools (NC)	2010	Denied
Washoe County	2010	Denied
Pinellas County (FL)	2010	Denied
Michigan Education Achievement Authority	2011	Denied
Durham Public Schools (NC)	2011	Denied
Dekalb County (GA)	2011	Denied
Eugene (OR)		Denied
Knox County (TN)		Denied
Fort Wayne (IN)	2012	Denied
Portland (ME)	2012	Denied
District U-46 (Elgin, IL)	2012	Denied
Newport News (VA)	2012	Denied
Sweetwater Union High School District (CA)	2013	Denied
Grand Rapids (MI)	2014	Denied
Dallas County Intermediate	2014	Denied
Savannah Chatham County	2014	Denied
Jennings (MO)	2014	Denied
Durham Public Schools (NC)	2015	Denied

SUBCOMMITTEE ON BY-LAWS

COUNCIL OF THE GREAT CITY SCHOOLS

Subcommittee on By-Laws

2015-2016

Subcommittee Goal

To define the mission, responsibilities and composition of the Council's structural components within the framework of applicable laws and regulations.

Chair

VACANT

Members

Jose Banda, Sacramento Superintendent
Larry Feldman, Miami-Dade County School Board
Eric Gordon, Cleveland CEO
Michael O'Neill, Boston School Committee
Paula Wright, Duval County School Board

Ex Officio

Richard Carranza, San Francisco Superintendent

CURRENT BY-LAWS

**BY-LAWS
OF THE
COUNCIL OF THE GREAT CITY SCHOOLS**

ARTICLE I: NAME

Section 1.01 Name. The Corporation shall be organized as non-profit and be known as the Council of the Great City Schools.

ARTICLE II: PURPOSE AND MISSION

Section 2.01 Purpose. The purpose of this Corporation shall be to represent the needs, challenges, and successes of major-city public school districts and their students before the American people and their elected and appointed representatives; and to promote the improvement of public education in these districts through advocacy, research, communications, conferences, technical assistance, and other activities that may also benefit other schools, school districts and students across the country.

Section 2.02 Mission. The Council of the Great City Schools, being the primary advocate for public urban education in America, shall:

- Articulate the positive attributes, needs and aspirations of urban children and youth;
- Promote public policy to ensure improvement of education and equity in the delivery of comprehensive educational programs;
- Provide the forum for urban educators and board members to develop strategies, to exchange ideas and information and to conduct research; and
- Create a national focus for urban education in cooperation with other organizations and agencies.

to ensure that the members of the Great City Schools meet the needs of the diverse urban populations they serve.

ARTICLE III: OFFICES

Section 3.01 Principal Office. The principal office of the Corporation shall be at 1301 Pennsylvania Avenue, Northwest, Suite 702, Washington, D.C. The location of the registered office of the Corporation shall be in the offices of the Corporation Trust System in Chicago, Illinois at 228 South LaSalle Street, Chicago, Illinois.

The Registered Agent of the Corporation shall be the Corporation Trust System in Chicago, Illinois and Washington, D.C.

ARTICLE IV: MEMBERSHIP

Section 4.01 Membership. A Board, Committee or Commission (hereafter referred to as "Board of Education") responsible for public education in cities with a population of two hundred fifty thousand (250,000) or more, and an enrollment in public elementary and secondary schools of thirty five thousand (35,000) or more in 1980 or which is the predominant Board of Education serving the largest urban city of each state regardless of the enrollment of the school district. If the Board of Education has jurisdiction over areas outside

the central city, then the enrollment of those areas may also be included for purposes of eligibility, but the population outside the central city shall not.

Provided the above criteria are met, the Executive Committee will examine the urban characteristics of each applicant city brought to it by the membership committee prior to submitting a recommendation for membership to the Board of Directors for final approval.

Such urban characteristics may include: children eligible for Title I of the Elementary and Secondary Education Act; children in families qualifying for T.A.N.F.; children who are English language learners; and children who are African American, Hispanic, Asian American, Native American, Alaskan Native or other racial minorities as classified by federal Civil Rights statutes.

The enrollment of school districts for purposes of membership in the organization shall be based on the official district enrollment reported to the state, however calculated.

A Board of Education may retain its membership by meeting its dues-paying obligations without regard to changes in population or enrollment. To remain in good standing, dues must be paid.

A district that has not paid its dues will be notified after one year of nonpayment that it will not receive services from the organization in the subsequent year. A district will be dropped from membership after two consecutive years of non-payment of dues and will be required to reapply for membership should it wish to rejoin the organization. The Executive Committee retains the right to levy a "reinstatement fee" in an amount the committee will determine as a condition of a district's rejoining the organization after its membership has otherwise lapsed or to waive such fees depending on the circumstances of the district. The Committee will annually review the status of all district dues and make determinations for needed action.

Section 4.02 Participation of Non-Member Cities. Non-member districts may, on approval of the Executive Committee, be involved in studies or other projects of the Council of the Great City Schools. Conditions for such participation shall be established by the Executive Committee.

Section 4.03 Participation of Former Board of Directors Members. Former members of the Board of Directors may be involved as non-voting members at conferences and may receive publications of the organization under conditions established by the Executive Committee.

Section 4.04 Colleges of Education. Colleges of Education located in or serving cities that are members of the Council of the Great City Schools may be represented *ex officio* on the Executive Committee and Board of Directors and may meet and confer with the Council on issues of joint concern as necessary.

ARTICLE V: ORGANIZATION AND ELECTIONS

Section 5.01 Board of Directors. The affairs of the Corporation shall be operated by the Board of Directors. Members of the Board of Directors are the officers of the corporation and the Superintendent of Schools and a member of the Board of Education officially designated by each Board of Education and the Chair of the Great City Colleges of Education. Each member of the Board of Directors shall vote as an individual. No proxies may be appointed to the Board of Directors for the purposes of constituting a quorum of the Board of Directors

or for purposes of voting on matters coming before the Board of Directors. A member of the Board of Directors who is unable to attend a board meeting may, in writing, addressed to the Chair, appoint a representative to attend such meeting for the sole purpose of reporting back to the board member on the business of the meeting.

Section 5.02 Officers.

- (a) Elected Officers.** The elected officers of the Corporation shall be the Chair, Chair-Elect, and Secretary/Treasurer. No person shall be elected to the same position for more than two successive years. The officers shall be elected annually by the Board of Directors from persons who have served on the Executive Committee. Officers and shall take office on the 1st of July following their election. If an officer is unable to complete a term, the Board of Directors shall fill the vacancy at the next meeting of the Directors. The Office of the Chair shall alternate generally between superintendents and Board of Education members. Where the Chair or Chair-Elect is a Board of Education member, he or she may continue to be Chair, or Chair-Elect and then Chair, as the case may be, even though he or she is no longer the designated Board of Education member for his or her school district; provided, however, that only the designated Board of Education member from his or her district shall be entitled to vote at Board of Directors meetings.
- (b) Non-Elected Officers.** The immediate past Chair shall serve as a non-elected, but voting officer of the Corporation. The Executive Director shall serve as a non-elected and non-voting officer of the Corporation.

Section 5.03 Executive Committee

- (a) Voting Members.** The voting members of the Executive Committee shall consist of the Chair, Chair-Elect, Secretary/Treasurer, Immediate Past Chair, and twenty (20) persons elected by the Board of Directors. The Executive Committee shall be elected by the Directors at the Annual Meetings of the membership on a staggered basis for terms of three years and shall take office on the 1st of July following their election. The maximum consecutive number of years that a member of the Board of Directors can serve on the Executive Committee shall be limited to the total of (i) the balance of an unexpired term to which, pursuant to subsection 5.03(e), he or she is appointed by the Executive Committee and is then elected by the Board of Directors; (ii) two three-year terms; and (iii) any additional consecutive years during which he or she serves as an officer of the Corporation.
- (b) Proxies.** No proxies may be appointed to the Executive Committee for purposes of constituting a quorum of the Executive Committee or for purposes of voting on matters to come before the Executive Committee. A member of the Executive Committee who is unable to attend a committee meeting may in writing, addressed to the Chair, appoint a representative to attend such meeting for the sole purpose of reporting back to the committee member on the business of the meeting.
- (c) Composition.** The Executive Committee and Officers of the Corporation shall have equal proportion of Superintendents and Board of Education Members; shall include geographic representation, race, gender, ethnicity, and attendance at Board of

Directors meetings as criteria for membership on the Executive Committee and for Officers of the Corporation. Attendance at Executive Committee meetings will be a criterion for renomination to the Executive Committee and for Officers of the Corporation. Failure to attend both the summer and winter meetings of the Executive Committee in any single calendar year may result in a member's replacement. No more than one person from each member district shall be nominated to the Executive Committee. In addition, the Chair of the Great City Colleges of Education shall serve as an *Ex Officio* non-voting member of the Executive Committee.

- (d) Responsibilities and Powers of the Executive Committee.** Except as to matters for which the General Not For Profit Corporation Act of 1986 of the State of Illinois, as amended from time to time, requires the approval of the members and to the extent not otherwise limited in these By-Laws and by resolution from time to time adopted by the Board of Directors, the Executive Committee shall have and may exercise all the authority of the Board of Directors, when the Board of Directors is not in session. The Executive Committee shall have power to authorize the seal of the Corporation to be affixed to all papers where required. Copies of the recorded minutes of the Executive Committee shall be transmitted to the Board of Directors. The Executive Committee shall have the power to contract with and fix compensation for such employees and agents as the Executive Committee may deem necessary for the transaction of the business of the Corporation, including but not limited to the Executive Director who shall serve as Assistant Secretary/Treasurer and disbursing agent of the Corporation. All salary rates shall be approved annually by a vote of the Executive Committee.
- (e) Vacancies.** Between meetings of the Board of Directors, the Executive Committee shall have and exercise the authority to fill vacancies on the Executive Committee on a temporary basis and to declare a vacancy on the Executive Committee if a member shall be unable to attend meetings of the Committee, or should no longer hold a Superintendency or be a member of a Board of Education in the membership. Appointments to such vacancies shall be confirmed by the Board of Directors at their next regular meeting.
- (f) Subcommittees of the Executive Committee.** There shall be three subcommittees of the Executive Committee: Audit, By-Laws, and Membership. These Committees and their chairpersons will be appointed by the Executive Committee upon the recommendations of the Chair.

Section 5.04 Task Forces of the Board of Directors. The Board of Directors may from time to time create Task Forces to address critical issues facing urban public education. A Chair and Co-Chair of each Task Force shall be appointed by the Chair of the Board and shall include one Superintendent and one School Board member, and may also include a representative of the Great City Colleges of Education. The mission, goals, products, and continuation of each Task Force shall be subject to annual review and concurrence by the Board of Directors. Recommendations of the Task Forces shall be posted and circulated to the Board of Directors within a reasonable time before its meetings in order to be considered.

Section 5.05 Nominations Committee.

(a) Composition. A Nominations Committee shall be chosen annually by the Chair to nominate officers and members of the Executive Committee. In order to ensure racial, ethnic and gender representation on all committees and subcommittees, the Chair shall use these criteria in establishing the Nominations Committee and all other committees and subcommittees. The Nominations Committee shall consist of the Immediate Past Chair of the Organization, who shall act as Chair of the Committee, and at least four other persons appointed by the Chair. The elected officers of the Corporation shall not serve on the Nominations Committee.

A majority of the members of the Nominations Committee shall be members of the Board of Directors who do not serve on the Executive Committee. The Nominations Committee shall have, to the extent possible, an equal number of Superintendents and Board of Education members, and in addition to being geographically representative, shall be balanced by race, ethnicity and gender.

(b) Responsibilities and Procedures. The Nominations Committee shall announce nominations at least 14 days before the date of the Board of Directors meeting at which such election will occur. Additional nominations may be made by written petition submitted to the Chairperson of the Nominations Committee at least 24 hours in advance of the start of the Business Meeting at which the election will take place. A written petition must have at least five written signatures from five Board of Directors members from at least five different member cities.

ARTICLE VI: EXECUTIVE DIRECTOR

Section 6.01 Duties and Responsibilities. An Executive Director shall be employed by the Executive Committee. In general, the responsibilities of the Executive Director shall be to organize and to coordinate the activities that form the basic program of the Corporation. The Executive Director shall function as the Chief Administrative Officer of the Corporation in accordance with policies established by the Executive Committee. The Executive Director shall be responsible for executing contracts in the name of the Corporation. The Executive Director shall serve as Assistant Secretary/Treasurer and disbursing agent of the Corporation.

Section 6.02 Fidelity Bond. The Executive Director shall be responsible for the acquisition and maintenance of a fidelity bond for all corporate officers and employees.

ARTICLE VII: CONFERENCE MEETINGS

Section 7.01 Conferences. The Board of Directors shall provide for at least one conference annually at which its members and staff shall meet to plan, discuss and hear reports of the organization. These meetings shall be determined and planned by the Executive Committee. The Conference may recommend to the Board of Directors problems and items for the Corporation's consideration.

Section 7.02 Time and Place of Meetings. Meetings of the Board of Directors and/or the Executive Committee shall be held at the call of the Chair, a majority of the Executive Committee, or one-third of the Board of Directors, and shall be held in the city of the registered office of the Corporation, or in member cities. The Board of Directors shall meet at least twice annually, once in the spring and once in the fall.

Section 7.03 Spring Directors Meeting. The spring meeting of the Board of Directors shall be held to elect officers, approve the annual budget, and transact such other matters of business as are necessary.

Section 7.04 Notices of Meetings. Written notices of the meetings of the Board of Directors and the Executive Committee shall be given at least fourteen (14) days prior to the date of the meeting.

Section 7.05 Quorum. The presence of one-third of the Board of Directors or a majority of elected Executive Committee members, respectively, shall constitute a quorum for the transaction of business, and unless otherwise provided in these By-Laws or by law, the act of a majority of The Board of Directors present or the act of a majority of elected Executive Committee members present at a meeting at which a quorum is present shall be an act of the Corporation.

Section 7.06 Organization. At every meeting of the Executive Committee, the Chair of the Board of Directors shall act as Chair. The Chair-Elect of the Board or other person designated by the Chair may chair the Executive Committee when the Chair is absent. The Executive Director or his or her designee shall serve as the Recording Secretary at all meetings of the Executive Committee and the Board of Directors.

Section 7.07 Press Policy. All meetings of the Corporation shall be open to the press and to the public. The Board of Directors or the Executive Committee, however, may by a majority vote declare a meeting closed.

ARTICLE VIII: FISCAL YEAR

Section 8.01 Fiscal Year. The fiscal year of the Corporation shall be from July 1st of each year to June 30th of the succeeding year.

Section 8.02 Audit. The accounts of the Corporation for each fiscal year shall be audited, and the financial reports verified annually by the Audit Committee of the Executive Committee. A written report of the Audit Committee shall be filed in the minutes of the meeting of the Corporation at which the report is submitted.

Section 8.03 Bond. The Officers and employees responsible for handling funds for the organization shall be bonded in an amount to be determined by the Executive Committee and premium shall be paid by the Corporation.

ARTICLE IX: FINANCES

Section 9.01 Financial Support. The Board of Directors shall determine the amount of the service charges and/or membership dues to be paid to the Corporation by Boards of Education in the membership. The Executive Committee shall review the membership dues structure and amounts in years ending in zero or five, and may recommend modifications to the Board of Directors.

Section 9.02 Grants. The Board of Directors shall be empowered to receive grants from foundations or other sources tendered to the Corporation.

Section 9.03 Receipts. All funds received are to be acknowledged by the Executive Director or his or her designee, and a monthly financial report is to be created internally for

management purposes and quarterly financial reports are to be submitted to the Executive Committee. Earmarked funds are to be carried in a separate account.

Section 9.04 Checks, Drafts, and Order for Payment of Money. Orders for payment of money shall be signed in the name of the corporation by such officers or agents as the Executive Committee shall from time to time designate for that purpose. The Executive Committee shall have the power to designate the officers and agents who shall have authority to execute any instruments on behalf of the Corporation.

Section 9.05 Disbursements. Checks written for amounts not exceeding \$100,000 shall be signed by the Executive Director or other persons authorized by the Executive Committee. Checks written in excess of \$100,000 shall be countersigned by the Executive Director and an officer.

Section 9.06 Contracts and Conveyances. When the execution of any contract or conveyance has been authorized by the Executive Committee, the Executive Director shall execute the same in the name and on behalf of the Corporation and may affix the corporate seal thereto.

Section 9.07 Borrowing. The Executive Committee shall have the full power and authority to borrow money whenever in the discretion of the Executive Committee the exercise of said power is required in the general interest of the Corporation. In such case, the Executive Committee may authorize the proper officers of the Corporation to make, execute and deliver in the name and on behalf of the Corporation such notes, bonds, and other evidence of indebtedness as the Executive Committee shall deem proper. No pledge or mortgage of the personal or real property of the Corporation is authorized unless by a resolution of the Board of Directors.

ARTICLE X: MISCELLANEOUS

Section 10.01 Amendments. These By-Laws may be altered, amended, or repealed, and new By-Laws may be adopted by a vote of a majority of the Board of Directors at any meeting for which there has been written notification fourteen (14) days prior to the meeting at which the By-Laws are proposed to be amended.

Section 10.02 Rules of Order. The parliamentary procedures governing meetings of the Board of Directors and the meetings of its committees and subcommittees shall to the extent not otherwise covered by these By-Laws, be those set out in the most current edition of *Robert's Rules of Order*.

APPROVED

April 19, 1961 Chicago, Illinois

REVISED

April 23, 1961 Philadelphia, Pennsylvania
March 25, 1962 Chicago, Illinois
November 4, 1962 Detroit, Michigan
April 12, 1964 Chicago, Illinois
November 20, 1964 Milwaukee, Wisconsin
March 20, 1966 Chicago, Illinois
April 9, 1967 Chicago, Illinois
November 10, 1967 Cleveland, Ohio
May 4, 1968 Boston, Massachusetts
December 7, 1968 Philadelphia, Pennsylvania
March 29, 1969 San Diego, California
May 9, 1970 Buffalo, New York
May 8, 1971 San Francisco, California
November 16, 1972 Houston, Texas
March 21, 1974 Washington, D.C.
October 18, 1974 Denver, Colorado
May 21, 1975 Washington, D.C.
November 21, 1976 Chicago, Illinois
May 20, 1979 Los Angeles, California
November 4, 1979 New York City, New York
May 21, 1983 Philadelphia, Pennsylvania
March 18, 1984 Washington, D.C.
March 8, 1987 Washington, D.C.
March 11, 1989 Washington, D.C.
November 9, 1990 Boston, Massachusetts
Revised- March 17, 1991 Washington, D.C.
March 15, 1992 Washington, D.C.
October 30, 1992 Milwaukee, Wisconsin
March 14, 1993 Washington, D.C.
October 29, 1993 Houston, Texas
July 8, 1995 San Francisco, California
March 21, 1999 Washington, D.C.
October 14, 1999 Dayton, Ohio
March 18, 2001 Washington, D.C.
March 12, 2005 Washington, D.C.
July 29, 2005 Portland, Oregon
March 16, 2008 Washington, D.C.
October 21, 2010 Tampa, Florida
October 26, 2011 Boston, Massachusetts
March 19, 2012 Washington, D.C.
March 23, 2014 Washington, D.C.

SUBCOMMITTEE ON AUDIT

COUNCIL OF THE GREAT CITY SCHOOLS

Subcommittee on Audit

2015-2016

Subcommittee Goal

To review and report on Council budgetary matters, and ensure the proper management of Council revenues.

Chair

Kaya Henderson, District of Columbia Chancellor

Members

Paul Cruz, Austin Superintendent
Michael Hanson, Fresno Superintendent
Jumoke Hinton Hodge, Oakland School Board
Barbara Jenkins, Orange County Superintendent
Felton Williams, Long Beach School Board

Ex Officio

Richard Carranza, San Francisco Superintendent

2014-2015 AUDIT REPORT

INDEPENDENT AUDITOR'S REPORT

FOR

FISCAL YEAR 2014-2015

ENDING JUNE 30, 2015



Financial Statements and Supplemental Information

For the Year Ended June 30, 2015

(With Summarized Financial Information for the Year Ended June 30, 2014)



**and
Report Thereon**



COUNCIL OF THE GREAT CITY SCHOOLS

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For the Year Ended June 30, 2015

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Council of the Great City Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the Council of the Great City Schools (the Council), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council of the Great City Schools as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Continued

Other Matters

Report on Summarized Comparative Information

We have previously audited the Council's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of project revenue and expenses on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Raffa, P.C.

Raffa, P.C.

Washington, DC
February 11, 2016

COUNCIL OF THE GREAT CITY SCHOOLS
STATEMENT OF FINANCIAL POSITION
June 30, 2015
(With Summarized Financial Information as of June 30, 2014)

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 2,976,020	\$ 4,069,729
Accounts receivable	66,926	60,453
Grants, contributions and contracts receivable, net	400,061	1,102,435
Prepaid expenses	150,633	137,919
Investments	6,073,711	5,941,375
457(b) and 457(f) plan assets	412,598	354,253
Furniture and equipment, net	20,164	24,531
Deposits	26,944	26,944
TOTAL ASSETS	\$ 10,127,057	\$ 11,717,639
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 241,083	\$ 374,341
Accrued expenses	152,211	114,472
Deferred compensation plan liability	412,598	354,253
Deferred membership dues	451,693	426,593
Deferred sponsorships and other	173,345	87,970
Deferred rent liability	-	18,559
TOTAL LIABILITIES	1,430,930	1,376,188
Net assets		
Unrestricted	6,930,560	6,004,158
Temporarily restricted	1,765,567	4,337,293
TOTAL NET ASSETS	8,696,127	10,341,451
TOTAL LIABILITIES AND NET ASSETS	\$ 10,127,057	\$ 11,717,639

The accompanying notes are an integral part of these financial statements.

COUNCIL OF THE GREAT CITY SCHOOLS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

(With Summarized Financial Information for the Year Ended June 30, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
REVENUE AND SUPPORT				
Grants and contracts	\$ 224,242	\$ 593,303	\$ 817,545	\$ 4,125,125
Membership dues	2,740,360	-	2,740,360	2,524,579
Sponsorships	1,200,100	25,000	1,225,100	1,057,000
Registration fees	515,925	-	515,925	444,171
Interest and dividends	479,849	6,000	485,849	229,638
Royalties and other income	50,643	-	50,643	46,958
Net assets released from restriction:				
Satisfaction of program restrictions	<u>3,196,029</u>	<u>(3,196,029)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>8,407,148</u>	<u>(2,571,726)</u>	<u>5,835,422</u>	<u>8,427,471</u>
EXPENSES				
Program services	6,255,010	-	6,255,010	5,150,422
Management and general	852,122	-	852,122	1,114,175
Fundraising	<u>21,681</u>	<u>-</u>	<u>21,681</u>	<u>45,075</u>
TOTAL EXPENSES	<u>7,128,813</u>	<u>-</u>	<u>7,128,813</u>	<u>6,309,672</u>
Change in net assets before net gains (losses) on investments	1,278,335	(2,571,726)	(1,293,391)	2,117,799
Net gains (losses) on investments	<u>(351,933)</u>	<u>-</u>	<u>(351,933)</u>	<u>458,418</u>
CHANGE IN NET ASSETS	926,402	(2,571,726)	(1,645,324)	2,576,217
NET ASSETS, BEGINNING OF YEAR	<u>6,004,158</u>	<u>4,337,293</u>	<u>10,341,451</u>	<u>7,765,234</u>
NET ASSETS, END OF YEAR	<u>\$ 6,930,560</u>	<u>\$ 1,765,567</u>	<u>\$ 8,696,127</u>	<u>\$ 10,341,451</u>

The accompanying notes are an integral part of these financial statements.

COUNCIL OF THE GREAT CITY SCHOOLS

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

(With Summarized Financial Information for the Year Ended June 30, 2014)

Increase (Decrease) in Cash and Cash Equivalents

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,645,324)	\$ 2,576,217
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,763	7,793
Realized gains on sales of investments	(60,291)	(2,701)
Unrealized losses (gains) on investments	412,224	(455,717)
Change in provision for doubtful accounts	2,000	50,000
Changes in assets and liabilities:		
Accounts receivable	(6,473)	(11,200)
Grants, contributions and contracts receivable	700,374	622,497
Prepaid expenses	(12,714)	(76,646)
Deposits	-	(4,169)
Accounts payable	(133,258)	107,845
Accrued expenses	37,739	(29,290)
Deferred membership dues	25,100	4,727
Deferred sponsorships and other	85,375	(38,070)
Deferred rent liability	(18,559)	(16,487)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(607,044)	2,734,799
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(2,396)	(6,530)
Purchases of investments	(1,196,266)	(1,980,805)
Proceeds from sales of investments	711,997	252,127
NET CASH USED IN INVESTING ACTIVITIES	(486,665)	(1,735,208)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,093,709)	999,591
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,069,729	3,070,138
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,976,020	\$ 4,069,729

The accompanying notes are an integral part of these financial statements.

COUNCIL OF THE GREAT CITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2015

1. Organization and Summary of Significant Accounting Policies

Organization

The Council of the Great City Schools (the Council) is a coalition of 67 of the nation's largest urban public school systems. Founded in 1956 and incorporated in 1961, the Council is located in Washington, DC, where it works to promote urban education through legislation, research, media relations, instruction, management, technology and other special projects designed to improve the quality of urban education. The Council serves as the national voice for urban educators, providing ways to share promising practices and address common concerns. These activities are funded primarily through membership dues, grants, contracts and sponsorships.

Cash and Cash Equivalents

The Council considers money market and sweep funds to be cash equivalents.

Accounts Receivable and Grants, Contributions and Contracts Receivable

Accounts receivable and grants, contributions and contracts receivable are stated at net realizable value. Receivables that are past due are individually analyzed for collectibility. When all collection efforts have been exhausted, the account is written off against an allowance account. Management provides an allowance for those receivables it believes to be uncollectible.

Investments

Investments consist of mutual funds, money market funds and investments in the deferred compensation plans. These investments are recorded in the accompanying statement of financial position at fair value based on quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For disclosure of the inputs used to measure fair value and related valuation techniques, see Note 4. Interest and dividend income is recorded as earned. Unrealized gains or losses are determined by comparison of cost to fair value at the beginning and end of the reporting period. Realized gains or losses on sales of investments are recorded on the trade date of the transactions. All such gains and losses are included in investment income in the accompanying statement of activities and considered non-operating revenue. Interest and dividends are shown as a separate line item in the accompanying statement of activities and considered to be operating revenue.

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles in the United States of America (GAAP) and requires disclosures about fair value measurements for assets and liabilities measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby

Continued

COUNCIL OF THE GREAT CITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of June 30, 2015, the Council's assets that are measured at fair value on a recurring basis are described in Note 4 of these financial statements.

Furniture and Equipment and Accumulated Depreciation

Furniture and equipment are stated at cost and are depreciated using the straight-line method over estimated useful lives of three to seven years, with no salvage value. The cost of furniture and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in income or expense in the accompanying statement of activities. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

Classification of Net Assets

The net assets of the Council are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Council's operations.
- Temporarily restricted net assets represent funds that are restricted by donors for specific programs or use in future periods.

Revenue Recognition

The Council reports cash and other assets received as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

Continued

COUNCIL OF THE GREAT CITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Unrestricted grants are reported as revenue in the year in which payments are received and/or unconditional promises are made. Revenue recognized on grants that have been committed to the Council, but have not been received, is reflected as part of grants, contributions and contracts receivable in the accompanying statement of financial position.

Contract revenue is recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses at a provisional rate. Revenue recognized on contracts for which billings have not been presented to or collected from the awarding agency is included in grants, contributions and contracts receivable in the accompanying statement of financial position.

Membership dues are recognized in the year to which the membership dues relate. Membership dues paid in advance of the membership period are reported as deferred membership dues in the accompanying statement of financial position.

Sponsorship and registration fees received for conferences and meetings are deferred upon receipt and are recognized as revenue in the year in which the conferences or meetings are held.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct costs.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Grants, Contributions and Contracts Receivable

As of June 30, 2015, grants, contributions and contracts receivable consist of unconditional promises to give, sponsorships for conferences that have already taken place and work conducted by the Council under the strategic support teams initiative. All amounts are due to be collected within one year. The Council has established an allowance for doubtful accounts of \$102,000. Grants, contributions and contracts receivable consists of the following:

Grants receivable	\$	16,498
Strategic support teams		163,842
Sponsorships receivable		253,000
Other receivables		<u>68,721</u>
Total	\$	502,061
Less: Allowance for Doubtful Account		<u>(102,000)</u>
Grants, Contributions and Contracts Receivable, Net	\$	<u>400,061</u>

Continued

COUNCIL OF THE GREAT CITY SCHOOLS

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

3. Investments

Investments, at fair value, consisted of the following as of June 30, 2015:

Equity mutual funds	\$ 3,529,897
Bond mutual funds	2,499,022
Money market funds	<u>44,792</u>
Total Investments	<u>\$ 6,073,711</u>

Investment returns are summarized as follows for the year ended June 30, 2015:

Interest and dividends	\$ 485,849
Realized gains	60,291
Unrealized losses	<u>(412,224)</u>
Total Investment Returns	<u>\$ 133,916</u>

For the year ended June 30, 2015, investment fees incurred were \$48,099 and are included in management and general in the accompanying statement of activities.

4. Fair Value Measurements

The following table summarizes the Council's investments measured at fair value on a recurring basis as of June 30, 2015, aggregated by the fair value hierarchy level within which those measurements were made:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Mutual funds:				
Equity funds:				
Large growth	\$ 875,577	\$ 875,577	\$ -	\$ -
Moderate allocation	502,690	502,690	-	-
Large value	456,291	456,291	-	-
Foreign large value	397,445	397,445	-	-
Diversified emerging markets	329,361	329,361	-	-
Small cap growth	298,895	298,895	-	-
Small value	189,919	189,919	-	-
Mid cap growth	144,099	144,099	-	-
Mid cap value	132,675	132,675	-	-

Continued

COUNCIL OF THE GREAT CITY SCHOOLS

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

4. Fair Value Measurements (continued)

<i>(Continued)</i>	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Investments:				
Mutual funds:				
Equity funds:				
Commodity broad basket	\$ 112,878	\$ 112,878	\$ -	\$ -
Real estate	<u>90,067</u>	<u>90,067</u>	<u>-</u>	<u>-</u>
Total Equity Funds	<u>3,529,897</u>	<u>3,529,897</u>	<u>-</u>	<u>-</u>
Bond funds:				
World bond	1,315,636	1,315,636	-	-
Intermediate term	949,599	949,599	-	-
Nontraditional	131,673	131,673	-	-
High yield	90,602	90,602	-	-
Intermediate government	<u>11,512</u>	<u>11,512</u>	<u>-</u>	<u>-</u>
Total Bond Funds	<u>2,499,022</u>	<u>2,499,022</u>	<u>-</u>	<u>-</u>
Money market funds	<u>44,792</u>	<u>44,792</u>	<u>-</u>	<u>-</u>
Subtotal	<u>6,073,711</u>	<u>6,073,711</u>	<u>-</u>	<u>-</u>
457(b) and 457(f) plan assets:				
457(b) plan assets:				
Cash surrender value of life insurance policy	183,603	-	183,603	-
Fixed income	24,488	-	24,488	-
Exchange-traded funds	120,957	120,957	-	-
Mutual funds	1,473	1,473	-	-
457(f) plan assets:				
Exchange-traded funds	71,458	71,458	-	-
Mutual funds	<u>7,913</u>	<u>7,913</u>	<u>-</u>	<u>-</u>
Subtotal 457(b) and 457(f) Plan Assets	<u>409,892</u>	<u>201,801</u>	<u>208,091</u>	<u>-</u>
Total Investments and 457(b) and 457(f) Plan Assets, Measured at Fair Value	6,483,603	<u>\$ 6,275,512</u>	<u>\$ 208,091</u>	<u>\$ -</u>
Interest-bearing cash deposits	<u>2,706</u>			
Total Investments and 457(b) and 457(f) Plan Assets	<u>\$ 6,486,309</u>			

Continued

COUNCIL OF THE GREAT CITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

4. Fair Value Measurements (continued)

The Council used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Mutual funds and exchange-traded funds – Valued at quoted market prices for identical assets in active markets.

Cash surrender value of life insurance policies – Cash surrender value of life insurance policies is based upon the reserve value, which is the face amount of the contracts discounted at a specific rate of interest according to the insured's life expectancy.

Money market funds – Valued at the net asset value of shares held, as reported in the active market in which the individual security or fund is traded.

Fixed income – Represents securities that are generally not traded on a daily basis. The fair value estimates of such investments are based on observable market information, rather than on market quotes. Accordingly, the estimates of fair value for such investments, as provided by the pricing service, are included in Level 2.

5. Furniture and Equipment and Accumulated Depreciation

The Council held the following furniture and equipment as of June 30, 2015:

Furniture and equipment	\$ 459,548
Less: Accumulated Depreciation	<u>(439,384)</u>
Furniture and Equipment, Net	<u>\$ 20,164</u>

Depreciation expense was \$6,763 for the year ended June 30, 2015.

6. Temporarily Restricted Net Assets

As of June 30, 2015, temporarily restricted net assets are available for the following projects which are part of the categorical grants program:

Gates Foundation Project	\$ 1,606,533
Wallace Foundation Project	132,536
University of Chicago Project	<u>26,498</u>
Total	<u>\$ 1,765,567</u>

7. Commitments and Contingencies

Operating Lease

The Council leases office space under a noncancelable operating lease which expired on July 14, 2015. The lease calls for monthly payments of \$20,782 in the first year and \$22,212 in the second year, with annual increases thereafter equal to 2.5% of the previous year's payment for the remainder of the lease. On November 5, 2014, the Council entered into an amended agreement

COUNCIL OF THE GREAT CITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

7. Commitments and Contingencies (continued)

Operating Lease (continued)

to extend the lease through June 30, 2016, for a monthly payment of \$23,875. The Council is also required to pay its pro rata share of increases in real estate taxes and operating expenses. Under GAAP, all fixed rent increases are recognized on a straight-line basis over the term of the lease.

As of June 30, 2015, the Council is scheduled to make future minimum lease payments of \$280,844 during the year ending June 30, 2016. Rent expense totaled \$288,682 for the year ended June 30, 2015.

Concentration of Cash

The Council maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of June 30, 2015, the Council had approximately \$3,015,000 composed of demand deposits, which exceeded the maximum limit insured by the FDIC by approximately \$2,289,000. The Council monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

Employment Agreement

The Council entered into an employment agreement with its Executive Director that expires in June 2018. Under the terms of the agreement, the Council is to pay the Executive Director amounts for compensation, benefits and allowances, unless the Council terminates the agreement for cause. If the Council terminates the agreement for reasons other than cause, the Executive Director is entitled to receive severance pay equal to six months of his then-current annual compensation.

8. Functional Expenses

The costs of providing various programs and other activities have been allocated among the programs based on direct costs and an allocated portion of shared costs. The Council's program service expenses were as follows for the year ended June 30, 2015:

Categorical Grants	\$ 3,171,029
Meetings and Conferences	1,433,099
Legislative Advocacy	507,584
Public Advocacy	451,251
Strategic Support Teams	271,515
Member Services	129,960
KPI and Common Core Project In-Kind	91,686
Policy Research	78,755
Urban Deans	30,009
Curriculum and Instruction	28,794
Exxon Mobil Bernard Harris Scholarship	25,000
KPI Business Plan	19,057
Special Projects Account	17,134
Shirley Schwartz Urban Impact Award	137
Total Program Services	<u>\$ 6,255,010</u>

Continued

COUNCIL OF THE GREAT CITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2015

9. Pension Plans

The Council sponsors a defined contribution pension plan, which is available to all full-time employees who have completed one year of service. The Council contributes 5% of each eligible employee's gross salary into the plan annually. For the year ended June 30, 2015, pension expense totaled approximately \$131,131.

In addition, the Council offers its Executive Director an opportunity to defer his compensation pursuant to Sections 457(b) and 457(f) of the Internal Revenue Code (the IRC). The funds are funded by voluntary employee salary deferrals in accordance with regulations established under Sections 457(b) and 457(f) of the IRC. As of June 30, 2015, the 457(b) plan had assets of \$332,494 and the 457(f) plan had assets of \$80,104, which represent the cumulative amount of contributions to the plans and accumulated earnings and losses since inception.

10. Income Taxes

The Council is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the IRC. No provision for income taxes is required for the year ended June 30, 2015, as the Council had no net unrelated business income.

The Council follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Council performed an evaluation of uncertain tax positions for the year ended June 30, 2015, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2015, the statute of limitations for tax years ended June 30, 2012, through June 30, 2014, remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Council files tax returns. It is the Council's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2015, the Council had no accruals for interest and/or penalties.

11. Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class and functional area. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

12. Subsequent Events

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through February 11, 2016, the date the financial statements were available to be issued. Except for the subsequent event disclosed below, there were no other subsequent events that require recognition or disclosure in the financial statements.

Continued

COUNCIL OF THE GREAT CITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

12. Subsequent Events (continued)

On December 21, 2015, the Council entered into a non-cancelable operating lease for a new office space for its headquarters in Washington, DC. The lease term is for the period July 1, 2016 through June 30, 2027. The lease provides for 12 months of rent abatement. In addition, the lease calls for a monthly base rent of \$29,717 and contains a fixed escalation clause for increases in the annual minimum rent. Additionally, under the terms of the lease, the Council received an allowance of \$721,491 for building improvements as an incentive to enter into the lease agreement.

SUPPLEMENTAL INFORMATION

COUNCIL OF THE GREAT CITY SCHOOLS
SUPPLEMENTAL SCHEDULE OF PROJECT REVENUE AND EXPENSES
For the Year Ended June 30, 2015

	Meetings and Conferences	Exxon Mobil Bernard Harris Scholarship	Strategic Support Teams	Special Projects Account	Southern Education Foundation Project	Hewlett Foundation Project	KPI Business Plan	Helmley Foundation Grant	Urban Deans	Shirley Schwartz Urban Impact Award	Gates Foundation Project	KPI and Core Project In-Kind	University of Chicago Grant	Wallace Foundation Project	Total
REVENUE AND SUPPORT															
Sponsorships	\$ 1,154,500	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ 1,180,100
Grants and contracts	-	-	224,242	-	17,000	-	-	-	-	-	299,805	-	26,498	250,000	817,545
Registration fees	515,925	-	-	-	-	-	-	-	-	-	-	-	-	-	515,925
Royalties and other income	-	-	-	-	-	-	50,243	-	-	-	6,000	-	-	-	56,243
Membership dues	-	-	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000
TOTAL REVENUE AND SUPPORT	1,670,425	25,000	224,242	-	17,000	-	50,243	-	10,000	600	305,805	-	26,498	250,000	2,579,813
EXPENSES															
Outside services	193,755	20,000	134,655	200	26,445	106,374	19,057	73,187	4,961	-	1,016,643	-	-	83,648	1,678,925
Salaries and fringe benefits	131,799	-	-	-	22,163	146,149	-	58,879	22,928	-	775,874	91,686	-	230,320	1,479,798
Travel and meeting expenses	942,405	462	32,171	16,934	12,313	6,977	-	14,296	1,711	-	96,692	-	-	45,036	1,168,997
Expenses allocated to projects	100,000	4,538	104,689	-	6,078	64,900	-	13,491	-	-	287,235	-	-	54,330	635,261
Copying and printing	46,927	-	-	-	-	-	-	-	-	137	18,185	-	-	3,126	68,375
Postage and shipping	15,679	-	-	-	-	-	-	-	272	-	1,214	-	-	-	17,165
Telephone	2,534	-	-	-	1	32	-	107	137	-	2,165	-	-	1,004	5,980
General supplies	-	-	-	-	-	-	-	-	-	-	378	-	-	-	378
Dues, subscriptions and publications	-	-	-	-	-	-	-	40	-	-	3,747	-	-	-	3,787
TOTAL EXPENSES	1,433,099	25,000	271,515	17,134	67,000	324,432	19,057	160,000	30,009	137	2,202,133	91,686	-	417,464	5,058,666
CHANGE IN NET ASSETS	237,326	-	(47,273)	(17,134)	(50,000)	(324,432)	31,186	(160,000)	(20,009)	463	(1,896,328)	(91,686)	26,498	(167,464)	(2,478,853)
Excess Cost (Revenue) Transferred to Completed Programs	(300,000)	-	-	-	-	-	-	-	-	-	-	91,686	-	-	(208,314)
PROJECT BALANCES, BEGINNING OF YEAR	687,723	-	34,834	203,131	50,000	324,432	(35,638)	160,000	18,144	19,926	3,502,861	-	-	300,000	5,265,413
PROJECT BALANCES, END OF YEAR	\$ 625,049	\$ -	\$ (12,439)	\$ 185,997	\$ -	\$ -	\$ (4,452)	\$ -	\$ (1,865)	\$ 20,389	\$ 1,606,533	\$ -	\$ 26,498	\$ 132,536	\$ 2,578,246



February 11, 2016

To the Audit Committee of the
Council of the Great City Schools

Professional standards require us to advise those charged with governance of the following matters relating to our recently completed audit of the Council of the Great City Schools (the Council) as of and for the year ended June 30, 2015. The matters discussed herein are those that we have noted as of February 11, 2016, and we have not updated our procedures regarding these matters since that date. This letter is solely for the internal use of the Audit Committee, the Board of Directors, and management and is not intended to be and should not be used by anyone other than these specified parties.

ITEMS TO BE COMMUNICATED

The Auditor's Responsibility under Auditing Standards Generally Accepted in the United States of America. The auditor is responsible for obtaining reasonable assurance about whether the financial statements that have been prepared by management with the oversight of those charged with governance are free of material misstatements, whether caused by error or fraud. An audit in accordance with generally accepted auditing standards (GAAS) provides reasonable, rather than absolute, assurance or guarantee of the accuracy of the financial statements and is subject to the inherent risk that errors or fraud, if they exist, have not been detected. Such standards also require the auditor to obtain a sufficient understanding of the organization's internal controls to plan the audit for the purpose of determining the auditor's procedures and not to provide any assurance concerning such internal controls.

Planned Scope and Timing of the Audit. The auditor should communicate with those charged with governance an overview of the planned scope and timing of the audit.

AUDITOR'S RESPONSE

Communicated in our engagement letter dated June 29, 2015, and our opinion on the financial statements. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

A discussion was held with the Treasurer/Secretary of the Board of Directors regarding the planned scope and timing of the audit, the intention of which was to assist those charged with governance in understanding better the consequences of our audit work on their oversight responsibilities, along with assisting us in understanding the Council and its environment.

ITEMS TO BE COMMUNICATED

AUDITOR'S RESPONSE

Qualitative Aspects of Significant Accounting Practices. Management is responsible for the selection and use of appropriate accounting policies. The auditor should advise those charged with governance about the appropriateness of accounting policies and their application and disclosures.

The significant accounting policies are described in the notes to the financial statements. The application of significant existing policies was not changed during the year. We have reviewed the accounting policies and disclosures that management has identified to be the most critical and concur with management's assessment. We noted no significant transactions entered into by the Council during the year that were unusual or transactions for which there is a lack of authoritative guidance.

Management Judgments and Accounting Estimates. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

We believe that the Council's allocation of expenses and allowance for doubtful accounts represent particularly sensitive accounting estimates. We have evaluated the key factors and assumptions used to develop these estimates and believe they are reasonable in relation to the financial statements taken as a whole.

Significant Difficulties Encountered. The auditor should inform those charged with governance of any significant difficulties encountered in dealing with management related to the performance of the audit.

We are pleased to inform you that there were no significant difficulties encountered during the course of the audit. All records and information requested by Raffa were freely available for inspection. Management and other personnel provided full cooperation.

Corrected and Uncorrected Misstatements and Financial Statement Disclosures. The auditor is required to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and to communicate such misstatements to the appropriate level of management. The auditor should also communicate with those charged with governance corrected and uncorrected misstatements and the effect that these misstatements have on the financial statements.

During our audit, no material corrected misstatements were brought to the attention of management by us.

There were also no waived audit adjustments.

ITEMS TO BE COMMUNICATED

AUDITOR'S RESPONSE

Disagreements with Management. The auditor should discuss with those charged with governance any disagreements with management, whether or not satisfactorily resolved, about matters that, individually or in the aggregate, could be significant to the Council's financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations. The auditor must inform those charged with governance of the representations required from management.

We have requested certain representations from management in the management representation letter. This letter is attached.

Management's Consultation with Other Accountants. When the auditor is aware that management has consulted with other accountants about accounting and auditing matters, the auditor should discuss with those charged with governance his or her views about significant matters that were the subject of such consultation.

We are not aware of any consultations by management with other accountants on the application of generally accepted accounting principles.

Significant Issues Discussed with Management prior to Our Retention. The auditor should communicate with those charged with governance any significant issues that were discussed or were the subject of correspondence with management prior to our retention.

There were no major accounting or other issues of concern discussed with management prior to our being retained as auditor for the 2015 audit.

Independence. GAAS requires independence for all audits. Relevant matters to consider in reaching a conclusion about independence include circumstances or relationships that create threats to auditor independence and the related safeguards that have been applied to eliminate those threats or reduce them to an acceptable level.

We are not aware of any circumstances or relationships that would impair our independence.

Material Alternative Accounting Treatments Discussed with Management. The auditor must inform those charged with governance of discussions with management regarding alternative accounting treatments.

During the past year, there were no discussions with management concerning material alternative accounting treatments.

ITEMS TO BE COMMUNICATED

AUDITOR'S RESPONSE

Other Significant and Relevant Issues Arising from the Audit. The auditor must inform those charged with governance of findings or issues arising from the audit that are, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.

There were no other issues arising from the audit that we consider significant and relevant to those charged with governance.

Internal Control Matters. The auditor must communicate, in writing, to management and those charged with governance all significant deficiencies and material weaknesses identified during the audit.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.



MEMBER DISTRICTS

Albuquerque
Anchorage
Arlington, TX
Atlanta
Austin
Baltimore
Birmingham
Boston
Bridgeport
Broward County
Buffalo
Charleston County
Charlotte-Mecklenburg
Chicago
Cincinnati
Clark County
Cleveland
Columbus
Dallas
Dayton
Denver
Des Moines
Detroit
Duval County
El Paso
Fort Worth
Fresno
Guilford County
Hillsborough County
Honolulu
Houston
Indianapolis
Jackson
Jefferson County, KY
Kansas City
Long Beach
Los Angeles
Miami-Dade County
Milwaukee
Minneapolis
Nashville
New Orleans
New York City
Newark
Norfolk
Oakland
Oklahoma City
Omaha
Orange County, FL
Palm Beach County
Philadelphia
Pittsburgh
Portland
Providence
Richmond
Rochester
Sacramento
San Antonio
San Diego
San Francisco
Santa Ana
Seattle
Shelby County
St. Louis
St. Paul
Toledo
Washington, D.C.
Wichita

Council of the Great City Schools®
1301 Pennsylvania Avenue, NW, Suite 702, Washington, DC 20004
(202) 393-2427 (202) 393-2400 (fax) www.cgcs.org

February 11, 2016

Raffa, PC
1899 L ST NW, Suite 900
Washington, DC 20036

This representation letter is provided in connection with your audit of the financial statements of Council of Great City Schools (the Council), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of **February 11, 2016**, the following representations made to you during your audit.

Financial Statements


- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 29, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.

- 10) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

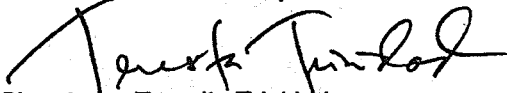
- 11) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Council and involves:
- a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Council's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 16) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Council's related parties and all the related-party relationships and transactions of which we are aware.
- 19) The Council has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 21) The Council of the Great City Schools is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Council's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

22) We acknowledge our responsibility for presenting the Schedule of Project Revenue and Expenses in accordance with U.S. GAAP, and we believe the Schedule of Project Revenue and Expenses, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the Schedule of Project Revenue and Expenses have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.



Signature: Michael Casserly

Title: Executive Director



Signature: Teresita Trinidad

Title: Director of Finance and Administration

2015-2016 BUDGET

**GENERAL OPERATIONS
BUDGET REPORT**

FOR

SECOND QUARTER ENDING

DECEMBER 31, 2015

COUNCIL OF THE GREAT CITY SCHOOLS
FY 2015-16 Membership Dues

STATUS OF MEMBERSHIP DUES AS OF March 09, 2016

DISTRICT	NOT PAID	PAID	Date Rec'd FY15-16	Date Rec'd FY14-15	Date Rec'd FY13-14	Date Rec'd FY12-13	
1 Albuquerque		\$42,345	8/20/2015	7/21/2014	7/22/2013	6/19/2012 ***	
2 Anchorage		\$37,054	6/8/2015 ***	6/3/2014 ***	7/2/2013	6/14/2012 ***	
3 Arlington		\$42,345	9/8/2015	NEW			
4 Atlanta		\$37,054	8/4/2015	8/11/2014	7/16/2013	6/15/2012 ***	
5 Austin		\$42,345	10/22/2015	3/2/2015	6/11/2013 ***	6/14/2012 ***	
6 Baltimore		\$42,345	8/24/2015	7/23/2014	8/13/2013	7/18/2012	
7 Birmingham		\$37,054	6/10/2015 ***	6/30/2014 ***	5/30/2013 ***	2/27/2013	
8 Boston		\$42,345	7/5/2015	8/11/2014	8/7/2013	8/24/2012	
9 Bridgeport		\$29,938	8/20/2015	6/26/2014 ***	6/17/2013 ***	3/20/2012 ***	
10 Broward County		\$54,696	3/8/2016	9/23/2014	8/2/2013	9/6/2012	
11 Buffalo		\$37,054	9/9/2015	8/18/2014	8/6/2013	10/24/2012	
12 Charleston County		\$37,054		5/7/2015	8/6/2013	3/13/2013	
13 Charlotte-Mecklenburg		\$47,637	6/8/2015 ***	6/13/2014 ***	6/7/2013 ***	6/19/2012 ***	
14 Chicago	\$44,696			2/17/2015	10/4/2013	11/14/2012	
15 Cincinnati		\$37,054	12/7/2015	2/10/2015	10/23/2013	7/12/2012	
16 Clark County		\$54,696	9/17/2015	7/31/2014	2/11/2014	7/24/2012	
17 Cleveland		\$37,054	7/21/2015	6/30/2014 ***	6/17/2013 ***	7/30/2012	
18 Columbus		\$37,054	7/24/2015	8/29/2014	7/22/2013	9/12/2012	
19 Dallas	\$47,637			7/21/2014	7/19/2013	6/19/2012 ***	
20 Dayton		\$37,054	?????	9/18/2014	4/4/2014	8/24/2012	
21 Denver		\$42,345	7/13/2015	8/4/2014	7/22/2013	7/12/2012	
22 Des Moines*		\$29,938	10/27/2015	6/17/2014 ***	7/16/2013	7/18/2012	
23 Detroit	\$37,054			11/21/2014	5/23/2014	1/3/2013	
24 Duval County		\$47,637	8/20/2015	8/4/2014	9/3/2013	8/8/2012	
25 El Paso		\$42,345	8/6/2015	2/17/2015	4/22/2014	not a member	
26 Fort Worth		\$42,345	7/31/2015	2/25/2015	10/7/2013	8/31/2012	
27 Fresno		\$42,345	7/14/2015	9/3/2014	8/27/2013	8/24/2012	
28 Greensboro(Guilford Cty)		\$42,345	11/5/2015	10/3/2014	10/23/2013	8/14/2012	
29 Hawaii		\$47,637	7/6/2015	11/25/2014	new	not a member	
30 Hillsborough County (Tampa)		\$54,696	8/4/2015	7/23/2014	7/22/2013	7/24/2012	
31 Houston		\$54,696	6/5/2015 ***	7/7/2014	7/19/2013	8/14/2012	
32 Indianapolis		\$37,054	1/12/2016	7/7/2014	11/6/2013	7/12/2012	
33 Jackson. MS		\$37,054	2/24/2016	8/11/2014	2/10/2014	did not pay	
34 Jefferson County		\$42,345	8/7/2015	8/4/2014	8/13/2013	8/6/2012	
35 Kansas City, MO		\$37,054	7/28/2015	9/15/2014	3/19/2014	8/31/2012	
36 Long Beach		\$42,345	8/25/2015	8/11/2014	9/10/2013	8/1/2012	
37 Los Angeles		\$54,696	3/2/2016	8/8/2014	3/13/2014	3/15/2013	
38 Miami-Dade County		\$54,696	7/28/2015	8/4/2014	7/22/2013	8/24/2012	
39 Milwaukee		\$42,345	6/3/2015 ***	6/23/2014 ***	7/31/2013	6/19/2012 ***	
40 Minneapolis	\$37,054			9/18/2014	11/6/2013	9/25/2012	
41 Nashville		\$42,345	8/4/2015	7/23/2014	8/1/2013	7/24/2012	
42 New Orleans	\$37,054			did not pay	did not pay	did not pay	
43 New York City		\$54,696	1/19/2016	10/1/2014	2/24/2014	1/18/2013	
44 Newark		\$37,054	3/8/2016	2/6/2015	11/26/2013	12/16/2013	
45 Norfolk		\$37,054	2/17/2016	9/15/2014	4/4/2014	2/27/2013	
46 Oakland		\$37,054	7/28/2015	6/19/2014 ***	7/16/2013	9/17/2012	
47 Oklahoma City		\$37,054	8/20/2015	8/12/2014	did not pay	8/14/2012	
48 Omaha		\$37,054	6/5/2015 ***	6/20/2014 ***	6/25/2013 ***	7/13/2012	
49 Orange County, FL		\$47,637	5/20/2015 ***	6/2/2014 ***	6/4/2013 ***	7/31/2012	
50 Palm Beach County		\$47,637	7/21/2015	2/10/2015	2/18/2014	9/12/2012	
51 Philadelphia		\$47,637	9/17/2015	2/12/2015	10/4/2013	9/28/2012	
52 Pinellas County		\$23,818	3/2/2016				
53 Pittsburgh		\$37,054	6/8/2015 ***	7/11/2014	5/24/2013 ***	6/28/2012 ***	
54 Portland		\$37,054	7/20/2015	6/20/2014 ***	7/11/2013	6/14/2012 ***	
55 Providence*		\$29,938	8/20/2015	1/21/2015	2/18/2014	9/18/2012	
56 Richmond	\$37,054			6/11/2014 ***	3/31/2014	6/15/2012 ***	
57 Rochester		\$37,054	6/16/2015 ***	6/11/2014 ***	6/11/2013 ***	6/14/2012 ***	
58 St. Louis		\$37,054	7/28/2015	8/11/2014	3/27/2014	8/13/2013	
59 St. Paul		\$37,054	6/30/2015 ***	7/3/2014	7/5/2013	6/15/2012 ***	
60 Sacramento		\$37,054	6/3/2015 ***	8/1/2014	10/15/2013	8/8/2012	
61 San Antonio		\$37,054	8/17/2015	NEW			
62 San Diego		\$47,637	8/20/2015	8/1/2014	8/1/2013	3/1/2013	
63 San Francisco		\$42,345	8/20/2015	7/31/2014	8/1/2013	8/17/2012	
64 Santa Ana	\$42,345			8/11/2014	3/4/2014	8/8/2012	
65 Seattle		\$37,054	8/3/2015	7/23/2014	6/4/2013 ***	3/1/2013	
66 Shelby County		\$47,637	9/25/2015	8/1/2014	did not pay	8/24/2012	
67 Toledo		\$37,054	10/22/2015	8/11/2014	7/18/2013	8/14/2012	
68 Tulsa		\$18,527	2/18/2016	not a member			
69 Washington, D.C.		\$37,054	8/4/2015	7/23/2014	7/5/2013	9/27/2012	
70 Wichita		\$37,054	6/16/2015 ***	6/17/2014 ***	6/17/2013 ***	6/19/2012 ***	
Total	\$282,894	\$2,568,814		13	14	11	14

*Largest city in the state
*** Prepaid members

THE COUNCIL OF THE GREAT CITY SCHOOLS
 GENERAL OPERATING BUDGET
 FOR FY 2015-16

BY FUNCTION

	AUDITED REPORT FY14-15	REVISED BUDGET FY15-16	2ND QTR REPORT FY15-16
GENERAL OPERATING REVENUE			
MEMBERSHIP DUES	\$2,730,360.00	\$2,655,856.00	\$2,124,183.00
GRANTS AND CONTRACTS	0.00	0.00	0.00
SPONSOR CONTRIBUTION	45,000.00	30,000.00	30,000.00
REGISTRATION FEES	0.00	0.00	0.00
INTEREST AND DIVIDENDS	479,849.25	425,000.00	252,139.05
ROYALTIES AND OTHER INCOME	399.22	300.00	0.00
TOTAL REVENUE	<u>\$3,255,608.47</u>	<u>\$3,111,156.00</u>	<u>\$2,406,322.05</u>
GENERAL OPERATING EXPENSES			
ADMIN AND FINANCIAL MANAGEMENT	\$1,133,771.19	\$1,189,387.28	\$632,844.08
EXECUTIVE LEADERSHIP	\$368,561.62	686,505.46	227,228.10
FUNDRAISING ACTIVITIES	\$21,681.05	26,000.00	14,354.27
LEGISLATIVE ADVOCACY	\$507,584.06	542,383.38	248,392.25
CURRICULUM & INSTRUCTION	\$28,793.88	100,000.00	31,824.97
PUBLIC ADVOCACY	\$451,251.11	480,579.43	215,653.52
MEMBER MANAGEMENT SERVICES	\$129,960.33	224,326.16	100,713.20
POLICY RESEARCH	\$78,754.75	572,765.82	127,906.10
ALLOWANCE FOR OFFICE MOVE	\$0.00	315,000.00	3,579.75
INDIRECT EXPENSES FROM PROJECTS	<u>(\$650,210.02)</u>	<u>(710,791.52)</u>	<u>(263,731.94)</u>
TOTAL OPERATING EXPENSES	<u>\$2,070,147.97</u>	<u>\$3,426,156.00</u>	<u>\$1,338,764.29</u>
REVENUE OVER EXPENSES	<u>\$1,185,460.50</u>	<u>(\$315,000.00)</u>	<u>\$1,067,557.76</u>
ADJUSTMENTS:			
OPERATIONS CARRYOVER BALANCE	\$10,341,451.14		
CATEGORICAL PROG NET REVENUE	(\$2,478,852.80)		
NET GAIN/(LOSS) ON INVESTMENT	<u>(\$351,933.27)</u>		
ENDING BALANCE	<u><u>\$8,696,125.57</u></u>		

THE COUNCIL OF THE GREAT CITY SCHOOLS
 GENERAL OPERATING BUDGET
 FOR FY 2015-16

BY EXPENSE LINE

	AUDITED REPORT FY14-15	REVISED BUDGET FY15-16	2ND QTR REPORT FY15-16
GENERAL OPERATING REVENUE			
MEMBERSHIP DUES	\$2,730,360.00	\$2,655,856.00	\$2,124,183.00
GRANTS AND CONTRACTS	0.00	0.00	0.00
SPONSOR CONTRIBUTION	45,000.00	30,000.00	30,000.00
REGISTRATION FEES	0.00	0.00	0.00
INTEREST AND DIVIDENDS	479,849.25	425,000.00	252,139.05
ROYALTIES AND OTHER INCOME	399.22	300.00	0.00
TOTAL REVENUE	\$3,255,608.47	\$3,111,156.00	\$2,406,322.05
GENERAL OPERATING EXPENSES			
SALARIES & FRINGE BENEFITS	\$1,635,569.00	\$2,589,440.52	\$919,637.22
OTHER INSURANCE	20,245.68	21,000.00	12,002.01
TRAVEL & MEETINGS	64,080.18	70,000.00	31,292.39
GENERAL SUPPLIES	18,911.17	30,000.00	11,797.23
SUBSCRIPTION & PUBLICATIONS	16,914.10	20,000.00	10,362.80
COPYING & PRINTING	126,076.34	126,000.00	63,752.21
OUTSIDE SERVICES	390,275.68	496,000.00	310,560.58
TELEPHONE	36,229.23	35,000.00	15,276.10
POSTAGE & SHIPPING	5,671.41	10,000.00	3,210.04
EQPT LEASE MAINT & DEPRECIATION	17,702.95	20,000.00	18,772.66
OFFICE RENT & UTILITIES	288,682.25	304,507.00	152,253.24
ALLOWANCE FOR OFFICE MOVE	0.00	315,000.00	3,579.75
ALLO FOR UNCOLLECTED REVENUE	100,000.00	100,000.00	50,000.00
INDIRECT EXPENSES FROM PROJECTS	(650,210.02)	(710,791.52)	(263,731.94)
TOTAL OPERATING EXPENSES	\$2,070,147.97	\$3,426,156.00	\$1,338,764.29
REVENUE OVER EXPENSES	\$1,185,460.50	(\$315,000.00)	\$1,067,557.76
ADJUSTMENTS:			
OPERATIONS CARRYOVER BALANCE	\$10,341,451.14		
CATEGORICAL PROG NET REVENUE	(\$2,478,852.80)		
NET (GAIN)/LOSS ON INVESTMENT	(\$351,933.27)		
ENDING BALANCE	\$8,696,125.57		

(01/11/16)
 (Budget-FY15-16)

THE COUNCIL OF THE GREAT CITY SCHOOLS
 GENERAL OPERATING BUDGET
 REVISED BUDGET FOR FISCAL YEAR 2015-16

	FINANCE & ADMIN (10)	EXECUTIVE SUPPORT (11)	FUNDRAISING ACTIVITIES (12)	LEGISLATIVE ADVOCACY (13)	CURRICULUM & INSTRUCTION (14)	PUBLIC ADVOCACY (15)	MEMBER MGT SERVICES (16)	RESEARCH ADVOCACY (17)	ONE YEAR TOTAL
GENERAL OPERATING EXPENSES									
SALARIES & FRINGE BENEFITS	\$483,680.28	\$631,505.46	\$25,000.00	\$388,683.38	\$0.00	\$349,579.43	\$165,226.16	\$545,765.82	\$2,589,440.52
OTHER INSURANCE	21,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,000.00
TRAVEL & MEETINGS	2,500.00	42,500.00	0.00	10,000.00	0.00	6,000.00	3,000.00	6,000.00	70,000.00
GENERAL SUPPLIES	30,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,000.00
SUBSCRIPTION & PUBLICATIONS	1,200.00	0.00	0.00	10,200.00	0.00	5,000.00	100.00	3,500.00	20,000.00
COPYING & PRINTING	500.00	5,000.00	0.00	3,000.00	0.00	106,500.00	1,000.00	10,000.00	126,000.00
OUTSIDE SERVICES	221,000.00	3,000.00	0.00	120,000.00	100,000.00	\$1,000.00	50,000.00	1,000.00	496,000.00
TELEPHONE	4,500.00	4,000.00	500.00	10,000.00	0.00	5,000.00	5,000.00	6,000.00	35,000.00
POSTAGE & SHIPPING	500.00	500.00	500.00	500.00	0.00	7,500.00	0.00	500.00	10,000.00
EQPT LEASE MAINT & DEP	20,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00
OFFICE RENT & UTILITIES	304,507.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	304,507.00
ALLOWANCE FOR OFFICE MOVE	315,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	315,000.00
ALLO FOR UNCOLLECTED REVENUE	100,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100,000.00
EXPENSES ALLOCATED TO PROJECTS	(710,791.52)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(710,791.52)
TOTAL OPERATING EXPENSES	<u>\$793,595.76</u>	<u>\$686,505.46</u>	<u>\$26,000.00</u>	<u>\$542,383.38</u>	<u>\$100,000.00</u>	<u>\$480,579.43</u>	<u>\$224,326.16</u>	<u>\$572,765.82</u>	<u>\$3,426,156.00</u>
	\$710,791.52								
	\$1,504,387.28								

(01/11/16)
 (2nd Qtr Report.xls)

THE COUNCIL OF THE GREAT CITY SCHOOLS
 GENERAL OPERATING BUDGET
 FOR FY 2015-16
 EXPENSES FOR QUARTER ENDING DECEMBER 31, 2015

	ADMIN & FINAN MANAGEMENT (10)	EXECUTIVE SUPPORT (11)	FUNDRAISING ACTIVITIES (12)	LEGISLATIVE SERVICES (13&31)	CURRICULUM & INSTRUCT (14)	PUBLIC ADVOCACY (15)	MEMBER MGT SERVICES (16)	POLICY RESEARCH (17)	2ND QUARTER TOTAL (7/1/15-12/31/15)
GENERAL OPERATING EXPENSES									
SALARIES & FRINGE BENEFITS	\$212,910.80	\$156,934.48	\$14,354.27	\$186,695.82	\$0.00	\$166,136.25	\$78,837.36	\$103,768.25	\$919,637.22
OTHER INSURANCE	12,002.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,002.01
TRAVEL & MEETINGS	\$3,031.48	14,262.08	0.00	645.22	0.00	2,959.05	10,000.00	394.56	31,292.39
GENERAL SUPPLIES	11,797.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,797.23
SUBSCRIPTION & PUBLICATIONS	607.00	0.00	0.00	4,145.74	0.00	3,141.06	0.00	2,469.00	10,362.80
COPYING & PRINTING	8,861.23	0.00	0.00	0.00	0.00	39,163.36	10,946.62	4,781.00	63,752.21
OUTSIDE SERVICES	154,218.76	52,702.82	0.00	55,827.24	31,824.97	631.79	0.00	15,355.00	310,560.58
TELEPHONE	7,499.13	2,934.24	0.00	1,078.23	0.00	1,696.99	929.22	1,138.29	15,276.10
POSTAGE & SHIPPING	890.54	394.48	0.00	0.00	0.00	1,925.02	0.00	0.00	3,210.04
EQPT LEASE MAINT & DEP	18,772.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,772.66
OFFICE RENT & UTILITIES	152,253.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	152,253.24
OFFICE MOVE EXPENSES	3,579.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,579.75
ALLO FOR UNCOLLECTED REVENUE	50,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50,000.00
INDIRECT EXPENSES FROM PROJECTS	(263,731.94)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(263,731.94)
TOTAL OPERATING EXPENSES	<u>\$372,691.89</u>	<u>\$227,228.10</u>	<u>\$14,354.27</u>	<u>\$248,392.25</u>	<u>\$31,824.97</u>	<u>\$215,653.52</u>	<u>\$100,713.20</u>	<u>\$127,906.10</u>	<u>\$1,338,764.29</u>
	\$263,731.94								
	<u>\$636,423.83</u>								

1/8/2016

INVESTMENT SCHEDULE - FY15-16
ENDING 12/31/15
Balances are from date of purchase

INVESTMENT ACCOUNTS	ENDING BALANCE 12/31/2015	PURCHASES (7/1/15 - 12/31/15)	SOLD (7/1/15 - 12/31/15)	UNREAL GAINS/(LOSS) (7/1/15 - 12/31/15)	REAL GAINS/(LOSS) (7/1/15 - 12/31/15)
Aberdeen FDS Emerging Mkts Fd	\$211,490	\$207,089	\$0	\$4,401	\$0
Amer Cent Fds	\$357,838	\$23,233	-\$29,425	-\$26,030	\$6,698
Deutsche Sec TR Enhanced Comm	\$114,354	\$113,954	\$0	\$401	\$0
Deutsche Sec Tr Glob RE	\$134,513	\$139,344	\$0	-\$4,831	\$0
Dodge&Cox Intl Stock	\$200,802	\$19,868	\$0	-\$38,290	\$0
Dreyfus Emerging Markets FD	\$0	\$45,494	-\$207,089	\$13,201	-\$54,733
Eaton Vance Inc Fd	\$172,060	\$94,544	\$0	-\$13,086	\$0
Eaton Vance Large Cap Val Fd	\$482,312	\$73,095	\$0	-\$47,074	\$0
First Eagle Fds Sogen Overseas	\$175,898	\$6,850	\$0	-\$9,174	\$0
Goldma Sachs TRUST Strat Inc Fd	\$131,926	\$5,905	\$0	-\$5,653	\$0
Goldman Sachs Treas Instr	\$44,792	\$0	\$0	\$0	\$0
Harbor Fund Cap Appr	\$449,937	\$28,788	-\$54,350	-\$44,305	\$26,587
Harris Assoc Invt Tr Oakmk Equity	\$474,977	\$29,101	\$0	-\$56,814	\$0
JANUS Intl FD FL BD	\$0	\$1,534	-\$350,188	\$3,706	-\$3,708
JPMorgan Core Bd FD Selct	\$494,249	\$105,238	\$0	-\$5,134	\$0
Victory Portfolios Munder MIDCAP	\$124,224	\$11,843	-\$7,273	-\$27,414	\$2,969
Nuveen INVT Fds Inc RE Secs*	\$93,399	\$6,852	-\$6,639	\$1,052	\$2,070
PIMCO Fds SER Comm Real	\$0	\$39,053	-\$113,954	\$45,130	-\$83,108
Inv Mgrs Pioneer Oak Ridge Sm Cp	\$203,306	\$42,610	\$0	-\$40,383	\$0
Ridgeworth Fds Mid-cap Val Eqty Pd	\$129,828	\$12,542	\$0	-\$15,388	\$0
Royce Value Plus FD CL	\$0	\$0	-\$97,005	-\$20,132	\$19,320
Victory Portfolios Sm Co Oppty	\$217,914	\$55,030	\$0	-\$27,035	\$0
Virtus Emerging Mkts Opportunites	\$128,888	\$15,812	\$0	-\$13,158	\$0
Alliance GLO Govt Tr A	\$1,328,253	\$35,127	\$0	-\$22,510	\$0
Alliance Interm Bd A	\$115,121	\$2,263	\$0	-\$1,988	\$0
Alliance Interm Bd C	\$91,964	\$1,519	\$0	-\$1,508	\$0
Fidelity	\$11,619	\$163	\$0	-\$56	\$0
TOTAL:	\$5,678,173	\$909,759	-\$865,922	-\$356,471	(\$83,904)

Components of Operational Expense Types

Salaries and Fringe Benefits

- Basic salaries
- Life and disability insurance
- 403 (b) employer contribution
- Health benefits
- Unemployment compensation
- Employment taxes
- Paid absences

Other Insurances

- Officers and Directors Liability
- Umbrella Liability
- Workmen's Compensation

Travel and Meetings

- Staff Travel (unreimbursed)

General Supplies

- Paper
- Letterhead
- Mailing labels
- Envelops
- Folders
- Binders
- Computer supplies

Subscriptions and Publications

- New York Times
- USA Today
- Education Weekly
- Education Daily
- Committee for Education Funding membership
- AERA membership
- NABJ membership
- Bank card

Copying and Printing

- Report printing
- Urban Educator printing

Outside Services

- Auditing Services
- Technology and internet support
- Database maintenance
- Corporate registration
- Banking services and charges
- Temporary services
- Editing services
- Legal services
- ADP payroll services
- Transact license
- Ricki Price-Baugh
- Julie Wright-Halbert
- Strategic Support Team Member expenses

Participant Support Costs

- SubGrantee Expenses

Telephone

- Monthly telephone
- Conference calls
- Cell phones

Postage and Shipping

- Mailings
- Messenger services
- Federal Express
- UPS

Equipment Lease, Maintenance and Deprecation

- Postage meter
- Copier Maintenance
- Computers
- Printers
- Fax machine

Office Rent and Utilities

- Office rent
- Off-site storage

Project In-kind Contribution

- Matching

Expenses Allocated to Projects

- Indirect costs

**CATEGORICAL PROJECTS
BUDGET REPORT**

FOR

SECOND QUARTER ENDING

DECEMBER 31, 2015

THE COUNCIL OF THE GREAT CITY SCHOOLS
ESTIMATED 1ST QUARTER REVENUE AND EXPENSE REPORT
2ND QTR (7/1/15 - 12/31/15)

**CATEGORICAL PROJECTS
PAGE 1 OF 2**

	MEETINGS AND CONFERENCES (20)	STRATEGIC SUPPORT TEAMS (21)	BOARD RETREATS (21-A)	SPECIAL PROJECTS ACCOUNT (22)	KPI BUSINESS PLAN (29)	GATES SOLUTIONS TO COMMON CORE (32)	HELMSLEY GRANT (34)	URBAN DEANS NETWK (40)
OPERATING REVENUE								
MEMBER DUES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SPONSOR CONTRIBUTION	643,850.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRANTS & CONTRACTS	0.00	99,152.05	0.00	0.00	8,860.00	0.00	1,000,000.00	0.00
INTEREST	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
REGISTRATION FEES	332,860.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALE OF PUBLICATION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL REVENUE	\$976,710.00	\$99,152.05	\$0.00	\$0.00	\$8,860.00	\$0.00	\$1,000,000.00	\$0.00
OPERATING EXPENSES								
SALARIES & FRINGE BENEFITS	\$62,043.55	\$0.00	\$0.00	\$0.00	\$0.00	\$172,532.49	\$14,248.87	\$1,403.67
OTHER INSURANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TRAVEL AND MEETING EXPENSES	547,307.69	7,056.26	3,953.28	0.00	0.00	6,382.87	10.34	0.00
GENERAL SUPPLIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DUES, SUBSCR & PUBLICATION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COPYING & PRINTING	24,527.06	0.00	0.00	0.00	0.00	998.92	0.00	0.00
OUTSIDE SERVICES	155,231.28	59,136.22	2,822.63	0.00	34,615.43	78,490.40	36,014.48	1,278.59
PARTICIPANT SUPPORT COST	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TELEPHONE	54.33	0.00	0.00	0.00	0.00	94.43	8.19	49.39
POSTAGE & SHIPPING	11,507.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EQPT LEASE MAINT & DEP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OFFICE RENT & UTILITIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EXPENSES ALLOCATED TO PROJECTS	120,100.72	20,519.67	2,100.53	0.00	8,653.86	38,774.87	5,028.19	\$409.75
TOTAL PROJECT EXPENSES	\$920,772.18	\$86,712.15	\$8,876.44	\$0.00	\$43,269.29	\$297,273.98	\$55,310.07	\$3,141.40
REVENUE OVER EXPENSES	\$55,937.82	\$12,439.90	(\$8,876.44)	\$0.00	(\$34,409.29)	(\$297,273.98)	\$944,689.93	(\$3,141.40)
CLOSEOUT OF COMPLETED PROJECTS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IN-KIND CONTRIBUTION	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CARRYOVER BALANCE 6/30/15	\$625,049.23	(\$12,439.90)	\$0.00	\$185,996.75	(\$4,451.35)	\$1,115,663.96	\$0.00	(\$1,865.06)
ENDING BALANCE 12/31/15	\$680,987.05	\$0.00	(\$8,876.44)	\$185,996.75	(\$38,860.64)	\$818,389.98	\$944,689.93	(\$5,006.46)

THE COUNCIL OF THE GREAT CITY SCHOOLS
1ST QUARTER REVENUE AND EXPENSE REPORT
2ND QTR (7/1/15 - 12/31/15)

CATEGORICAL PROJECTS
PAGE 2 OF 2

	S Schwartz Urban Impact Award (41)	GATES FOUNDATION ELL MATERIALS (47-A)	GATES FOUNDATION KPI GRANT (48)	GATES FOUNDATION KPI GRANT (49)	WALLACE FOUNDATION GRANT (52/53)	WALLACE FOUNDATION GRANT (54/55)	UNIVERSITY OF CHICAGO GRANT (60)	2ND QTR TOTALS (7/1/15-12/31/15)
OPERATING REVENUE								
MEMBER DUES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SPONSOR CONTRIBUTION	200.00	0.00	0.00	0.00	0.00	0.00	0.00	\$644,050.00
GRANTS & CONTRACTS	0.00	0.00	0.00	1,600,000.00	0.00	850,000.00	0.00	\$3,558,012.05
INTEREST	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00
REGISTRATION FEES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$332,860.00
SALE OF PUBLICATION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00
TOTAL REVENUE	\$200.00	\$0.00	\$0.00	\$1,600,000.00	\$0.00	\$850,000.00	\$0.00	\$4,534,922.05
OPERATING EXPENSES								
SALARIES & FRINGE BENEFITS	\$0.00	\$92,579.30	\$44,808.34	\$2,149.00	\$78,438.66	\$61,909.90	\$2,379.38	\$532,493.16
OTHER INSURANCE	0.00	0.00	\$0.00	\$0.00	0.00	0.00	0.00	\$0.00
TRAVEL AND MEETING EXPENSES	0.00	9,391.19	\$0.00	\$0.00	0.00	926.40	0.00	\$575,028.03
GENERAL SUPPLIES	0.00	33.98	\$0.00	\$0.00	0.00	0.00	0.00	\$33.98
DUES, SUBSCR & PUBLICATION	0.00	342.73	\$73.00	\$0.00	0.00	0.00	0.00	\$415.73
COPYING & PRINTING	0.00	1,419.42	\$0.00	\$0.00	0.00	0.00	0.00	\$26,945.40
OUTSIDE SERVICES	0.00	80,434.81	\$15,858.64	\$0.00	37448.89	\$15,447.31	\$22,481.75	\$539,260.43
PARTICIPANT SUPPORT COST	0.00	0.00	\$0.00	\$0.00	0.00	0.00	0.00	\$0.00
TELEPHONE	0.00	1,033.57	\$0.00	\$0.00	174.16	0.00	0.00	\$1,414.07
POSTAGE & SHIPPING	0.00	889.08	\$0.00	\$0.00	0.00	0.00	0.00	\$12,396.63
EQPT LEASE MAINT & DEP	0.00	0.00	\$0.00	\$0.00	0.00	0.00	0.00	\$0.00
OFFICE RENT & UTILITIES	0.00	0.00	\$0.00	\$0.00	0.00	0.00	0.00	\$0.00
EXPENSES ALLOCATED TO PROJECTS	0.00	27,918.61	9,112.86	324.22	17,409.26	11,742.54	1,636.87	\$263,731.94
TOTAL PROJECT EXPENSES	\$0.00	\$214,042.69	\$69,852.84	\$2,473.21	\$133,470.97	\$90,026.15	\$26,498.00	\$1,951,719.37
REVENUE OVER EXPENSES	\$200.00	(\$214,042.69)	(\$69,852.84)	\$1,597,526.79	(\$133,470.97)	\$759,973.85	(\$26,498.00)	\$2,583,202.68
CLOSEOUT OF COMPLETED PROJECTS	\$0.00	\$0.00	\$0.00	\$0.00	\$935.06	\$0.00	\$0.00	\$0.00
IN-KIND CONTRIBUTION	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CARRYOVER BALANCE 6/30/15	\$20,389.50	\$420,967.96	\$69,852.84	\$0.00	\$132,535.91	\$0.00	\$26,498.00	\$2,578,197.84
ENDING BALANCE 12/31/15	<u>\$20,589.50</u>	<u>\$206,925.27</u>	<u>\$0.00</u>	<u>\$1,597,526.79</u>	<u>\$0.00</u>	<u>\$759,973.85</u>	<u>\$0.00</u>	<u>\$5,161,400.52</u>

PROPOSED BUDGET FOR FY 2016-2017

(12/29/15)

COUNCIL OF THE GREAT CITY SCHOOLS
1301 Pennsylvania Avenue, N.W., Suite 702, Washington, D.C. 20004
Tel (202) 393-2427 Fax (202) 393-2400 Web Page: <http://www.cgcs.org>



MEMBERSHIP DUES STRUCTURE BY TIERS

	2015-2016 DUES	WITH 0.50% INCREASE 2016-2017 DUES
Largest city in the state TIER I	\$29,938.00	\$30,088.00
Based on enrollment		
TIER II 35,000 TO 54,000	\$37,054.00	\$37,239.00
TIER III 54,001 TO 99,000	\$42,345.00	\$42,557.00
TIER IV 99,001 TO 200,000	\$47,637.00	\$47,875.00
TIER V 200,001 PLUS	\$54,696.00	\$54,969.00

(03/07/16)

COUNCIL OF THE GREAT CITY SCHOOLS
FY 2016-17 Membership Dues

District	2014-15 Dues	2015-16 Dues	0.50% increase 2016-17 Dues
1 Albuquerque	\$41,793	\$42,345	\$42,557
2 Anchorage	\$36,571	\$37,054	\$37,239
3 Arlington	NEW	\$42,345	\$42,557
4 Atlanta	\$36,571	\$37,054	\$37,239
5 Austin	\$41,793	\$42,345	\$42,557
6 Baltimore	\$41,793	\$42,345	\$42,557
7 Birmingham	\$36,571	\$37,054	\$37,239
8 Boston	\$41,793	\$42,345	\$42,557
9 Bridgeport	\$29,548	\$29,938	\$30,088
10 Broward County	\$53,983	\$54,696	\$54,969
11 Buffalo	\$36,571	\$37,054	\$37,239
12 Charleston County	\$36,571	\$37,054	\$37,239
13 Charlotte-Mecklenburg	\$47,016	\$47,637	\$47,875
14 Chicago	\$53,983	\$44,696	\$54,969
15 Cincinnati	\$36,571	\$37,054	\$37,239
16 Clark County	\$53,983	\$54,696	\$54,969
17 Cleveland	\$36,571	\$37,054	\$37,239
18 Columbus	\$41,793	\$37,054	\$37,239
19 Dallas	\$47,016	\$47,637	\$47,875
20 Dayton	\$36,571	\$37,054	\$37,239
21 Denver	\$41,793	\$42,345	\$42,557
22 Des Moines*	\$29,548	\$29,938	\$30,088
23 Detroit	\$47,016	\$37,054	\$37,239
24 Duval County	\$47,016	\$47,637	\$47,875
25 El Paso	\$41,793	\$42,345	\$42,557
26 Fort Worth	\$41,793	\$42,345	\$42,557
27 Fresno	\$41,793	\$42,345	\$42,557
28 Greensboro (Guilford Cty)	\$41,793	\$42,345	\$42,557
29 Hawaii	\$47,016	\$47,637	\$47,875
30 Hillsborough County	\$47,016	\$54,696	\$54,969
31 Houston	\$53,983	\$54,696	\$54,969
32 Indianapolis	\$36,571	\$37,054	\$37,239
33 Jackson, MS	\$36,571	\$37,054	\$37,239
34 Jefferson County	\$41,793	\$42,345	\$42,557
35 Kansas City, MO	\$36,571	\$37,054	\$37,239
36 Long Beach	\$41,793	\$42,345	\$42,557
37 Los Angeles	\$53,983	\$54,696	\$54,969
38 Miami-Dade County	\$53,983	\$54,696	\$54,969
39 Milwaukee	\$47,016	\$42,345	\$42,557
40 Minneapolis	\$36,571	\$37,054	\$37,239
41 Nashville	\$41,793	\$42,345	\$42,557

42	New Orleans	\$36,571	\$37,054	\$37,239
43	New York City	\$53,983	\$54,696	\$54,969
44	Newark	\$36,571	\$37,054	\$37,239
45	Norfolk	\$36,571	\$37,054	\$37,239
46	Oakland	\$36,571	\$37,054	\$37,239
47	Oklahoma City	\$36,571	\$37,054	\$37,239
48	Omaha	\$36,571	\$37,054	\$37,239
49	Orange County, FL	\$47,016	\$47,637	\$47,875
50	Palm Beach County	\$47,016	\$47,637	\$47,875
51	Philadelphia	\$53,983	\$47,637	\$47,875
52	Pinellas County		\$23,818	\$47,875
53	Pittsburgh	\$36,571	\$37,054	\$37,239
54	Portland	\$36,571	\$37,054	\$37,239
55	Providence*	\$29,548	\$29,938	\$30,088
56	Richmond	\$36,571	\$37,054	\$37,239
57	Rochester	\$36,571	\$37,054	\$37,239
58	Sacramento	\$36,571	\$37,054	\$37,239
59	San Antonio	NEW	\$37,054	\$37,239
60	San Diego	\$47,016	\$47,637	\$47,875
61	San Francisco	\$41,793	\$42,345	\$42,557
62	Santa Ana	\$41,793	\$42,345	\$42,557
63	Seattle	\$36,571	\$37,054	\$37,239
64	Shelby County (Memphis)	\$47,016	\$47,637	\$47,875
65	St. Louis	\$36,571	\$37,054	\$37,239
66	St. Paul	\$36,571	\$37,054	\$37,239
67	Toledo	\$36,571	\$37,054	\$37,239
68	Tulsa		\$18,527	\$37,239
69	Washington, D.C.	\$41,793	\$37,054	\$37,239
70	Wichita	\$36,571	\$37,054	\$37,239
	<u>Total</u>		<u>\$2,851,708</u>	<u>\$2,918,565</u>

*Largest city in the state

(01/11/16)
 (Budget-Jan 2016)

THE COUNCIL OF THE GREAT CITY SCHOOLS
 GENERAL OPERATING BUDGET

BY FUNCTION

	AUDITED REPORT FY14-15	REVISED BUDGET FY15-16	PROPOSED BUDGET FY16-17
GENERAL OPERATING REVENUE			
MEMBERSHIP DUES	\$2,730,360.00	\$2,655,856.00	\$2,796,212.00
GRANTS AND CONTRACTS	0.00	0.00	0.00
SPONSOR CONTRIBUTION	45,000.00	30,000.00	35,000.00
REGISTRATION FEES	0.00	0.00	0.00
INTEREST AND DIVIDENDS	479,849.25	425,000.00	425,000.00
ROYALTIES AND OTHER INCOME	399.22	300.00	0.00
TOTAL REVENUE	\$3,255,608.47	\$3,111,156.00	\$3,256,212.00
GENERAL OPERATING EXPENSES			
ADMIN AND FINANCIAL MANAGEMENT	\$1,133,771.19	\$1,189,387.27	\$915,880.46
EXECUTIVE LEADERSHIP	368,561.62	686,505.46	784,290.74
FUNDRAISING ACTIVITIES	21,681.05	26,000.00	26,000.00
LEGISLATIVE ADVOCACY	507,584.06	542,383.38	554,569.83
CURRICULUM & INSTRUCTION	28,793.88	100,000.00	76,000.00
PUBLIC ADVOCACY	451,251.11	480,579.43	507,695.83
MEMBER MANAGEMENT SERVICES	129,960.33	224,326.16	176,631.18
POLICY RESEARCH	78,754.75	572,765.82	638,737.42
ALLOWANCE FOR OFFICE MOVE	0.00	315,000.00	0.00
EXPENSES ALLOCATED TO PROJECTS	(650,210.02)	(710,791.52)	(780,193.44)
TOTAL OPERATING EXPENSES	\$2,070,147.97	\$3,426,156.00	\$2,899,612.00
REVENUE OVER EXPENSES	\$1,185,460.50	(\$315,000.00)	\$356,600.00
ADJUSTMENTS:			
OPERATIONS CARRYOVER BALANCE	\$10,341,451.14	\$8,696,125.57	\$8,381,125.57
CATEGORICAL PROG NET REVENUE	(\$2,478,852.80)		
NET GAIN/(LOSS) ON INVESTMENT	(\$351,933.27)		
ENDING BALANCE	\$8,696,125.57	\$8,381,125.57	\$8,737,725.57

(01/11/16)
 (Budget-Jan 2016)

THE COUNCIL OF THE GREAT CITY SCHOOLS
 GENERAL OPERATING BUDGET

BY EXPENSE LINE

	AUDITED REPORT FY14-15	REVISED BUDGET FY15-16	PROPOSED BUDGET FY16-17
GENERAL OPERATING REVENUE			
MEMBERSHIP DUES	\$2,730,360.00	\$2,655,856.00	\$2,796,212.00
GRANTS AND CONTRACTS	0.00	0.00	0.00
SPONSOR CONTRIBUTION	45,000.00	30,000.00	35,000.00
REGISTRATION FEES	0.00	0.00	0.00
INTEREST AND DIVIDENDS	479,849.25	425,000.00	425,000.00
ROYALTIES AND OTHER INCOME	399.22	300.00	0.00
TOTAL REVENUE	\$3,255,608.47	\$3,111,156.00	\$3,256,212.00
GENERAL OPERATING EXPENSES			
SALARIES & FRINGE BENEFITS	\$1,635,569.00	\$2,589,440.52	\$2,721,340.44
OTHER INSURANCE	20,245.68	21,000.00	21,000.00
TRAVEL & MEETINGS	64,080.18	70,000.00	70,000.00
GENERAL SUPPLIES	18,911.17	30,000.00	30,000.00
SUBSCRIPTION & PUBLICATIONS	16,914.10	20,000.00	20,000.00
COPYING & PRINTING	126,076.34	126,000.00	126,000.00
OUTSIDE SERVICES	390,275.68	496,000.00	519,100.00
TELEPHONE	36,229.23	35,000.00	25,000.00
POSTAGE & SHIPPING	5,671.41	10,000.00	10,000.00
EQPT LEASE MAINT & DEP	17,702.95	20,000.00	30,000.00
OFFICE RENT & UTILITIES	288,682.25	304,507.00	7,365.00
ALLOWANCE FOR OFFICE MOVE	0.00	315,000.00	0.00
ALLO FOR UNCOLLECTED REVENUE	100,000.00	100,000.00	100,000.00
EXPENSES ALLOCATED TO PROJECTS	(650,210.02)	(710,791.52)	(780,193.44)
TOTAL OPERATING EXPENSES	\$2,070,147.97	\$3,426,156.00	\$2,899,612.00
REVENUE OVER EXPENSES	\$1,185,460.50	(\$315,000.00)	\$356,600.00
ADJUSTMENTS:			
OPERATIONS CARRYOVER BALANCE	\$10,341,451.14	\$8,696,125.57	\$8,381,125.57
CATEGORICAL PROG NET REVENUE	(\$2,478,852.80)		
NET (GAIN)/LOSS ON INVESTMENT	(\$351,933.27)		
ENDING BALANCE	\$8,696,125.57	\$8,381,125.57	\$8,737,725.57

(01/11/16)
 (Budget-Jan 2016)

THE COUNCIL OF THE GREAT CITY SCHOOLS
 GENERAL OPERATING BUDGET
 PROPOSED BUDGET FOR FISCAL YEAR 2016-17

	FINANCE & ADMIN (10)	EXECUTIVE SUPPORT (11)	FUNDRAISING ACTIVITIES (12)	LEGISLATIVE ADVOCACY (13)	CURRICULUM & INSTRUCTION (14)	PUBLIC ADVOCACY (15)	MEMBER MGT SERVICES (16)	RESEARCH ADVOCACY (17)	ONE YEAR TOTAL
GENERAL OPERATING EXPENSES									
SALARIES & FRINGE BENEFITS	\$496,215.46	\$655,290.74	\$25,000.00	\$404,869.83	\$0.00	\$357,695.83	\$168,531.18	\$613,737.42	\$2,721,340.44
OTHER INSURANCE	21,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,000.00
TRAVEL & MEETINGS	2,500.00	42,500.00	0.00	10,000.00	0.00	6,000.00	3,000.00	6,000.00	70,000.00
GENERAL SUPPLIES	30,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,000.00
SUBSCRIPTION & PUBLICATIONS	1,200.00	0.00	0.00	10,200.00	0.00	5,000.00	100.00	3,500.00	20,000.00
COPYING & PRINTING	500.00	5,000.00	0.00	3,000.00	0.00	106,500.00	1,000.00	10,000.00	126,000.00
OUTSIDE SERVICES	223,100.00	78,000.00	0.00	120,000.00	76,000.00	\$21,000.00	0.00	1,000.00	519,100.00
TELEPHONE	3,500.00	3,000.00	500.00	6,000.00	0.00	4,000.00	4,000.00	4,000.00	25,000.00
POSTAGE & SHIPPING	500.00	500.00	500.00	500.00	0.00	7,500.00	0.00	500.00	10,000.00
EQPT LEASE MAINT & DEP	30,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,000.00
OFFICE RENT & UTILITIES	7,365.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,365.00
ALLOWANCE FOR OFFICE MOVE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ALLO FOR UNCOLLECTED REVENUE	100,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100,000.00
EXPENSES ALLOCATED TO PROJECTS	(780,193.44)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(780,193.44)
TOTAL OPERATING EXPENSES	<u>\$135,687.02</u>	<u>\$784,290.74</u>	<u>\$26,000.00</u>	<u>\$554,569.83</u>	<u>\$76,000.00</u>	<u>\$507,695.83</u>	<u>\$176,631.18</u>	<u>\$638,737.42</u>	<u>\$2,899,612.00</u>
	\$780,193.44								
	\$915,880.46								

<http://www.bls.gov/cpi/cpid1511.pdf>

Subtract Index for CPI Nov of past year from CPI of Nov of current year
(November data is released 2nd week of December therefore this is used for
budget to be submitted to the Exec Committee in January).

Divide result by the CPI of past year to get the percent change

Percent Change will be used for dues increase of upcoming fiscal year

i.e. 1999 CPI = 168.3
1998 CPI = 164
 $168.3 - 164 = 4.3 / 164 \times 100 = 2.62\%$

DATA USED:

	CPI	% Increase
Nov-95	153.6	2.60%
Nov-96	158.6	3.26%
Nov-97	161.5	1.83%
Nov-98	164.0	1.55%
Nov-99	168.3	2.62%
Nov-00	174.1	3.45%
Nov-01	177.4	1.90%
Nov-02	181.3	2.20%
Nov-03	184.5	1.77%
Nov-04	191.0	3.52%
Nov-05	197.6	3.46%
Nov-06	201.5	1.97%
Nov-07	210.2	4.31%
Nov-08	212.4	1.07%
Nov-09	216.3	1.84%
Nov-10	218.8	1.14%
Nov-11	226.2	3.39%
Nov-12	230.2	1.76%
Nov-13	233.1	1.24%
Nov-14	236.2	1.32%
Nov-15	237.3	0.50%

Table 24. Historical Consumer Price Index for All Urban Consumers (CPI-U): U. S. city average, all items-Continued

(1982-84=100, unless otherwise noted)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1970	37.8	38.0	38.2	38.5	38.6	38.8	39.0	39.0	39.2	39.4	39.6	39.8
1971	39.8	39.9	40.0	40.1	40.3	40.6	40.7	40.8	40.8	40.9	40.9	41.1
1972	41.1	41.3	41.4	41.5	41.6	41.7	41.9	42.0	42.1	42.3	42.4	42.5
1973	42.6	42.9	43.3	43.6	43.9	44.2	44.3	45.1	45.2	45.6	45.9	46.2
1974	46.6	47.2	47.8	48.0	48.6	49.0	49.4	50.0	50.6	51.1	51.5	51.9
1975	52.1	52.5	52.7	52.9	53.2	53.6	54.2	54.3	54.6	54.9	55.3	55.5
1976	55.6	55.8	55.9	56.1	56.5	56.8	57.1	57.4	57.6	57.9	58.0	58.2
1977	58.5	59.1	59.5	60.0	60.3	60.7	61.0	61.2	61.4	61.6	61.9	62.1
1978	62.5	62.9	63.4	63.9	64.5	65.2	65.7	66.0	66.5	67.1	67.4	67.7
1979	68.3	69.1	69.8	70.6	71.5	72.3	73.1	73.8	74.6	75.2	75.9	76.7
1980	77.8	78.9	80.1	81.0	81.8	82.7	82.7	83.3	84.0	84.8	85.5	86.3
1981	87.0	87.9	88.5	89.1	89.8	90.6	91.6	92.3	93.2	93.4	93.7	94.0
1982	94.3	94.6	94.5	94.9	95.8	97.0	97.5	97.7	97.9	98.2	98.0	97.6
1983	97.8	97.9	97.9	98.6	99.2	99.5	99.9	100.2	100.7	101.0	101.2	101.3
1984	101.9	102.4	102.6	103.1	103.4	103.7	104.1	104.5	105.0	105.3	105.3	105.3
1985	105.5	106.0	106.4	106.9	107.3	107.6	107.8	108.0	108.3	108.7	109.0	109.3
1986	109.6	109.3	108.8	108.6	108.9	109.5	109.5	109.7	110.2	110.3	110.4	110.5
1987	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
1996	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
1997	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3
1998	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
1999	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3
2000	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0
2001	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7	177.4	176.7
2002	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0	181.3	181.3	180.9
2003	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3
2004	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9	191.0	190.3
2005	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8
2006	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8
2007	202.416	203.499	205.352	206.686	207.949	208.352	208.299	207.917	208.490	208.936	210.177	210.036
2008	211.080	211.693	213.528	214.823	216.632	218.815	219.964	219.086	218.783	216.573	212.425	210.228
2009	211.143	212.193	212.709	213.240	213.856	215.693	215.351	215.834	215.969	216.177	216.330	215.949
2010	216.687	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179
2011	220.223	221.309	223.467	224.906	225.964	225.722	225.922	226.545	226.889	226.421	226.230	225.672
2012	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601
2013	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049
2014	233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812
2015	233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	-

See footnotes at end of table.

CONFERENCES AND MEETINGS

COUNCIL OF THE GREAT CITY SCHOOLS 2016 Conference Schedule

Executive Committee Meeting

January 22-23, 2016
Hilton Garden Inn UTEP, El Paso, TX

HRD/Personnel Directors Meeting

February 9-12, 2016
Renaissance Hotel, Las Vegas, NV

Legislative/Policy Conference

March 19-22, 2016
Renaissance Mayflower Hotel, Washington, DC

Chief Operating Officers Conference

April 12-15, 2016
The Westin Hotel, Charlotte, NC

Bilingual Directors Meeting

May 11-14, 2016
The Lakefront Hotel, Anchorage, AK

Chief Information Officers Meeting

July 11-14, 2016
(Joint meeting with Curriculum & Research Meeting)
PGA National Resort & Spa, Palm Beach, FL

Curriculum & Research Directors' Meeting

July 11-14, 2016
(Joint meeting with CIO Meeting)
PGA National Resort & Spa, Palm Beach, FL

Executive Committee Meeting

July 15-16, 2016
Taj Boston Hotel, Boston, MA

Public Relations Executives Meeting

July 15-17, 2016
Marriott Downtown Hotel, Chicago, IL

Annual Fall Conference

October 19-23, 2016 at the Intercontinental Hotel in Miami, FL
October 18-22, 2017 at the Hilton Hotel in Cleveland, OH
October 24-28, 2018 at the Baltimore Marriott Waterfront in Baltimore, MD

Chief Financial Officers Conference

November 8 – 11, 2016
Hilton Palacio del Rio, San Antonio, TX

**EXECUTIVE COMMITTEE MEETING
JULY 2016**

COUNCIL OF THE GREAT CITY SCHOOLS
SUMMER MEETING OF THE EXECUTIVE COMMITTEE

JULY 15 & 16, 2016

Hosted by
Michael O'Neill, Chair
Boston School Committee

CONFERENCE HOTEL:

Taj Boston Hotel

15 Arlington Street

Boston, MA 02116

Telephone (617) 536-5700

<http://www.tajhotels.com/luxury/city-hotels/taj-boston-boston/overview.html>

GROUP RATE: \$ 265/night for Single and Double Occupancy
Plus 14.45% occupancy tax

Taj Boston, the Crown Jewel of Boston Hotels, occupies the city's most prestigious address at Arlington and Newbury Streets. Renowned for its classic style and award-winning service, this 1927 landmark hotel overlooks the picturesque Public Garden with swan boat rides and the Boston Common's ice-skating at Frog Pond. Surrounded by art galleries, boutiques and restaurants, the hotel is ideally located near the Theatre District, historic sites, shopping at Copley Place and the Hynes Convention Center.

This iconic building underwent a complete restoration in 2002 to celebrate its 75th anniversary. Its prized collection of art and antiques is on display throughout the hotel. The Taj luxury hospitality, services, amenities and enhancements now add a new luster to the hotel's signature settings.

The hotel has 273 guestrooms, including 44 exquisitely designed suites with wood-burning fireplaces.

FALL CONFERENCE 2016

COUNCIL OF THE GREAT CITY SCHOOLS

60th ANNUAL FALL CONFERENCE

**Hosted by the
MIAMI DADE COUNTY PUBLIC SCHOOLS
Miami, FL**

OCTOBER 19 - 23, 2016

CONFERENCE HOTEL:

InterContinental Miami Hotel
100 Chopin Plaza
Miami, FL 33131
(305) 577-1000

GROUP RATE: \$240/night for Single and Double Occupancy
Plus 13% tax

InterContinental Miami Hotel is a 4-star hotel with 641 elegant guestrooms and suites, all of which are equipped with the latest technological features including flat panel TVs and hi-speed internet access. A dramatic marble exterior leads into a newly restyled lobby showcasing an eighteen foot Sir Henri Moore Sculpture that soars towards the sky.

The InterContinental Miami is a waterfront property situated on Biscayne Bay. The 103 Club InterContinental rooms with private club lounge on the 29th floor boasts of a breathtaking panoramic views of the city. The hotel's multiple food and beverage options include two outlets: acclaimed Chef Richard Sandoval's Toro Toro Restaurant and Bar which offers Pan Latin steakhouse featuring small sharing plates and Latin spirits in the hotel's interactive lobby lounge, and Olé Restaurant offering a la carte and gourmet breakfast. By the pool is Blue Water and exclusive dining outside Toro Toro kitchen is the Chef's Table 40. Starbucks is also located in the lobby.



The hotel is just 7.5 miles from Miami International Airport, and just minutes away from Port of Miami. It is 1 mile to the Shops of Mary Brickell Village, 1.5 miles to Adrienne Arsht Center for the Performing Arts, 10 minutes to South Beach, and 5 miles to the Art and Design Districts. It is also walking distance from Miami's most exclusive restaurants, Bayside Marketplace and the American Airlines Arena, home to the Miami Heat.

TENTATIVE OFFSITE VENUES

Wednesday, October 19, 2016 Welcome Reception

Freedom Tower Miami



Originally completed in 1925 as the headquarters and printing facility for the newspaper *The Miami News*. The Miami News vacated the building in 1957 to relocate to a new facility on the [Miami River](#). As refugees from Cuba fleeing [Fidel Castro's](#) communist regime arrived in Miami during the 1960s, the [federal government](#) used the facility to process, document and provide medical and dental services for the newcomers. After the major era of refugees ended in 1972, the federal government sold the building to private buyers in 1974. In 1979, the building was listed on the National Register of Historic Places.

Friday, October 21, 2016 Dinner Cruise

Biscayne Lady Yacht





CALL FOR PRESENTATIONS

An Invitation to Present at the 60th Annual
Fall Conference of the Council of the Great City Schools in
Miami, FL

Urban schools have shown remarkable progress in the past few years; test scores are up, attendance rates are improving, and more students are taking college entrance exams. We invite you to submit a proposal for a 10 minute presentation on what's working for you to improve academic achievement for all students through efforts in one of the following areas:

- Improving Achievement and Closing Gaps in Urban Schools
- Urban School Professional Development
- Urban School Finance
- Urban School Leadership and Governance
- Bilingual Education Programs in Urban Schools
- Special Education Programs in Urban Schools
- Other Initiatives

SUBMITTING A PROPOSAL FOR PRESENTATION

It is our intent that the Annual Conference serves the membership by providing a forum for the presentation, consideration, and discussion of the needs of urban education. This year discussion groups and concurrent breakout sessions will be arranged to facilitate the exchange of information around increasing academic achievement in urban schools.

We invite you to submit a proposal for presentation that addresses how programs, initiatives and/or practices in the areas of closing achievement gaps, professional development, finance, leadership, and bilingual and special education programming are aligned and related to making a difference in improving academic achievement for all students. We are especially interested in receiving proposals that provide clear, convincing data that the program/initiative is effective in raising achievement and closing gaps between students in core academic subjects, such as reading, mathematics, science, and social studies. You may submit more than one program for presentation.

The title and the 75-100 word description should summarize and accurately reflect the content of what you are proposing for the session. As you develop your proposal, think about real and concrete results, what your urban colleagues most want to know, and how your session can be interactive and involve conference attendees in the session.

PRESENTER ELIGIBILITY

The Council asks that all proposals be approved by the appropriate district superintendent and/or college dean in order to be considered for presentation. Please be sure to check the appropriated box on the application form to confirm that the submitted proposal has been approved.

Additionally, we do not allow for-profit consultants, businesses, or organizations to make presentations at the conference. If one of our member districts would like to submit a proposal that speaks to a vendor's product, we will consider the proposal. If such a proposal is accepted, the presentation must be done by a staff member from the district and representatives from the company may not be on the panel.

PRESENTATION FORMAT

The format for presentations is one of concurrent sessions. Each session will include a panel comprised of one or more presenters from different districts or colleges of education or partner organizations presenting on similar topics. All concurrent sessions will be held on **Thursday, October 20th and Friday, October 21st**. Each session will run for approximately one hour and fifteen minutes. **Presenters are to limit formal presentations to approximately 10 minutes.** This will encourage discussion between the panelists and participants and maximize sharing of important ideas and information. All rooms will be arranged in conference-style to facilitate discussion.

ACCEPTANCE NOTIFICATION

The deadline for submitting a proposal is **April 8, 2016**. The receipt of all proposals will be acknowledged by e-mail within a week of submission. All correspondence will be sent to the presenter(s) acknowledged in the submitted proposals. Accepted and declined proposals will be acknowledged via e-mail by June 24, 2016.

STRAND DESCRIPTIONS

Presentations should be designed to help participants:

- Become more knowledgeable about quality programs and practices that promote student achievement
- Develop a deeper understanding of the principles for effective teaching and learning for all students

Priority in selection will be given to proposals that provide clear and convincing data demonstrating that the program/initiative is effective in raising student achievement.

1. **Improving Achievement and Closing Gaps**

This strand seeks proposals about research-based practices and interventions that are having an impact on learning in the core content areas, systemic levers that accelerate academic performance, effectiveness of accountability systems, and practices that can close the significant achievement gaps existing along racial, ethnic, gender, and economic lines.

2. **Urban School Professional Development**

Proposals submitted under this strand might address how different approaches to the recruitment, preparation, induction, and retention of qualified teachers, principals, and school site leaders have impacted student achievement. Of particular interest are proposals addressing methods for evaluating the effectiveness of professional development and individual teachers on student achievement.

3. **Urban School Finance**

Among the key issues that might be addressed in this strand are managing finances to deal with federal, state and local budget cuts, equitable distribution of funding, cost beneficial ways to allocate district resources to boost student achievement, and meeting special education costs.

4. **Urban School Leadership and Governance**

Critical topics that proposals in this strand might address are the recruitment and preparation of personnel for leadership roles, expanding the capacity of building leadership, role of board members, community relationships, and models of effective urban governance and management systems.

5. **Bilingual Education Programming**

Proposals in this strand might include programs that successfully improve student achievement, especially for recent immigrants, older students and long-term ELLs, comprehensive assessment strategies, and the development of curriculum that impact ELL student achievement.

3. **Special Education Programming**

Proposals in this strand might include programs that successfully improve student achievement, especially for students with mental, emotional and physical disabilities, comprehensive assessment strategies, and the development of curriculum that impact special education student achievement.

**Please submit your proposal online at www.cgcs.org
Or complete the attached form and submit by fax, email, or mail by April 8, 2016**

2016 PRESENTATION PROPOSAL FORM

Our urban district, college of education, or non-profit organization would like to make a presentation on ways in which we are improving student achievement through:

- Improving Achievement and Closing Gaps in Urban Schools**
- Urban School Professional Development**
- Urban School Finance**
- Urban School Leadership and Governance**
- Bilingual Programs in Urban Schools**
- Special Education Programs In Urban Schools**
- Other** _____

Title of presentation:

Name and title of person(s) submitting this presentation:

Name of urban school district, college of education, or organization:

Mailing Address:

Phone Number:

Fax Number:

Email Address:

Brief description of presentation (75-100 words):

- By checking this box you have acknowledged that your proposal has been approved by your superintendent or dean.**

**Please submit your proposal online at: www.cgcs.org by April 8, 2016
or email to: myorkman@cgcs.org**

FALL CONFERENCE 2017

COUNCIL OF THE GREAT CITY SCHOOLS

61st ANNUAL FALL CONFERENCE

**Hosted by the
CLEVELAND PUBLIC SCHOOLS
Cleveland, Ohio**

OCTOBER 18 - 22, 2017

CONFERENCE HOTEL:

Hilton Cleveland Downtown
100 Lakeside Avenue East
Cleveland, Ohio 44114
Phone: (216) 413-5000

**GROUP RATE: \$179/night for Single and Double Occupancy
Plus 16.5% tax**

The Convention Center Hotel, Hilton Cleveland Downtown, will connect the new Cleveland Convention Center, the Global Center for Health Innovation, and the downtown mall in a way that has never been done before. With this hotel, the Northeast Ohio region will be in a stronger position than ever to compete on a national and international stage. With the new Hilton Cleveland Downtown in place, the Cleveland Convention Center attendee experience will be world-class.

Hilton Hotels & Resorts, owned by Hilton Worldwide, will operate the hotel. The hotel will feature a 28-story tower filled with 600 guest rooms positioned atop a four-story podium of ballrooms, meeting space, retail space, and lobby. The hotel will feature a rooftop bar as well as underground connections to the Cleveland Convention Center and the Global Center for Health Innovation.

Situated on the site of the former Cuyahoga County Administration Building, the new Hilton Cleveland Downtown is scheduled to open by 2016.



FALL CONFERENCE 2018

COUNCIL OF THE GREAT CITY SCHOOLS

62nd ANNUAL FALL CONFERENCE

**Hosted by the
BALTIMORE CITY PUBLIC SCHOOLS
Baltimore, MD**

OCTOBER 24 - 28, 2018

CONFERENCE HOTEL:

Baltimore Marriott Waterfront
700 Aliceanna Street
Baltimore, MD 21202
(410) 385-3000

GROUP RATE: \$239/night for Single and Double Occupancy
Plus 15.5% tax

Raise your expectations. Then expect to exceed them. Marriott Baltimore Waterfront Hotel is located in the renowned Harbor East neighborhood. Just 15 minutes from BWI Airport, 5 minutes from Penn Station, 5 minutes from Camden Yards Light Rail Station, and 10 minutes to Baltimore passenger cruise ship terminal. A short ride or leisurely walk to the Baltimore Convention Center, Orioles Park at Camden Yards, Raven's M&T Bank Stadium, National Aquarium Baltimore, Fells Point, Little Italy and the Inner Harbor restaurants and shops.



FALL CONFERENCE 2019

Administrative Offices

VanHoose Education Center
P.O. Box 34020
Louisville, Kentucky 40232-4020
(502) 485-3011

September 4, 2014

Mr. Michael Casserly
Executive Director
Council of the Great City Schools
1301 Pennsylvania Avenue, NW Suite 702
Washington, DC 20004

Dear Mr. Casserly:

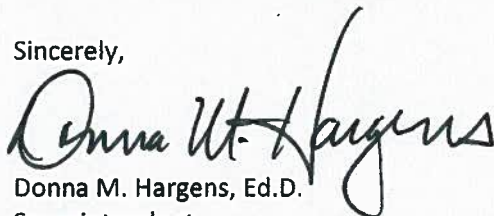
On behalf of the Jefferson County Public School (JCPS) District, I am very excited to submit this proposal to the Council of the Great City Schools to host the 2017, 2018, or 2019 Annual Fall Conference. The attendees will experience our city's unique brand of southern hospitality, spirit, and excitement that has made it one of the top visitor and meeting destinations in the world. From our thriving independent arts and restaurant scene to our world-famous museums and attractions, Louisville is sure to surprise and delight. Partnered with us, we can assure you the Annual Fall Conference will be a huge success!

With JCPS, we fully support the mission of the Council of Great City Schools which states, "It is the special mission of America's urban public schools to educate the nation's most diverse student body to the highest academic standards and prepare them to contribute to our democracy and the global community." With more than 14,000 full-time employees including more than 6,400 teachers, we have the capacity to successfully host a national conference. With more than 4,900 business partnerships, and a very engaged, active public education foundation, we are confident that we can garner extensive community support for this event.

Hosting a conference in Louisville provides a great opportunity to share JCPS' journey to becoming the best urban district in the nation, as well as sharing learning and best practices with other large, urban districts around the country. The city of Louisville has many cultural attractions including Churchill Downs, Slugger Museum and Factory, Muhammad Ali Center, Kentucky Center for the Arts, Kentucky Science Center, Waterfront Park, and many more that would be of great interest to conference attendees, as well as their families.

We appreciate the opportunity to share the many great things that make Louisville such a wonderful community and JCPS such a great, urban school district. We look forward to your response to our proposal, and do not hesitate to contact us if you have any questions or need additional information.

Sincerely,



Donna M. Hargens, Ed.D.
Superintendent

DMH:scf

Diane Porter

Jefferson County Board of Education—District 1
VanHoose Education Center
3332 Newburg Road
P.O. Box 34020
Louisville, Kentucky 40232-4020
(502) 485-3566
porterschoolboard@gmail.com

September 5, 2014

Michael Casserly
Executive Director
Council of the Great City Schools
1301 Pennsylvania Avenue, N.W., Suite 702
Washington, DC 20004

Dear Mr. Casserly:

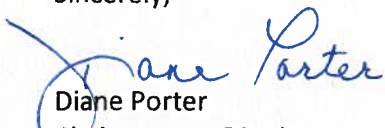
It is my pleasure to write a letter in support of the proposal being submitted to the Council of Great City Schools (CGCS) by the Louisville Convention & Visitors Bureau (LCVB) in collaboration with the Jefferson County Public School (JCPS) District to host the Great City Schools Fall Conference in 2017, 2018, or 2019.

As Chairwoman of the Jefferson County Board of Education, I am excited for the potential opportunity to partner with the Council of Great City Schools to host a conference which focuses on educating the nation's most diverse student body to the highest academic standards and prepare them to contribute to our democracy and the global community. As a large, diverse, urban district, our Board is committed to this same goal as evidenced in our vision, "All JCPS students graduate prepared to reach their full potential and contribute to our society throughout life."

Hosting a conference in Louisville provides a great opportunity to share JCPS' journey to becoming the best urban district in the nation, as well as sharing best practices with other large, urban districts around the country. The city of Louisville has many cultural attractions including Churchill Downs, Ed Hamilton (sculptor) Public Works, Muhammad Ali Center, Kentucky Center for the Arts, Kentucky Museum of Art and Craft, Kentucky Science Center, Louisville Slugger Museum and Factory, and many more that would be of great interest to conference attendees, as well as their families. With more than 14,000 full-time employees, JCPS has the staff capable of assisting with this conference.

We fully support the CGCS continuing to lead the effort to meet the challenge of educating all children to prepare them for work and life. We look forward to sharing all the wonderful things in our community and the great things happening at Jefferson County Public Schools.

Sincerely,


Diane Porter
Chairwoman, District 1

DP:scf

OFFICE MOVE

Office Lease

NATIONAL PLACE LEASE COMPANY, LLC,

Landlord

and



COUNCIL OF THE GREAT CITY SCHOOLS,

Tenant

December 21st, 2015

Property Address:

**1331 Pennsylvania Avenue, N.W.
Washington, D.C.**

INITIAL HERE	
Landlord 	Tenant 

★ ★ ★ ★ ★ ★ ★ ★

The mailing, delivery or negotiation of this Lease by Landlord or its agent or attorney shall not be deemed an offer by Landlord to enter into this Lease or to enter into any other relationship with Tenant, whether on the terms contained herein or on any other terms. This Lease shall not be binding upon Landlord, and Landlord shall not have any obligations or liabilities nor shall Tenant have any rights with respect thereto, or with respect to the Demised Premises, unless and until Landlord has executed and delivered, and Tenant has received, this Lease. Until such execution and delivery of this Lease, Landlord may terminate all negotiation and discussion of the subject matter hereof, without cause and for any reason, without recourse or liability.

★ ★ ★ ★ ★ ★ ★ ★



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Landlord 	Tenant 

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
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TABLE OF EXHIBITS AND RIDERS

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EXHIBIT D	Form of First Amendment to Lease
EXHIBIT E	Rules for Contractors
EXHIBIT F	Form of Letter of Credit
RIDER 1	Rent Abatement
RIDER 2	Extension Option

INITIAL HERE	
Landlord <i>E</i>	Tenant <i>mpc</i>

BASIC LEASE INFORMATION

LANDLORD: National Place Lease Company, LLC

LANDLORD'S ADDRESS FOR NOTICES: 1001 G Street, N.W., Suite 900
Washington, D.C. 20001
Attn: Legal Department, General Counsel
Fax # (202) 638-2301

TENANT: Council of the Great City Schools, an Illinois non-profit corporation

TENANT'S ADDRESS FOR NOTICES:

Prior to taking occupancy: Council of the Great City Schools
 1301 Pennsylvania Avenue, N.W., Suite 702
 Washington, D.C. 20004
 Attn: Michael Casserly, Executive Director

Following occupancy: At the Demised Premises
 Attn: Michael Casserly, Executive Director

BUILDING: The multi-use office, commercial, parking and legitimate theatre project located at: 1331 and 1325 Pennsylvania Avenue, Washington, D.C.

LAND: The tax lot on which the Building is situated.

PROPERTY: The Building and the Land.

DEMISED PREMISES: The premises located on a portion of the eleventh (11th) floor of the Building, as more fully described in Section 1 of the Lease and shown on the floor plan attached as **Exhibit A** to the Lease.

GROSS OFFICE RENTABLE AREA OF THE BUILDING: 410,205 square feet, which is the gross rentable area of the above-grade office space in the Building, as determined by Landlord's architect pursuant to the modified BOMA Method of Measurement (ANSI-1996) ("**BOMA**"). All references to "Gross Rentable Area" mean measurements done pursuant to BOMA.

GROSS RENTABLE AREA OF THE DEMISED PREMISES: 8,293 square feet, which is the gross rentable area of the Demised Premises, as determined by Landlord's architect pursuant to BOMA. The measurement of the initial Demised Premises shall not change during the Term, except pursuant to an expansion or contraction of the Demised Premises pursuant to the terms of the Lease.



LEASE COMMENCEMENT DATE: July 1, 2016, subject to adjustment pursuant to Section 2 of the Lease.

LEASE EXPIRATION DATE: June 30, 2027, subject to adjustment pursuant to Section 2 of the Lease.

TERM: One Hundred Thirty-Two (132) full calendar months from and after the Lease Commencement Date, unless the Term is extended or is earlier terminated in accordance with the terms of this Lease.

BASE RENT: The base rent payable by Tenant with respect to the

vi

INITIAL HERE	
Landlord 	Tenant 

Demised Premises for the indicated periods during the Term shall be as follows:

Period	Rate per Square Foot	Base Rent	Monthly Base Rent
Lease Commencement Date – 12/31/17	\$43.00	\$356,598.96*	\$29,716.58
1/1/18 – 12/31/18	\$44.08	\$365,555.40	\$30,462.95
1/1/19 – 12/31/19	\$45.18	\$374,677.80	\$31,223.15
1/1/20 – 12/31/20	\$46.31	\$384,048.84	\$32,004.07
1/1/21 – 12/31/21	\$47.47	\$393,668.76	\$32,805.73
1/1/22 – 12/31/22	\$48.66	\$403,537.44	\$33,628.12
1/1/23 – 12/31/23	\$49.88	\$413,654.88	\$34,471.24
1/1/24 – 12/31/24	\$51.13	\$424,021.08	\$35,335.09
1/1/25 – 12/31/25	\$52.41	\$434,636.16	\$36,219.68
1/1/26 – 12/31/26	\$53.72	\$445,500.00	\$37,125.00
1/1/27 – Lease Expiration Date	\$55.06	\$456,612.60*	\$38,051.05
[*on an annualized basis]			

RENTAL ABATEMENT:

Twelve (12) months of Base Rent will be abated pursuant to, and as more particularly provided in, **Rider 1**.

ADVANCE RENT:

One (1) months' Base Rent (equal to \$29,716.58).

EXPENSE SHARE STOP:

The amount obtained by dividing (i) the sum of the Real Estate Taxes (as defined in Section 4 of the Lease) plus the Operating Costs (as defined in Section 4 of the Lease) incurred during calendar year 2016 by (ii) the Gross Office Rentable Area of the Building.

BROKERS:

Cushman & Wakefield, as Landlord's broker, and DiRenzo Realty, LLC, as Tenant's broker.

SECURITY DEPOSIT AMOUNT:

\$29,716.58.

TENANT WORK ALLOWANCE:

Eighty-Seven Dollars (\$87.00) per square foot of Gross Rentable Area of the Demised Premises, subject to a Five Dollar (\$5.00) per square foot deferral pursuant to the terms of **Exhibit B**.

BUILDING HOURS:

Between 8:00 a.m. and 7:00 p.m., Monday through Friday and between 9:00 a.m. and 3:00 p.m. on Saturdays, except Holidays (hereinafter defined). The term "**Holidays**" shall mean any and all federally designated holidays.

PARKING SPACES:



Eight (8) monthly parking contracts for unreserved parking spaces.

EXTENSION OPTION:

Tenant has a right to negotiate to extend the Term for one (1) additional period of five (5) consecutive years pursuant to, and as more particularly provided in, **Rider 2**.

INITIAL HERE	
Landlord <i>EG</i>	Tenant <i>MDC</i>

The foregoing Basic Lease Information is hereby incorporated into and made a part of the Lease. Each of the above items in the left hand column that are bolded and capitalized shall be deemed a defined term under the Lease. Each reference in the Lease to any information and definitions contained in the Basic Lease Information shall mean and refer to the information and definitions hereinabove set forth. References in this document to the "**Lease**" shall mean the Basic Lease Information, the body of the Lease, and any Exhibits, Addenda, or Riders thereto. The provisions of the body of the Lease shall be read to implement the Basic Lease Information.

INITIAL HERE	
Landlord	Tenant
	

LEASE

THIS LEASE is made and entered into on the date set forth on the cover page hereof by Landlord and Tenant.

1. Demised Premises.

(a) Landlord hereby conveys, bargains, grants and leases a leasehold interest in the Demised Premises to Tenant, and Tenant hereby leases a leasehold interest in the Demised Premises from Landlord, for the Term and upon the terms and conditions hereinafter provided. Landlord shall finish the Demised Premises in accordance with, and subject to the provisions set forth in **Exhibit B** attached hereto and made a part hereof. It is understood and agreed that Landlord will not make, and is under no obligation to make, any structural or other alterations, decorations, additions or improvements in or to the Demised Premises from its "as is" condition, except as set forth in **Exhibit B** attached hereto.

(b) No easement for light and air is incorporated in the Demised Premises. The Gross Rentable Area of the Demised Premises set forth in the Basic Lease Information shall conclusively be deemed to be the Gross Rentable Area of the Demised Premises for purposes of this Lease.



2. Term.

(a) (1) This Lease shall be effective as of the date hereof. The Term shall commence on the Lease Commencement Date and expire at midnight on the Lease Expiration Date. In the event that the Demised Premises are not substantially completed, or Landlord is otherwise unable to tender possession of the Demised Premises to Tenant, by the Lease Commencement Date for any reason or cause, other than as a result of a Tenant-Caused Delay (as defined in **Exhibit B** attached hereto), then the Lease Commencement Date shall be delayed and shall be the earlier of (i) the date that the Demised Premises are occupied by Tenant or (ii) the date that the Demised Premises are substantially completed (as defined in Section 2(a)(2), below) and possession of the Demised Premises is tendered to Tenant. In the event the Lease Commencement Date is delayed, Landlord shall not be liable or responsible for any claims, damages, or liabilities by reason of such delay and the Lease Expiration Date shall be postponed by the same number of days the Lease Commencement Date is delayed. Notwithstanding the foregoing, in the event that the Demised Premises are not substantially completed, or Landlord is otherwise unable to tender possession of the Demised Premises to Tenant, by the Lease Commencement Date as a result of a Tenant-Caused Delay (as defined in **Exhibit B**), then the Lease Commencement Date and all the obligations of Tenant hereunder, including, but not limited to, the obligations of Tenant to pay Base Rent and Additional Rent, shall not be delayed and shall begin on [the Lease Commencement Date specified in the Basic Lease Information. If, as a result of the provisions of this Section 2, the Lease Expiration Date would be a day other than the last day of the month, the Lease Expiration Date shall be extended through the last day of the month.

(2) For purposes of this Lease, the Demised Premises shall be deemed substantially completed when all items of Tenant Work, excluding specialized or long lead time items, have been completed, subject only to punch list items of work which do not substantially interfere with Tenant's use of the Demised Premises for general office use.

(b) In the event the Demised Premises are occupied by Tenant prior to the Lease Commencement Date (subject to the terms of Section 2(d), below), such tenancy shall be deemed to be by the day, and all of Tenant's obligations hereunder shall commence as of the first day of such occupancy, and the length of the Term shall be appropriately adjusted so that the Lease Expiration Date is as stated in the Basic Lease Information. The foregoing sentence shall not be deemed to imply a right of Tenant to occupy the Demised Premises prior to the Lease Commencement Date (subject to the terms of Section 2(d), below).

(c) Tenant shall execute and deliver a First Amendment to Lease (setting forth the Lease Commencement Date and Lease Expiration Date and otherwise substantially in the form of **Exhibit D**

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attached hereto and made a part hereof) within five (5) days after Landlord prepares and provides such First Amendment to Tenant.



(d) In the event that the Demised Premises is not substantially completed by Landlord on or before the Abatement Date (hereinafter defined), then Tenant shall be entitled to an abatement of one (1) day of Base Rent (the "Per Diem Base Rent") for each day that substantial completion of the Demised Premises is delayed beyond the Abatement Date as a result thereof. The Per Diem Base Rent shall be (i) the Base Rent payable hereunder during the first Lease Year, divided by (ii) three hundred sixty-five (365). The "Abatement Date" shall be the date that is sixty (60) days after the Lease Commencement Date (as set forth in the Basic Lease Information), which Abatement Date shall be extended by one (1) day for each day that substantial completion of the Demised Premises is delayed as a result of any Tenant-Caused Delay or event of Force Majeure (hereinafter defined). The term "Lease Year" shall mean each calendar year during the Term, except the first Lease Year shall mean the period commencing on the Lease Commencement Date and expiring on December 31, 2017, as set forth in the Basic Lease Information.

(e) Subject to the terms and conditions set forth below and provided that Tenant has furnished Landlord with evidence of Tenant's insurance in accordance with the terms of Section 12, below, Tenant and its consultants and contractors shall be permitted to enter the Building and the Demised Premises during the fourteen (14) day period (the "Pre-Occupancy Period") immediately preceding the Lease Commencement Date for the purpose of installing Tenant's furniture, fixtures, equipment and cabling and wiring in the Demised Premises; provided that such access by Tenant during the Pre-Occupancy Period shall not interfere with, or delay the completion of, the Tenant Work. Tenant shall not be required to pay any Rent (hereinafter defined) in connection with its entry into the Demised Premises during the Pre-Occupancy Period. In connection with the undertaking of any work by Tenant in the Demised Premises during the Pre-Occupancy Period, Tenant's contractors shall comply with the Rules for Contractors attached hereto as Exhibit E. Landlord shall determine, and give reasonable advance notice to Tenant of, the days and hours of the day during which Tenant's contractors may undertake work in the Demised Premises during the Pre-Occupancy Period in order to coordinate such schedules with those of the contractors and subcontractors performing portions of the Tenant Work, which schedule shall be subject to change by Landlord upon reasonable advance notice to Tenant. Any delay in completing the Tenant Work resulting from (i) Tenant's contractors' failure to abide by the terms of such schedule, or (ii) interference by Tenant's contractor(s) with the contractors and subcontractors undertaking the Tenant Work shall constitute a Tenant-Caused Delay, and the Lease Commencement Date shall be deemed to have occurred as of the date the Lease Commencement Date would have otherwise occurred but for such Tenant-Caused Delay.

3. Base Rent; Additional Rent.

(a) (1) Base Rent is the amount set forth in the Basic Lease Information as it may be adjusted from time to time pursuant to the terms of the Lease. "Additional Rent" is any and all rent, payments, charges and all other monetary sums, other than Base Rent, payable hereunder, whether due and payable immediately or in monthly installments. Throughout this Lease, Base Rent and Additional Rent are sometimes collectively referred to as the "Rent."



(2) Base Rent shall be due and payable, in advance, in equal monthly installments, commencing on the Lease Commencement Date, subject to the terms of Rider 2. Tenant's Expense Increase Share (as hereinafter defined) shall be due and payable, in advance, in equal monthly installments, commencing on January 1, 2018. Advance Rent (as defined in the Basic Lease Information) shall be paid upon the signing of this Lease, and shall be applied toward the first installment of Base Rent coming due under this Lease. Base Rent for any partial month during the Term shall be prorated on a daily basis based upon a thirty (30)-day month and shall be paid in advance. All payments of Base Rent shall be due and payable on the first day of each and every calendar month during the Term for which Base Rent is due and payable. All payments of Additional Rent shall be due and payable on the first day of each and every calendar month during the Term (unless otherwise expressly provided in other Sections of this Lease or in a written notice from Landlord). All payments of Rent shall be made to Landlord at Landlord's Address for Notices as set forth in the Basic Lease Information, or to such other party or at such other office as Landlord may designate from time to time by written notice to Tenant. All

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payments of Rent shall be made without deduction, set off or counterclaim, and, except as otherwise expressly set forth herein, without demand, notice or invoice. If Landlord shall at any time or times accept Rent after it shall become due and payable, such acceptance shall not excuse delay upon subsequent occasion, or constitute, or be construed as, a waiver of any or all of Landlord's rights hereunder. Tenant shall not pay any Rent more than thirty (30) days prior to the date such Rent is due, without Landlord's written consent; and in the event Tenant does pay any Rent more than thirty (30) days prior to the date such Rent is due, Landlord shall be entitled (but shall have no obligation) to return such Rent, hold such Rent as a security deposit in accordance with the terms of this Lease or apply such Rent against the next payment of Rent coming due under this Lease. If the address designated by Landlord for payment of Rent hereunder is a lock box collection agent, then for purposes of this Lease, no such payment shall be deemed "accepted" by Landlord if such payment is made to Landlord and not to the lock box collection agent and within thirty (30) days after Landlord's receipt of same Landlord either (i) issues a check payable to Tenant in the amount sent to Landlord or (ii) returns the payment. Notwithstanding anything contained herein to the contrary, no acceptance of Rent shall be deemed a waiver of any breach by Tenant or of any right or remedy of Landlord on the account of any breach hereunder (including the failure to timely pay such Rent). In addition, any acceptance of less than the full amount of any Rent payable hereunder shall not be deemed a release of Tenant's obligation to pay the remainder, nor constitute an accord and satisfaction or a waiver of any rights or remedies of Landlord available on account thereof.

(b) Tenant shall pay to Landlord, at Landlord's Address for Notices set forth in the Basic Lease Information (or such other place or to such agent as Landlord may from time to time designate in writing), any and all installments of Base Rent and Additional Rent (whether such Additional Rent is being paid on an installment or other basis) in immediately available funds in lawful United States legal tender (or by good check drawn on a United States bank) to be received by Landlord on or before the date the same become due and payable. If Landlord receives two (2) or more checks from Tenant which are returned by Tenant's bank unpaid for any reason or, if there shall exist a default (beyond any applicable notice and cure period), Tenant agrees that all payments thereafter shall be by wire transfer, bank certified check or bank cashier's check.

(c) If Tenant fails to pay in the manner provided in Section 3 hereof any installment of Base Rent or any Additional Rent (whether such Additional Rent is being paid on an installment or other basis) on or before the date the same becomes due and payable, such unpaid installment of Base Rent or Additional Rent, as the case may be, shall bear interest at the Interest Rate (hereinafter defined) per annum from the date such installment of Base Rent or Additional Rent became due and payable to the date of the payment thereof by Tenant. The term "Interest Rate" shall mean the greater of the following rates on a per annum basis: (i) eight percent (8%), or (ii) the Prime Rate in effect from time to time (as published from time to time by The Wall Street Journal, which rate is currently calculated based upon the corporate loan rates of the nation's largest banks), plus three percentage points (3%). In addition, if Tenant fails to pay in the manner provided in Section 3 hereof any such installment of Base Rent or Additional Rent within five (5) days after the same becomes due and payable, Tenant shall pay to Landlord a late payment charge equal to five percent (5%) of the amount of such installment of Base Rent or Additional Rent; provided, however, that on the first occasion of the late payment of Rent in any twelve (12)-month period, and no more than once in any twelve (12)-month period, Landlord agrees to waive its right to collect late charges on such payment of Rent if such payment is made no later than the fifth (5th) day after Landlord delivers to Tenant written notice of such late payment. No payment by Tenant of any interest or late payment charge shall relieve Tenant from the obligation to make any other payments due under this Section 3 or any other provision of this Lease. Such interest and late payment charge shall constitute Additional Rent due and payable with the next monthly installment of Base Rent and, where applicable, Additional Rent. If Landlord does not bill Tenant for such interest or such late payment charge at the time of their respective accruals, such fact shall not be deemed a waiver by Landlord of its right to accumulate such interest and charges and to invoice Tenant on a periodic basis, nor shall Landlord be deemed to waive its right to such interest and charges or to any other amount owed or which becomes payable to it hereunder by Landlord's acceptance of any payment from, or by Landlord's furnishing services to, a party other than Tenant.

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4. Real Estate Taxes and Operating Costs.



(a) (1) For each Operating Cost Year (hereinafter defined), beginning on January 1, 2018, Tenant shall pay to Landlord, as Additional Rent, an amount ("**Tenant's Expense Increase Share**") determined as follows: the Real Estate Taxes (as hereinafter defined) and Operating Costs (as hereinafter defined) of the Building for the Operating Cost Year shall be totaled. That sum shall be divided by the number of the Gross Office Rentable Area of the Building. From that quotient shall be subtracted the Expense Share Stop. The result shall be multiplied by the Gross Rentable Area of the Demised Premises, and that product shall in turn be multiplied by a fraction, the numerator of which shall be the number of days of the Operating Cost Year that occur during the Term ("**Applicable Days in Operating Cost Year**") and the denominator of which shall be 365. An "**Operating Cost Year**" shall mean each entire calendar year that occurs either entirely within or partially within the Term commencing with calendar year 2018, it being understood that the entire calendar year in which the Term ends shall also be an Operating Cost Year. The product so determined shall be the dollar amount of Tenant's Expense Increase Share for such Operating Cost Year.

The foregoing calculation may be stated as a formula as follows:

$$\begin{array}{l}
 \text{Tenant's Expense} \\
 \text{Increase Share} \\
 \text{Area of the Building} \\
 \\
 \text{Gross Rentable Area of the Applicable Days in the Operating Cost Year} \\
 \\
 \text{Demised Premises } 365
 \end{array}
 =
 \left[
 \begin{array}{l}
 \text{Real Estate Taxes \& Operating Costs} \\
 \text{Expense} \\
 \text{Share Stop}
 \end{array}
 \right]
 \times
 \frac{\text{Gross Rentable Area of the Applicable Days in the Operating Cost Year}}{\text{Demised Premises } 365}$$



(2) Landlord shall have the right to elect, at any time or times during the Term, to change the Operating Cost Year from a calendar year to a fiscal year selected by Landlord. In the event Landlord makes such election (i) the Operating Cost Year shall be the new fiscal year selected by Landlord; and (ii) Tenant shall pay, and there shall be a separate calculation for, Tenant's Expense Increase Share in respect of the period beginning with the expiration of the previous Operating Cost Year and ending on the day prior to the first day of the new Operating Cost Year selected by Landlord, such period being hereinafter referred to as the "**Stub Period.**" Tenant's Expense Increase Share for the Stub Period shall be determined by multiplying Tenant's Expense Increase Share for the calendar year in which the Stub Period occurs by a fraction, the numerator of which shall be the number of months in the Stub Period, and the denominator of which shall be twelve (12). If Landlord changes the Operating Cost Year from a calendar year to a fiscal year, Landlord shall make the calculation set forth in this Section 4(a)(2) in a fair and equitable manner, avoiding economic distortions.

(b) "**Real Estate Taxes**" are hereby defined as any and all taxes, fees, charges and assessments (including without limitation, any payments to a business improvement district or similar entity and any payments "in lieu of" taxes, such as that portion of any ground rent payments made by Landlord that represent the pass-through of real estate taxes from any ground lessor to Landlord) allocable to the Building (except for that portion thereof that is allocable by Landlord to the retail space in the Building) and the Land, general and special, ordinary and extraordinary, foreseen or unforeseen, assessed, levied, or imposed upon the Building and the Land by any governmental, quasi-governmental, public or other authority having jurisdiction over the Building and the Land. Except for the taxes, fees, charges and assessments described in the next succeeding sentence, Real Estate Taxes shall not include any federal or state income tax, franchise taxes, transfer, inheritance or capital stock taxes. Taxes shall also exclude any interest or penalties arising by reason of the late payment of same, provided that Tenant is current on all payments of Rent payable to Landlord at the time such Taxes were due and at the time any penalties or interest was incurred. If as of the date hereof or at any time during the Term

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there shall be imposed by any governmental, quasi-governmental, public or other authority having jurisdiction over the Building and the Land a gross receipts tax or other tax, fee, charge and/or assessment of any kind or nature upon, against or with respect to the Base Rent and/or Additional Rent payable hereunder or otherwise received from the Building, either in substitution of all or any part of the taxes, fees, charges and assessments levied or assessed against the Property, or in addition thereto, the entire amount of such gross receipts tax or other tax, fee, charge or assessment payable on account of the Base Rent and/or Additional Rent (as determined by Landlord) shall be paid promptly by Tenant whether such gross receipts tax or other tax, fee, charge or assessment is imposed nominally on Landlord or Tenant, such payment to be made either directly to the appropriate government, quasi-governmental, public or other authority (if such is required by such authority) or indirectly, by payment as Additional Rent to Landlord, which shall in turn be required to promptly pay over amounts received by it pursuant to the foregoing provisions to such authority.

(c) "Operating Costs" are hereby defined as any and all expenses, costs and disbursements relating to or allocable to the Building, including, without limitation, the cost of heating; cooling; utilities; insurance; janitorial and cleaning service; lobby host, if any is provided by Landlord; security services, if any are provided by Landlord; salaries, wages and other personnel costs of engineers, superintendents, watchmen and other Building employees, and other employees of Landlord and the employees of Landlord's agents and contractors allocable to Building or Property-related matters (provided, however, to the extent that employees of Landlord or employees of Landlord's agents are not assigned exclusively to the Building or the Property, then Operating Costs shall include only the portion of their salaries, wages and other personnel costs that Landlord reasonably allocates to the Building or the Property); charges under all maintenance, repair and service contracts, including, without limitation, for chillers, boilers, controls and/or elevators, security systems, exterior window cleaning, landscaping, common areas, public areas, lobbies, and Building and Land maintenance; all maintenance and repair expenses including, without limitation, the cost of all warranties included in contracts for the provision of materials or services to the Building to the extent the cost of such warranty is separately stated in such contract; the cost of enforcing warranties; the cost of supplies which are deducted (and not capitalized) for federal income tax purposes; management fees (except to the extent in excess of Permitted Management Fees, hereafter defined); accounting costs and fees; expenses incurred for attorneys or other third parties to appeal real estate tax assessments, including without limitation the expenses incurred to review the feasibility thereof; the cost of cleaning, repairing, maintaining and operating any Common Facilities; and all other costs and expenses incurred by Landlord in connection with the operation, servicing, maintenance and repair of the Building and the Land, including, without limitation, annual amounts amortizing the cost (together with interest on the unamortized portion thereof at the rate of ten percent (10%) per annum) of the following items incurred during the Term ("**Permitted Capital Expenditures**"): (i) furniture, fixtures, energy-saving and other equipment owned by Landlord and used in connection with the Building or the Land (including, without limitation, equipment used to maintain other equipment and all tools) and (ii) capital expenditures incurred either to reduce Operating Costs or to comply with any law, order or regulation of any governmental, quasi-governmental, public or other authority first effective after the date hereof. The term "**Permitted Management Fees**" shall mean the greater of (i) the market rate for management fees from other first-class office buildings in the general location of the Building providing services similar to, and to the same level as, those provided for the Building, and (ii) three percent (3%) gross receipts from the Building, which amount will be subject to increase based upon the gross up provisions of Section 4(f) hereof. Operating Costs shall not include (i) depreciation of the Building (except as otherwise provided herein), (ii) payments of principal and interest on any mortgages (hereinafter defined) encumbering the Building; (iii) the cost of painting, decorating or renovating a specific tenant's space (specifically excluding base building improvements and systems and the common areas of the Property), unless such items are similarly provided to, or benefit generally, other tenants in the Building; (iv) the cost of any repair, restoration, replacement or other item, to the extent Landlord is actually reimbursed therefor by insurance, warranties or condemnation proceeds; (v) leasing commissions, attorneys' fees and advertising costs incurred by Landlord to lease space in the Building to tenants or prospective tenants of the Building or in connection with disputes with tenants; and (vi) rental payments made under any ground lease, except with respect to any portion thereof relating to the pass-through of any operating costs or real estate taxes incurred by the ground lessor; (vii) expenses for any item or service not offered to Tenant, but provided to certain other tenant(s) in the Building without a

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charge therefor, (viii) expenses incurred by Landlord in connection with any financing or sale of the Building or the Land; (ix) improvements that under generally accepted accounting principles are properly classified as capital improvements, other than Permitted Capital Expenditures; (x) salaries of employees above the grade of building superintendent or building manager who are not assigned exclusively to the Building, other than the vice president and the assistant vice president of operations, operation center employees and other employees that provide engineering, repair, maintenance, operation and security services to the Building and other buildings managed by Landlord (or an affiliate of Landlord); provided, however, that the reasonable compensation paid for such operation center employees and such other employees providing the foregoing services shall be allocated among the buildings to which its services relate, and Operating Costs shall include only the portion thereof that Landlord allocates to the Building; (xi) general overhead and administrative expenses of Landlord relating to maintaining Landlord's existence and functioning either as a corporation, partnership or other entity (as opposed to such costs relating to the Building operations and management, which may be included in Operating Costs); (xii) the profit increment paid by Landlord for services to a corporation or entity controlled by or under common control with Landlord, to the extent the total amounts paid by Landlord for such services are not comparable to amounts paid for similar services provided to Class A office buildings in Washington, D.C. providing services similar to, and to the same level as, those provided for the Building; it being understood that for purposes of this exclusion item, "control" shall be deemed to be ownership of more than fifty percent (50%) of the stock or other voting interest of the controlled corporation or other business entity; (xiii) any costs of repairs incurred as a result of the gross negligence or willful misconduct of the Landlord, but only to the extent such costs would not have been incurred but for such gross negligence or willful misconduct; (xiv) penalties or fines incurred due to the violation by the Landlord (with actual knowledge of such violation) of any laws, rules, regulations or ordinances applicable to the Building, unless the violation results from the act or omission of Tenant, any other tenant of the Building or any other cause other than Landlord's act or omission; (xv) any interest or penalties due for late payment by Landlord of any of the Operating Costs, provided that Tenant is current on all payments of Rent payable to Landlord at the time such Operating Costs were due and at the time any penalties or interest was incurred; (xvi) costs which apply solely to the retail space in the Building; (xvii) rentals for equipment (except for temporary rentals or rentals needed in connection with emergencies or normal repairs and maintenance of permanent systems) which if purchased, rather than rented, would constitute a capital improvement (except for items that would be Permitted Capital Expenditures and equipment not affixed to the Building which is used in providing janitorial, security, or other similar services); and (xviii) costs and expenses of remediating Hazardous Materials on, under or about the Building or Land to the extent such Hazardous Materials (a) exist therein as of the date hereof in violation of any Applicable Laws then in effect or (b) were introduced to the Building by Landlord, or its agents or employees in violation of any Applicable Laws then in effect.

Notwithstanding anything to the contrary set forth in this Lease, Landlord shall not include in Operating Costs during any calendar year of the Term up to and through calendar year 2022 that portion of Controllable Expenses (hereinafter defined) during such calendar year which exceeds the Controllable Expenses Cap (hereinafter defined) for such calendar year. As used herein, the term "Controllable Expenses Cap" for (i) calendar year 2016 shall be the aggregate amount of Controllable Expenses incurred in calendar year 2016, and (ii) for each calendar year thereafter shall be an amount equal to the greater of (a) one hundred five percent (105%) of the Controllable Expenses Cap that was effective in the immediately preceding calendar year or (b) one hundred five percent (105%) of the actual amount of Controllable Expenses incurred in the immediately preceding calendar year. As used herein, the term "Controllable Expenses" shall mean the following categories of Operating Costs, except to the extent the cost of any item in such categories (including without limitation any compensation or fees paid to an individual or entity) is established by a collective bargaining or similar agreement: (A) management fees; (B) janitorial services; (C) landscaping costs; (D) elevator maintenance contract; and (E) fixed-price service contracts, but only to the extent such costs are within the exclusive control of Landlord to determine. Notwithstanding the foregoing, the terms of this paragraph shall not preclude Landlord from passing through Controllable Expenses in calendar years following the calendar year in which such Controllable Expenses were incurred if such Controllable Expenses, when added to Controllable Expenses incurred in a subsequent calendar year, do not exceed the Controllable Expenses Cap for any such subsequent calendar year.

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(d) At any time or times prior to or during an Operating Cost Year from and after calendar year 2018, Landlord may submit to Tenant a statement ("**Estimate Expense Statement**") of Landlord's estimates of Tenant's Expense Increase Share for such Operating Cost Year. If such estimate is submitted prior to an Operating Cost Year, Tenant shall pay to Landlord one-twelfth (1/12) of the amount so estimated on the first day of each month in advance, commencing on the first day of the Operating Cost Year. In the event such estimate is submitted during an Operating Cost Year, Tenant shall continue paying the previous Operating Cost Year's Tenant's Expense Increase Share until such estimate is submitted. Within thirty (30) days after such Estimate Expense Statement is submitted to Tenant, Tenant shall (i) make a lump sum payment to Landlord equal to one-twelfth (1/12) of the difference between Tenant's Expense Increase Share for the current Operating Cost Year and Tenant's Expense Increase Share for the previous Operating Cost Year, multiplied by the number of months in such current Operating Cost Year that will have elapsed prior to the first monthly payment required by clause (ii) hereof, and (ii) begin paying to Landlord, as Additional Rent, due and payable on the first day each month, an amount equal to one-twelfth (1/12) of Tenant's Expense Increase Share. After the expiration of each Operating Cost Year and the preparation of the annual statement of Real Estate Taxes and Operating Costs for such Operating Cost Year (which Landlord shall use reasonable efforts to perform within one hundred eighty (180) days following the expiration of each Operating Cost Year), Landlord shall submit to Tenant a statement ("**Expense Statement**") showing the determination of Tenant's Expense Increase Share. If such Expense Statement shows that the total of Tenant's monthly payments pursuant to this Section 4(d) exceed Tenant's Expense Increase Share, then Landlord shall credit such excess against the next installments of Tenant's Expense Increase Share coming due; provided that if the Term has expired, Landlord will refund such overpayment with the notice. Notwithstanding the foregoing, Tenant shall not be entitled to such credit or refund while Tenant is in default under any provision of this Lease; provided, however, Landlord shall be entitled to apply such credit or refund toward any monies owed by Tenant to Landlord. If such Expense Statement shows that Tenant's Expense Increase Share exceeded the aggregate of Tenant's monthly payments pursuant to this Section 4(d) for the preceding Operating Cost Year, then Tenant shall, within thirty (30) days after receiving the Expense Statement, pay such deficiency to Landlord. Monthly estimated payments of Tenant's Expense Increase Share for a partial Operating Cost Year shall be made on the same basis as set forth above in this Section 4(d).

(e) If Real Estate Taxes paid by Landlord for an Operating Cost Year, or any part thereof, for which Tenant has paid Tenant's Expense Increase Share, are refunded to Landlord as a result of a final determination of such Real Estate Taxes, then, Tenant shall be entitled to a refund of Tenant's Expense Increase Share in an amount equal to Tenant's share of such refund (net of expenses incurred to obtain the refund). Landlord shall notify Tenant of the amount of any refund due Tenant, and Landlord shall credit such refund against the next installments of Tenant's Expense Increase Share coming due; provided that if the Term has expired, Landlord will pay such refund to Tenant within thirty (30) days after its receipt of such refund. Notwithstanding the foregoing, Tenant shall not be entitled to such credit or refund while Tenant is in default under any provision of this Lease provided; however, Landlord shall be entitled to apply such credit or refund toward any monies owed by Tenant to Landlord. Landlord shall make reasonable efforts to locate Tenant if Real Estate Taxes accruing during the Term are refunded after the Term has ended. If Landlord is, despite such effort, unable to locate Tenant, then Landlord shall be entitled to retain the refund for its own use.



(f) If for any period during the Term less than ninety-five percent (95%) of the Gross Office Rentable Area of the Building is occupied by tenants, then, in calculating Operating Costs for such period, Landlord shall increase those components of Operating Costs (that vary with occupancy) that Landlord reasonably believes would have been incurred during such period assuming the Building were ninety-five percent (95%) occupied. In addition, if for any period during the Term any part of the Building is leased to a tenant who, in accordance with the terms of its lease, provides its own cleaning services and/or any other services otherwise included in Operating Costs, then Operating Costs for such period shall be increased by the additional costs for cleaning and/or such other applicable expenses that Landlord reasonably estimates would have been incurred by Landlord if Landlord had furnished and paid for cleaning and/or such other services for the space occupied by such tenant.

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5. Use of Demised Premises.

(a) Tenant will use and occupy the Demised Premises solely for general office purposes consistent with a first-class office building in the metropolitan Washington, D.C. area, and in accordance with the use permitted under applicable zoning regulations. The Demised Premises will not be used for any other purposes. Tenant will not use or occupy the Demised Premises for any unlawful purpose. Tenant, at Tenant's sole expense, shall comply with, and make any and all alterations to and within the Demised Premises in the manner allowed under Section 9 hereof as may be necessary to effect compliance with, any and all present and future laws, rules, ordinances, regulations, and orders of any governmental, quasi-governmental, public or other authority having jurisdiction over the Property (or any part thereof), including without limitation The Americans with Disabilities Act (collectively, the "**Applicable Laws**"). Except as provided in the immediately following sentence, Tenant shall not be required to make any alterations to the common areas of the Building or any common restrooms in the Demised Premises (i.e., the restrooms on a floor leased entirely by Tenant that would have been part of the common area had Tenant not leased the entire leasable area on such floor) in order to comply with the Americans with Disabilities Act ("ADA"). Notwithstanding anything contained in this Lease to the contrary, if Landlord makes any alteration to any part of the Property in order to comply with (or cure a violation of) any requirement of any Applicable Laws (including without limitation, any requirement of ADA) and such requirement (or violation) is a result of Tenant's particular business or use of the Demised Premises or results from any damage or alteration to the Demised Premises caused or made by or on behalf of Tenant, then Tenant shall reimburse Landlord for the cost thereof within thirty (30) days after Landlord provides to Tenant an invoice therefor. Tenant warrants that it has entered into this Lease entirely for a business or commercial purpose and that it shall not use the Demised Premises for any residential purpose, or for any retail purpose. If any Applicable Law requires a permit or license for Tenant's operation of the business conducted in the Demised Premises (other than a certificate of occupancy for general office use), then Tenant shall obtain and keep current such permit or license at Tenant's expense and shall promptly deliver a copy thereof to Landlord. Tenant shall not do or permit anything to be done in or about the Demised Premises which will in any way obstruct or interfere with the rights of other tenants of the Building, or injure or annoy them; use or allow the Demised Premises to be used for any improper, immoral, or objectionable purpose; cause, maintain or permit any nuisance in, on, or about the Demised Premises or commit or allow to be committed any waste in, on, or about the Demised Premises. Tenant shall keep all doors leading from the Demised Premises to the rest of the Building closed when not in use. Tenant shall (i) maintain the Demised Premises in a clean, orderly, and sanitary condition, free of insects, rodents, vermin and other pests, subject however to Landlord's obligations set forth herein to provide janitorial services, (ii) keep all mechanical apparatus free of vibration and noise, (iii) comply with the reasonable recommendations of Landlord's casualty insurer(s) and other applicable insurance rating organizations now or hereafter in effect, and (iv) conduct its business in all respects in a dignified manner in accordance with high standards of operation consistent with the quality of operation of the Building. Tenant shall not solicit any business in the common areas of the Building.

(b) In addition to and not in limitation of the other restrictions on use of the Demised Premises set forth in this Section 5, Tenant hereby agrees that the following uses of the Demised Premises shall not be considered to be "office use" and shall not be permitted: (1) any use of the Demised Premises by an organization or person enjoying sovereign or diplomatic immunity; (2) any use of the Demised Premises by or for any medical, mental health or dental practice; (3) any use of the Demised Premises by or for an employment agency or bureau; (4) any use of the Demised Premises for classroom purposes (other than internal training purposes); (5) any use of the Demised Premises by or for any user which distributes governmental or other payments, benefits or information to persons that personally appear at the Demised Premises; (6) any other use of the Demised Premises or any portion of the Property by any user that will attract a volume, frequency or type of visitor or employee to the Demised Premises or any portion of the Property or the Building which is not consistent with the standards of a high quality, first-class, office building in the metropolitan Washington, D.C. area or that will in any way impose an excessive demand or use on the facilities or services of the Demised Premises or the Building. Tenant acknowledges that the Building has, or in the future may seek, a USGBC or other "green agency" rating and, at Landlord's option, the Building will be operated pursuant to Landlord's sustainable practices (as the same may be modified by Landlord from time to time) and, in connection

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therewith, Tenant (i) shall comply with such practices, and (ii) shall not do or permit anything to be done in or about the Demised Premises that would in any way jeopardize any such rating.



(c) In addition to Tenant's obligation to pay Tenant's Expense Increase Share pursuant to Section 4 hereof, Tenant shall pay to the appropriate governmental authority, on or before such payment is due, any sales, documentary, excise, business, rent taxes, business, professional or occupational licensing taxes or other taxes or fees that are now or hereafter levied, assessed or imposed upon Tenant, Tenant's use or occupancy of the Demised Premises, the conduct of Tenant's business at the Demised Premises or Tenant's equipment, fixtures, furnishings, inventory, equipment or personal property or, to the extent not included in Real Estate Taxes, any leasehold improvements installed by or on behalf of Tenant. If any such tax or fee is now or hereafter levied against Landlord, or Landlord is responsible for collection or payment thereof, then Tenant shall pay to Landlord as Additional Rent the amount of such tax or fee.

6. Assignment.

(a) (1) Tenant shall not assign this Lease, except as permitted under the terms of this Lease. If at any time during the Term, Tenant desires to assign this Lease, Tenant shall give Landlord written notice of Tenant's desire to do so ("**Initial Assignment Notice**"). Other than in connection with an assignment to a Qualified Tenant Affiliate (hereinafter defined) pursuant to Section 6(e) hereof (which assignment is disclosed in the Initial Assignment Notice), within thirty (30) days after receipt of an Initial Assignment Notice from Tenant, Landlord shall have the right, in its sole discretion, to terminate this Lease by giving Tenant written notice of such termination, the effective date of which termination shall be thirty (30) days after Landlord's written notice to Tenant. As of the effective date of such termination, the Term shall expire as if such date was the date originally set forth in the Lease as the Lease Expiration Date.

(2) If Landlord does not terminate this Lease as provided above, Tenant may assign this Lease provided that Tenant first obtains Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed provided that Landlord determines that the business operations of the proposed assignee do not conflict with any exclusivity or other limitation that may be imposed upon Landlord and that the proposed assignee (i) is of a type and quality consistent with the first-class nature of the Building; (ii) has the financial capacity and creditworthiness to undertake and perform the obligations of this Lease; (iii) proposes to use the Demised Premises only for general office purposes and not for any purposes prohibited hereunder; (iv) is not a tenant in the Building, unless Landlord does not have, and will not have within five (5) months, comparable space to the Demised Premises available within the Building; and (v) is not a party by whom any suit or action could be defended on the ground of sovereign immunity. In order to obtain such consent Tenant shall, within ninety (90) days of Tenant's Initial Assignment Notice, submit to Landlord written notice ("**Tenant's Assignee Notice**") containing the following information: (a) audited (if available) financial statements and tax returns of the proposed assignee for its three (3) most recent fiscal years as well as year-to-date financial statements as of the quarter ending immediately prior to Tenant's Assignee Notice, all of which statements have been certified as correct and complete in all material respects by an independent certified public accountant or the chief financial officer of the assignee, (b) the effective date of the proposed assignment, and (c) the identity of the assignee, including the assignee's exact legal name, identity of the assignee's owners (unless publicly held), officers and directors and the business of the assignee. In no event shall the proposed effective date of assignment be less than thirty (30) days after the date of Tenant's Assignee Notice (together with the information required hereunder) to Landlord. Landlord shall have thirty (30) days from the receipt of Tenant's Assignee Notice (together with the information required hereunder) to review Tenant's request and to notify Tenant whether it will consent to such proposed assignee. In determining whether or not to give its consent, Landlord shall have the right to consider whether or not the proposed assignee is as financially responsible as Tenant on the date hereof, and shall have the right to require an additional security deposit from the proposed assignee as a condition of granting its consent.

(3) If Landlord does not exercise its right to terminate this Lease, and either (i) Tenant fails to submit Tenant's Assignee Notice (in accordance with the foregoing requirements) to Landlord within one hundred eighty (180) days after Tenant sends Tenant's Initial Assignment Notice, or

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Landlord 	Tenant 

(ii) Tenant fails to assign this Lease to the assignee permitted by Landlord within one hundred eighty (180) days after Landlord consents to such assignment, then, before Tenant may assign this Lease, Tenant shall notify Landlord again in writing of Tenant's desire to assign this Lease (in the manner set forth in Section 6(a)(1), above), and Landlord shall again have the right to terminate this Lease, in Landlord's sole discretion, in accordance with this Section 6(a). If Tenant does assign this Lease when permitted to do so under the provisions of this Section 6, all of Tenant's options under this Lease to renew or extend the Term or to lease additional space, and any other option, right of first refusal, right of first negotiation, termination rights, excess parking rights, signage rights (other than suite entry signage rights) and similar rights shall, upon the date of assignment, be null and void and forever terminated, except in the event of an assignment to a Qualified Tenant Affiliate.

(4) Notwithstanding any provision in this Lease to the contrary, Tenant shall not be permitted to assign this Lease at any time while (i) Tenant is in default of any non-monetary provision of this Lease (beyond any applicable notice and cure period expressly set forth in Section 19(a)(2) hereof), or (ii) Tenant is in default of any monetary provision of this Lease. In addition, no assignee shall be entitled to take possession of any portion of the Demised Premises unless and until Tenant has cured any and all defaults by Tenant of any provision of the Lease.

(b) In the event of an assignment (other than to a Qualified Tenant Affiliate), Tenant shall pay to Landlord a reasonable fee to cover accounting costs, and all legal fees, incurred by Landlord in connection with such assignment not to exceed \$2,500.00 in the aggregate. In the event of any assignment, such assignee shall assume in writing all of the obligations and liabilities of Tenant under this Lease and Tenant shall remain fully liable to perform the obligations of Tenant under this Lease, such obligations to be joint and several with the obligations of the assignee as tenant under this Lease, without the need for any instrument confirming or acknowledging same. Upon Landlord's request, Tenant and each assignee shall execute Landlord's reasonable consent form, which, among other things, will confirm such joint and several liability. The consent by Landlord to any assignment shall not be construed as a waiver or release of Tenant from the terms of any covenant or obligation under this Lease, nor shall the collection or acceptance of rent from any assignee constitute a waiver or release of Tenant of any covenant or obligation contained in this Lease, nor shall any assignment be construed to relieve Tenant or the assignee from obtaining the prior written consent of Landlord to any further assignment.

(c) The term "**assign**" or "**assignment**" shall mean and refer to:

(1) any disposition or transfer (including any disposition or transfer to any franchisee) by Tenant of any or all of its rights and obligations under this Lease, whether voluntary, by operation of law, or otherwise;

(2) an imposition (whether or not consensual) of a lien, mortgage or encumbrance upon Tenant's interest in this Lease;

(3) an arrangement (other than a subletting) which allows the use and occupancy of the Demised Premises by any person or entity other than Tenant;

(4) a transfer or pledge in one or more transaction(s) of any stock or voting interest of Tenant (if Tenant is a corporation);

(5) a transfer or pledge in one or more transaction(s) of any partnership interests of Tenant (if Tenant is a partnership);

(6) a transfer or pledge in one or more transaction(s) of any ownership interest (equitable or legal) of Tenant (if Tenant is not a partnership or corporation); or

(7) the conversion of Tenant to a limited liability company, limited liability partnership or any other type of entity having limited liability.

Tenant shall not be entitled to assign, pledge or transfer less than all of its rights under this Lease, and any such assignment, pledge or transfer shall be deemed void. An assignment of this Lease by Tenant for less than the entire remainder of the Term is prohibited. Any attempted assignment of this Lease or all or any rights of Tenant hereunder or interest herein not in accordance with this Section 6 shall, at Landlord's option (exercised by providing written notice thereof), be void and of no force or effect.

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
Each and every approved assignee shall execute and deliver to Landlord, upon Landlord's request, an assumption of all of Tenant's obligations under this Lease in a form reasonably satisfactory to Landlord, and Tenant shall execute such document as Landlord shall request to confirm Tenant's continuing liability under this Lease. Tenant and assignee shall deliver to Landlord upon request a true copy of the assignment and assumption agreement by which Tenant assigns this Lease to such approved assignee and such approved assignee assumes same.

(d) If Landlord consents to an assignment of this Lease, Tenant shall pay to Landlord fifty percent (50%) of any Assignment Profit (hereinafter defined) derived by Tenant from such assignment (other than an assignment to a Qualified Tenant Affiliate). "**Assignment Profit**" means any amount paid or payable by an assignee to Tenant as consideration solely for such assignment and use of the improvements and furniture, fixtures and equipment therein (as opposed to consideration for any other assets of Tenant), other than an assignment to a Qualified Tenant Affiliate, less any reasonable out-of-pocket costs incurred by Tenant in connection therewith (including, but not limited to, advertising costs, brokerage commissions, legal fees, the cost of rent abatement, if any, provided to such assignee in connection with such assignment and the cost of improvements to the Demised Premises made by Tenant for such assignee). Within thirty (30) days after Tenant receives any amount from an assignee as consideration for an assignment, Tenant shall submit to Landlord a statement containing a reasonably detailed calculation of any Assignment Profit derived from such assignment, certified as correct by an officer of Tenant, and simultaneously with the delivery of such statement, Tenant shall pay Landlord fifty percent (50%) of any Assignment Profit shown by such statement. Upon Landlord's request, Tenant shall provide substantiation of Tenant's calculation of Assignment Profit reasonably satisfactory to Landlord.

(e) Notwithstanding the provisions of Section 6(a) and Section 7(a) hereof, Tenant shall have the right, without Landlord's consent, but with at least thirty (30) days' prior written notice (the "**Affiliate Transfer Notice**"), to assign this Lease or sublease all or a portion of the Demised Premises to a Qualified Tenant Affiliate, provided, that (x) the business operations of the proposed assignee (which shall be disclosed in the Affiliate Transfer Notice) do not conflict with any exclusivity or other limitation that may be imposed upon Landlord, and (y) no default exists hereunder and no event exists which event with notice and/or the passage of time would constitute a default hereunder if not cured within the applicable cure period. A "**Qualified Tenant Affiliate**" shall mean a corporation or other business entity which (i) shall control, be controlled by or be under common control with Tenant or which results from a merger with Tenant or which acquires all or substantially all of the business and assets of Tenant, (ii) is of a type and quality consistent with the first-class nature of the Building, (iii) has the financial capacity and creditworthiness to undertake and perform the obligations of this Lease (or has the financial capacity and creditworthiness to undertake and perform the obligations of the sublease, as applicable), (iv) is not a party by whom any suit or action could be defended on the ground of sovereign immunity; and (v) in the case of a merger or acquisition, has a net worth and general creditworthiness immediately after such merger or acquisition at least equal to the net worth and general creditworthiness of Tenant as of the date of this Lease. For purposes of the immediately preceding sentence, "control" shall be deemed to be ownership of more than fifty percent (50%) of the legal and equitable interest of the controlled corporation or other business entity. In the event of any assignment to a Qualified Tenant Affiliate, Tenant shall remain fully liable to perform the obligations of the Tenant under this Lease, such obligations to be joint and several with the obligations of the Qualified Tenant Affiliate as tenant under this Lease.

7. Subletting.

(a) (1) Tenant shall not sublet (or permit occupancy or use by other parties of) the Demised Premises or any part thereof, except as permitted under the terms of this Lease. If at any time during the Term, Tenant desires to sublet (or permit occupancy or use by other parties of) the Demised Premises or any part thereof, Tenant shall give Landlord written notice of Tenant's desire to do so, including the portion of the Demised Premises to be sublet, the period of time that Tenant desires to sublet such space and the size, location and configuration of the space to be sublet ("**Initial Sublet Notice**"). Other than in connection with a sublease to a Qualified Tenant Affiliate pursuant to Section 6(e) hereof and disclosed in the Initial Sublet Notice, within thirty (30) days after receipt of the Initial Sublet Notice from Tenant, Landlord shall have the right, in its sole discretion, to elect to take back and repossess (i.e., recapture) the portion of the Demised Premises proposed to be sublet by Tenant for the

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

period of time stipulated by Tenant; in which case, the Base Rent that Tenant is required to pay under this Lease for such portion of the Demised Premises for such period shall be waived and Tenant's Expense Increase Share that Tenant is required to pay under this Lease shall be adjusted accordingly during such period to reflect such square footage recaptured by Landlord. Notwithstanding the foregoing, if the Tenant proposes to sublet any space in the Demised Premises which space, when added to the other space in the Demised Premises then being sublet by Tenant, exceeds fifty percent (50%) of the Gross Rentable Area of the Demised Premises, then Landlord shall have the right, in its sole discretion, to elect to take back and repossess (i.e., recapture) the portion of the Demised Premises proposed to be sublet by Tenant for the entire remaining Term; in which event, effective as of the date that is thirty (30) days after Landlord's written notice to Tenant, the Term of the Lease with respect to such recaptured portion of the Demised Premises shall expire and the Base Rent payable hereunder by Tenant for such portion of the Demised Premises for the period after such effective date shall be waived and Tenant's Expense Increase Share that Tenant is required to pay hereunder for the period after such effective date shall be adjusted accordingly to reflect such square footage recaptured by Landlord, and Landlord shall, at its cost, perform such demising work as is necessary to separate the recaptured space from the remaining space in the Demised Premises.

(2) If Landlord does not exercise its right to recapture the space proposed to be subleased, Tenant may sublease such space to third parties provided Tenant first obtains Landlord's prior written consent in accordance herewith. In order to obtain such consent, Tenant shall, within ninety (90) days of Tenant's Initial Sublet Notice, submit to Landlord written notice of its intent to sublease ("**Tenant's Sublet Notice**") containing, in addition to the information contained in the Initial Sublet Notice, the proposed rent to be paid by the proposed sublessee and the identity of the proposed sublessee. Landlord shall have thirty (30) days from the receipt of Tenant's Sublet Notice (together with the financial statements of the proposed subtenant and other information required hereunder) to review Tenant's request and to notify Tenant whether it will consent to such proposed sublessee.

(3) If Landlord does not exercise its right to sublet as aforesaid, and either (i) Tenant fails to submit Tenant's Sublet Notice (in accordance with the foregoing requirements) to Landlord within ninety (90) days after Tenant sends Tenant's Initial Sublet Notice, or (ii) Tenant fails to sublet the portion of the Demised Premises to be sublet to the sublessee permitted by Landlord within sixty (60) days after the date of Landlord's consent to such subletting (or Tenant changes any of the material proposed provisions of such subletting, as stated in the Initial Sublet Notice), then, before Tenant may sublet any portion of the Demised Premises, Tenant shall notify Landlord again in writing of Tenant's desire to sublet the Demised Premises (in the manner set forth in Section 7(a)(1), above) and Landlord shall again have the right to elect to take back and repossess such space in accordance with this Section 7(a). If Tenant does sublet more than twenty-five percent (25%) of the Demised Premises when permitted to do so under the provisions of this Section 7 (other than to a Qualified Tenant Affiliate), all of Tenant's options under this Lease to renew or extend the Term or to lease additional space, and any other option, right of first refusal, right of first negotiation and similar rights shall, upon the date of such subletting, be null and void and forever terminated.

(4) Notwithstanding any provision in this Lease to the contrary, Tenant shall not be permitted to sublet the Demised Premises or any portion thereof while (i) Tenant is in default of any non-monetary provision of this Lease (beyond any applicable notice and cure period expressly set forth in Section 19(a)(2) hereof), or (ii) Tenant is in default of any monetary provision of this Lease. In addition, no subtenant shall be entitled to take possession of any portion of the Demised Premises unless and until Tenant has cured any and all defaults by Tenant of any provision of the Lease.

(b) Tenant shall not sublet or rent (or permit occupancy or use of) the Demised Premises, or any part thereof, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed provided that Landlord determines that the business operations of the proposed sublessee or occupant do not conflict with any exclusivity or other limitations that may be imposed upon Landlord, and the proposed sublessee or occupant (i) is of a type and quality consistent with the first-class nature of the Building; (ii) has the financial capacity and creditworthiness to undertake and perform the obligations of the sublease; (iii) proposes to use the Demised Premises only for general office purposes and not for any purposes prohibited hereunder; (iv) is not a tenant of the Building, unless Landlord does not



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have, and will not have within nine (9) months, comparable space to the proposed sublet space available within the Building; and (v) is not a party by whom any suit or action could be defended on the ground of sovereign immunity. Without limitation of the foregoing, Landlord may require Tenant to obtain and submit current financial statements of any proposed subtenant prior to granting its consent and may require an additional security deposit from any proposed sublessee as a condition to granting its consent. In the event of a sublet, other than to a Qualified Tenant Affiliate, Tenant shall pay to Landlord a reasonable fee to cover accounting costs, plus any legal fees, incurred by Landlord in connection with the subletting not to exceed \$2,500.00 in the aggregate. In the event of any subletting, Tenant shall remain fully liable to perform the obligations of Tenant under this Lease. The consent by Landlord to any subletting shall not be construed as a waiver or release of Tenant from the terms of any covenant or obligation under this Lease, nor shall the collection or acceptance of rent from any such subtenant or occupant constitute a waiver or release of Tenant of any covenant or obligation contained in this Lease, nor shall any such subletting be construed to relieve Tenant from obtaining the prior written consent of Landlord to any further subletting. In the event that Tenant defaults hereunder, Tenant hereby assigns to Landlord the rent due from any subtenant and hereby authorizes each such subtenant to pay said rent directly to Landlord. Nothing in this Section 7, however, shall result in any obligation of Landlord to any subtenant of Tenant. Without limitation of the foregoing, it is understood and agreed that Landlord will not consent to any subletting by a subtenant. Neither the provision by Landlord of services to a subtenant nor the acceptance by Landlord of rent from a subtenant shall constitute a consent by Landlord to the subletting.

(c) If Landlord consents to a sublease of the Demised Premises or any portion thereof (the "**Sublet Space**"), Tenant shall pay to Landlord fifty percent (50%) of any Sublet Profit (hereinafter defined) derived by Tenant from such subletting other than to a Qualified Tenant Affiliate. "**Sublet Profit**" means the excess of (i) all sums paid or payable by the subtenant as rent or other consideration for the sublease (other than a security deposit), less Subletting Costs (hereinafter defined) over (ii) all sums paid to Landlord as Base Rent and Additional Rent allocable to the Sublet Space. "**Subletting Costs**" means all reasonable out-of-pocket costs incurred by Tenant in connection with such subletting, including, without limitation, advertising costs, brokerage commissions, legal fees, the cost of any rent abatement provided to such subtenant in connection with such subletting and the cost of improvements to the Demised Premises made by Tenant for such subtenant which costs shall be amortized over the term of the sublease. Any allocation of rent paid by a subtenant to Tenant between compensation for the use of the portion of the Demised Premises sublet and compensation for services provided to the subtenant by or on behalf of Tenant, or for equipment which Tenant furnishes to the subtenant, must be reasonable. Tenant shall pay to Landlord fifty percent (50%) of Sublet Profit on a monthly basis in arrears commencing thirty (30) days after the effective date of the sublease. Within thirty (30) days after the effective date of the sublease, Tenant shall submit to Landlord a statement containing a reasonably detailed calculation of any Sublet Profit derived from a subletting, certified as correct by an officer of Tenant. Upon Landlord's request, Tenant shall provide substantiation of Tenant's calculation of Sublet Profit, reasonably satisfactory to Landlord.

(d) In the case of any approved subletting, the subtenant shall deal only with Tenant, and Landlord shall have no privity with or direct obligations to such subtenant. Any attempted subletting or granting of occupancy rights by Tenant as to all or any portion of the Demised Premises not in accordance with this Section 7 shall, at Landlord's option (exercised by Landlord providing written notice thereof), be void of no force or effect.

(e) Notwithstanding any provision of this Lease to the contrary, Tenant shall be entitled, without Landlord's consent, but upon not less than ten (10) business days' notice, to permit Tenant's clients, business partners and affiliates with whom Tenant has a direct business relationship to use (for a period not to exceed 365 days) in the ordinary course of, and incidental to, Tenant's business, portions of the Demised Premises (which portions shall not exceed in the aggregate one thousand (1,000) rentable square feet of the Demised Premises in the aggregate) for general office use, provided (i) such use is permitted under, and in compliance with, the terms of this Lease and is related to Tenant's business in the Demised Premises, (ii) such user does not acquire any possessory interest in the Demised Premises or any portion thereof, (iii) such user complies with the terms of this Lease, including without limitation all the rules and regulations set forth herein, and (iv) the portion of the Demised Premises used pursuant to this Section 7(e) does not have a separate entrance and is not separated from the other portions of the



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Demised Premises by demising walls or similar partitions (any such user permitted to use the Demised Premises pursuant to the foregoing shall be referred to as a "Permitted User"). A Permitted User occupying any portion the Demised Premises pursuant to this Section 7(e) shall be deemed not to have sublet any such space for purposes of this Section 7. Nothing contained in this Lease or otherwise (including the provision of any services to the Demised Premises) shall be deemed to (a) create any landlord-tenant or other relationship between Landlord and any Permitted User, or (b) create any contractual liability or duty on the part of Landlord to any Permitted User. Any act, omission or default of any provision of this Lease caused by any such Permitted User shall be deemed an act, omission or default by Tenant.

8. Maintenance by Tenant of the Demised Premises. Tenant shall, at its sole cost, keep the Demised Premises (including without limitation, any plate glass or other non-Building standard entry doors) and the fixtures, improvements, equipment and finishes and any Alterations (defined below) therein in clean, safe and sanitary condition and in good order and repair (include all necessary replacements, alterations or additions) in a manner consistent with the quality of the Building, will take good care thereof and will suffer no waste or injury thereto. Maintenance and repair of such finishes and equipment, including kitchen appliances and fixtures, showers, or supplemental air-conditioning equipment, whether installed by Tenant or by Landlord on behalf of Tenant and whether installed at Tenant's or Landlord's expense, shall be the sole responsibility of Tenant, and Landlord shall have no obligation in connection therewith. All repairs made by Tenant shall be at least equal in quality and cost to the original work performed in constructing the Demised Premises and shall be made by Tenant in accordance with all laws, ordinances, and regulations, whether heretofore or hereinafter enacted and the requirements set forth in this Lease (including without limitation the provisions of Section 9 hereof, to the extent applicable). If Tenant does not do so promptly and adequately, then upon prior notice to Tenant and a reasonable opportunity to cure (not to exceed five (5) business days), Landlord may, but need no, make such repairs, and Tenant shall pay Landlord the cost thereof on demand as Additional Rent.

9. Alterations.

(a) Tenant shall not make or permit anyone to make any alterations, additions, substitutions, installations, changes or improvements, structural or otherwise, in or to the Demised Premises (including without limitation, any Tenant Work) or the rest of the Property ("**Alterations**") without the prior written consent of Landlord, except that the consent of Landlord shall not be required for any Alteration to the Demised Premises which is purely cosmetic or decorative and is not visible from the exterior of the Demised Premises (but Tenant shall be required to provide Landlord at least thirty (30) days notice with respect thereto). Notwithstanding the foregoing, Landlord's consent to any Alteration to the Demised Premises shall not be unreasonably withheld, conditioned or delayed, unless the proposed Alterations could, in Landlord's reasonable judgment (i) affect the structure or safety of the Building; (ii) adversely affect the electrical, plumbing or mechanical systems of the Building or the functioning thereof; (iii) be or become visible from the exterior of the Demised Premises; or (iv) adversely affect the operation of the Building or the provision of services or utilities to other tenants in the Building (each, a "**Building Issue**"). As a condition to granting its consent, Landlord may require Tenant to pay Landlord a reasonable fee to reimburse Landlord for overhead and administrative costs and expenses incurred in connection with the supervision by Landlord of Tenant's Alterations; provided, however, unless Landlord manages the Alteration, such fee shall not exceed \$5,000.00, plus the reasonable out-of-pocket costs, if any, incurred by Landlord in connection with any third party review or supervision of such Alteration that Landlord may reasonably require. All Alterations permitted by Landlord must conform to all rules, regulations and requirements of any governmental or public authority having jurisdiction over the Demised Premises and/or the Property, must conform harmoniously with the Building's design and interior decoration and must not require any changes to or modifications of any of the Building's structural components or mechanical, electrical, HVAC (hereinafter defined), plumbing or other systems. Any wiring, conduits, and/or cabling installed in the Demised Premises or any risers or any other location of the Building shall constitute an Alteration for purposes of this Lease and shall, at Landlord's election, be removed by Tenant, at Tenant's sole cost, prior to the expiration or earlier termination of the Term in accordance with Landlord's then current rules and procedures. In addition, all voice, data, video, audio and other cabling installed in the Building by Tenant or its contractor shall be (a) plenum rated and installing in accordance with all legal requirements, including without limitation the National Electrical Code; (b) labeled with the



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Tenant's name at the origination point, destination point and at reasonable intervals between such points, and (c) installed and routed in accordance with a routing plan reasonably acceptable to Landlord. As payments are made to contractors and vendors, Tenant agrees to obtain and deliver to Landlord written and unconditional waivers of mechanics' liens upon the Land and Building for all work, labor and services performed, and materials furnished, by Tenant's contractors and suppliers in connection with such work for which such contractor or vendor is being paid. Tenant will allow Landlord or its designated agent to inspect the work from time to time upon reasonable prior notice and at reasonable times during the period of construction of all Alterations. Tenant shall cause all Alterations to be made (i) in a good and workmanlike manner, (ii) in compliance with all applicable laws, regulations and other requirements of governmental authorities, (iii) according to the plans and specifications provided to and approved by Landlord and otherwise in compliance with the terms hereof, (iv) using new materials and installations, at least equal in quality to the original Building materials and installations, free from any defects or deficiencies, (v) in a manner that avoids interfering with or disturbing any other tenants, (vi) with due diligence, and (vii) in a manner that will not adversely affect any "LEED" certification, Energy Star rating or other "green agency" rating that Landlord may have obtained for the Building. Landlord may stop work on any Alterations if Landlord or its designated agent determines that the work is not being done in compliance with any of the requirements of this Lease. In addition, in the event any such work violates or is otherwise not in compliance with such requirements, Tenant will promptly correct the non-compliance. If Tenant fails to correct such problem(s) within a time period Landlord determines to be reasonable after notice to Tenant, then Landlord may, at its sole option, correct the problem(s), complete the Alterations, and Tenant will be liable for the costs of such action as Additional Rent.

(b) Upon completion of any Alterations, Tenant will deliver to Landlord complete CAD drawings of the Alterations. In addition, Tenant will furnish "as built" plans and specifications for all Alterations within a reasonable period of time after completion of the Alterations, and pay to Landlord or its designated agent a reasonable fee for updating the master reproducible Building blueprint to show the Alterations.

(c) It is understood and agreed by Landlord and Tenant that any Alterations shall be conducted on behalf of Tenant and not on behalf of Landlord and that Tenant shall be deemed to be the "owner" and not the "agent" of Landlord. If any Alteration (other than purely cosmetic or decorative Alterations to the Demised Premises) is made without the prior written consent of Landlord, Landlord may correct or remove the same, and Tenant shall be liable for any and all loss, damage, cost or expense (including, without limitation, reasonable attorneys' fees and all court costs) incurred by Landlord in the performance of this work.

(d) All Alterations (including without limitation any and all flooring, wall-to-wall carpet and wall covering) shall, at Landlord's election, immediately become the property of Landlord and shall remain upon and be surrendered with the Demised Premises as a part thereof at the end of the Term; provided, however, that Tenant shall have the right to remove, prior to the expiration or termination of the Term, all movable furniture, furnishings or equipment not affixed to or in the Demised Premises at the expense of Tenant. If and to the extent Landlord does not elect that any of the Alterations (including without limitation, any vaults, safes, file systems, raised floors, wiring and cabling or interior staircases between floors) remain upon and be surrendered with the Demised Premises at the expiration or termination of the Term (or Landlord otherwise requires that any of the Alterations be removed from the Demised Premises or any other part of the Property at the expiration or termination of the Term), Tenant shall, at its sole cost and expense, remove same, restore the affected area to the condition existing prior to the construction or installation of any such Alteration and repair any damage caused by such removal, and if Tenant fails to remove any such Alteration, to restore and repair the affected area or repair any damage caused by any such removal as provided above, Landlord may undertake such removal, restoration and repair at Tenant's expense and Tenant shall reimburse Landlord for the cost thereof, together with any and all damages (including, without limitation, attorneys' fees and all court costs) which Landlord may sustain by reason of such default by Tenant. Notwithstanding the foregoing, if at the time Tenant requests Landlord's approval of the installation of any Alteration (including any Tenant Work), Tenant specifically requests in writing that Landlord then elect to require that such Alteration (or Tenant Work) be removed from the Demised Premises or remain in the Demised Premises at the expiration or termination of the

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Term, Landlord shall make such election at the time it provides to Tenant notice of approval of such Alteration.



(e) If Landlord consents to Alterations by Tenant, Landlord shall have the right in its sole discretion to approve the plans and specifications for any Alterations and the contractors and subcontractors which Tenant proposes to use in connection with the Alterations, which approval shall not be unreasonably withheld, conditioned or delayed, unless Landlord reasonably determines that any Alterations shown on the plans and specifications may be or result in a Building Issue. Landlord's approval of such plans and specifications shall not constitute a warranty, covenant or assurance by Landlord that (i) any equipment or system shown thereon will have the features or perform the functions for which such equipment or system was designed, (ii) the plans and specifications satisfy applicable code requirements, (iii) the plans and specifications are sufficient to enable Landlord's contractor or Tenant's contractor (as applicable) to obtain a building permit for the Alterations shown thereon, or (iv) the Alterations described thereon will not interfere with, and/or otherwise adversely affect, base Building systems. Tenant shall be solely responsible for the ensuring that such Alteration (and related plans and specifications) comply with all Applicable Laws. Tenant, or its contractors and subcontractors, as Landlord may direct, shall provide such insurance, bonding and/or indemnifications of Landlord as Landlord may reasonably require and shall comply with any and all rules and regulations set forth in the Rules for Contractors attached hereto as **Exhibit E** and any and all other rules and regulations applicable to Alterations as may be promulgated by Landlord from time to time. Prior to undertaking any Alterations, Tenant shall furnish to Landlord certificates of insurance for worker's compensation insurance (covering all persons to be employed by Tenant and Tenant's contractors and subcontractors in connection with such Alterations), builder's all-risk insurance, and comprehensive commercial general liability insurance (including property damage coverage) in such form, with such companies, for such periods and in such amounts as Landlord may reasonably require, naming Landlord, its management agent and any mortgagee (hereinafter defined) as additional insureds.

10. Signs; Furnishings.

(a) No sign, advertisement or notice shall be inscribed, painted, affixed or displayed by Tenant on any part of the outside or the inside of the Building or within the Demised Premises if the same is visible from outside of the Demised Premises, and if any such sign, advertisement or notice is nevertheless exhibited by Tenant, Landlord may remove the same and Tenant shall be liable for any and all expenses (including, without limitation, reasonable attorneys' fees and all court costs) incurred by Landlord in such connection. A nameplate identifying Tenant shall be posted on the Building directory (or displayed electronically) and on the suite entry door of the Demised Premises by Landlord, in such place, size, color and style as are determined by Landlord, at Landlord's sole cost. Such nameplates shall conform harmoniously with the Building's design and interior decoration. Any additions or changes after the Lease Commencement Date to either the Building directory listing or the nameplate on the suite entry door for Tenant of the Demised Premises shall be made by Landlord at Landlord's reasonable discretion and at Tenant's sole cost. Landlord shall have the right to prohibit any advertisement of Tenant in, on or about the Building or naming the Building or its address which in Landlord's opinion tends to impair the reputation of the Building or its desirability as a high-quality building for offices for financial, insurance and other institutions of similar kind, and, upon written notice from Landlord, Tenant shall immediately refrain from and discontinue any such advertisement. Directory listing and/or signs for approved assignees or approved subtenants shall be at Landlord's sole discretion based on the availability of space.

(b) Landlord shall have the right to prescribe the weight and position of safes and other heavy equipment or fixtures. Any and all damage or injury to the Demised Premises or the rest of the Building caused by moving the property of Tenant into, in or out of the Demised Premises, or due to the same being on the Demised Premises, shall be repaired under Landlord's direction by Tenant, and at the sole cost of Tenant. All moving of furniture, equipment and other material within any public area of the Building shall be at such times and conducted in such manner as Landlord may reasonably require in the interest of all tenants within the Building.

11. Inspection. Tenant will permit Landlord, or its representative, upon reasonable prior notice (except in the case of an emergency or in the event of a default, when no such notice shall be required), to enter the Demised Premises or the Property at any reasonable time and from time to time, without

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charge to Landlord and without diminution of the Base Rent and Additional Rent payable by Tenant, to examine, inspect or protect or prevent damage to the Demised Premise or any part of the Property, to make such alterations and/or repairs as in the judgment of Landlord may be deemed necessary or desirable, or as any governmental agency may require, or to exhibit the same to prospective tenants (but only during the last 18 months of the Term), lenders or purchasers.

12. Insurance.


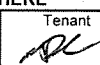
(a) Tenant will not conduct or permit to be conducted any activity, or place any equipment in or about the Demised Premises, which will, in any way, increase the rate of fire insurance or other insurance on the Building; and if any increase in the rate of fire insurance or other insurance is stated by any insurance company or by the applicable Insurance Rating Bureau to be due to any activity or equipment in or about the Demised Premises, such statement shall be conclusive evidence that the increase in such rate is due to such activity or equipment and, as a result thereof, Tenant shall be liable for such increase and shall reimburse Landlord therefor on demand.

(b) From and after the date hereof, Tenant shall purchase and maintain insurance with terms and coverages reasonably satisfactory to Landlord, and with such additional coverages and/or increases in limits as Landlord may from time to time reasonably request (but not more frequently than once every three years during the Term), but initially Tenant shall maintain the following coverages in the following amounts: (1) business income insurance in an amount sufficient to provide payment of Base Rent and Additional Rent for a period of at least one year, (2) worker's compensation insurance to the fullest extent required by applicable law, (3) commercial general liability insurance (including coverage for bodily injury, property damage and personal and advertising injury and broad form contractual liability coverage) in a minimum amounts of One Million Dollars (\$1,000,000.00) per occurrence and One Million Dollars (\$1,000,000.00) in the aggregate, (4) professional liability insurance in a minimum amounts of One Million Dollars (\$1,000,000.00) per occurrence and One Million Dollars (\$1,000,000.00) in the aggregate; and (5) umbrella (excess) liability insurance in the minimum amount of Three Million Dollars (\$3,000,000.00). Tenant shall also carry automobile liability insurance (covering owned, if any, non-owned and hired automobiles) in a minimum amount of One Million Dollars (\$1,000,000.00) per occurrence. All liability and automobile insurance of Tenant shall name Landlord, Landlord's managing agent, Landlord's mortgagee(s) and any other parties designated by Landlord as additional insureds. The liability insurance policy of Tenant shall preserve the right of one insured to collect under the policy for damage or injury caused by the other insured. Tenant shall not carry any deductible under any of its liability policies, without Landlord's written consent.

(c) Tenant shall carry "special causes of loss" (or its equivalent) property damage insurance (naming Landlord as a loss payee, as its interest may appear), including insurance for fire, water, sprinkler, and other casualty for the full replacement cost (including an agreed amount endorsement) of (i) all Tenant's furniture, fixtures and equipment, any personal property and any removable property in the Demised Premises, whether or not owned by Tenant, and (ii) all Tenant Work, Alterations and any other improvements now in or hereinafter installed in the Demised Premises regardless of whether installed by or on behalf of Landlord or Tenant or any other person. No deductible under such insurance shall be in excess of Five Thousand Dollars (\$5,000.00), without Landlord's written consent.

(d) Landlord shall, as part of Operating Costs, carry commercial general liability insurance and keep the Building (but not any of Tenant's furniture, fixtures, equipment or personal property or any removable property, Tenant Work, Alterations or any other improvements in the Demised Premises) insured against loss or damage caused by fire damage or other casualty, as any mortgagee of the Building may from time to time require (or provide such greater insurance coverage as Landlord may determine in its sole discretion).

(e) Landlord and Tenant agree that in the event the Demised Premises or the contents thereof are damaged or destroyed by fire or other casualty, the rights, if any, of either party against the other with respect to such damage or destruction are waived to the extent of the insurance proceeds paid or payable to the waiving party with respect thereto (or which would have been paid to the waiving party if the insurance required hereunder to be carried by the waiving party had been carried by the waiving party). For purposes of this Section 12(e), any deductible paid or payable by Tenant under its insurance

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policy shall be deemed insurance proceeds paid or payable to Tenant. All policies of fire and/or extended coverage or other insurance covering the Demised Premises or the contents thereof obtained by Landlord or Tenant shall contain a clause or endorsement providing in substance that (i) such insurance shall not be prejudiced if the insureds thereunder have waived in whole or in part the right of recovery from any person or persons prior to the date and time of loss or damage, if any, and (ii) the insurer waives any rights of subrogation against Landlord (in the case of Tenant's insurance policy) or Tenant (in the case of Landlord's insurance policy), as the case may be.

(f) All insurance policies carried by Tenant shall be written as primary policy coverage and not contributing with or in excess of any coverage which Landlord may carry. In addition, all insurance policies carried by Tenant shall be issued by a company or companies licensed to do business in the jurisdiction in which the Property is located and rated not lower than "Class A-VII", as rated in the most recent edition of the Alfred M. Best Company, Inc.'s Key Rating Guide for insurance companies and otherwise approved by Landlord. Certificates of insurance (using an ACORD Form 27, ACORD form 28 and ACORD Form 25-S and otherwise in a form satisfactory to Landlord) evidencing the effectiveness of the insurance coverage Tenant is required hereunder to maintain shall be delivered to Landlord at least annually (on or prior to commencement of each Lease Year) by Tenant, and within fifteen (15) days after request by Landlord, and each policy shall contain an endorsement that will prohibit its cancellation or material modification prior to the expiration of thirty (30) days after notice of such proposed cancellation or material modification to Landlord. Tenant shall be required to maintain the insurance required hereunder no later than the date that Tenant or any agent, employee or contractor of Tenant first has access to the Demised Premises or the Building. Any assignee of this Lease or subtenant of all or any part of the Demised Premises shall be required to carry the same insurance required of Tenant hereunder.

13. Indemnity.

(a) Except as may be the direct result of the intentionally wrongful or negligent acts or omissions of Landlord, and except as otherwise provided in Section 12(e) hereof, Tenant shall, and does hereby, indemnify, hold harmless and defend (with counsel reasonably satisfactory to Landlord) Landlord, its partners (and the partners of its partners), members, property managers, mortgagees, invitees and their officers, directors, agents and employees (collectively, the "Indemnified Parties"), from and against any loss, damage, liability, cost or expense (including, without limitation, reasonable attorneys' fees and all court costs) incurred by the Indemnified Parties and occasioned by or in any way related to or connected with (i) the making or removal of any Alterations or the use or occupancy of the Demised Premises or the Property by Tenant, its agents, employees, subtenants, licensees, contractors, invitees, and any other persons who gain access to the Demised Premises including, without limitation, any violation of any Applicable Laws, (ii) the negligence or the intentionally wrongful acts or omissions of Tenant, its agents, employees, subtenants, licensees, contractors and invitees, (iii) any default, breach or violation of this Lease by Tenant, its agents, employees, subtenants, licensees, contractors and invitees, and (iv) injury or death to individuals or damage to property sustained in or about the Demised Premises.

(b) Except as may be the result of the negligent or intentionally wrongful acts or omissions of Tenant, its employees or agents, and except as otherwise provided in Section 12(e) hereof, Landlord shall, and hereby does, indemnify, hold harmless and defend (with counsel reasonably satisfactory to Tenant) Tenant and its officers, directors, agents and employees (collectively, the "Tenant Indemnified Parties") against any and all claims, damages, liabilities, costs or expenses (including reasonable attorneys' fees) incurred by Tenant Indemnified Parties for damage to property or injury to person resulting from the gross negligence or willful misconduct of Landlord or any agent or employee of Landlord, in connection with the managing or operating of the Property. Notwithstanding anything contained in this Lease to the contrary, in no event shall Landlord be liable to Tenant on account of any claims for any lost business or profits or indirect or consequential losses or damages or any punitive damages.

14. Liability of Landlord.

(a) Except for injury to person or property damage directly caused by the intentionally wrongful acts or omissions of Landlord, Landlord shall not be liable to Tenant, its employees, agents, business invitees, licensees, customers, clients, family members, guests or trespassers for any damage,

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compensation or claim arising from (i) the repairing of any portion of the Building, (ii) any interruption in the use of the Demised Premises or the Property, (iii) accident or damage resulting from the use or operation (by Landlord, Tenant, or any other person or persons whatsoever) of elevators, escalators, or heating, cooling, electrical or plumbing equipment or apparatus, (iv) the termination of this Lease by reason of the destruction of the Demised Premises or a taking or sale in lieu thereof by eminent domain, (v) any fire, robbery, theft, criminal act and/or any other casualty, (vi) any leakage in any part of the Demised Premises or the rest of the Building, or from water, rain or snow that may leak into, or flow from, any part of the Demised Premises or the rest of the Building, or from drains, pipes or plumbing work in or about the Building, or (vii) any other cause whatsoever. Notwithstanding anything contained in this Lease to the contrary, in no event shall Landlord have any liability to Tenant on account of any claims for the interruption of or loss to Tenant's business or for any indirect damages or consequential losses.

(b) Except as provided in Sections 16 and 17, below, Tenant shall not be entitled to any abatement or diminution of Base Rent or Additional Rent as a result of any of the occurrences set forth in Section 14(a) hereof, nor shall the same release Tenant from its obligations hereunder or constitute an eviction. Notwithstanding any provisions in this Lease to the contrary, any goods, property or personal effects stored or placed by Tenant in or about the Demised Premises or the rest of the Building or the Property shall be at the sole risk of Tenant, and Landlord shall not be liable to Tenant for any loss or damage thereto.

(c) The employees of Landlord are prohibited from receiving any packages or other articles delivered to the Building for Tenant, and if any such employee receives any such package or articles, such employee shall be the agent of Tenant and not of Landlord. Landlord shall not be obligated to provide or maintain any security patrol, security system, access system (other than any electronic access system described in Section 16 hereof) or lobby host. However, if Landlord elects to provide any of the foregoing, Tenant agrees that Landlord shall not be responsible for the quality of such of the foregoing which may be provided hereunder or for damage or injury to Tenant, its employees, invitees or others due to the failure, action or inaction of either of same.

15. Tenant's Equipment. Tenant will not install or operate in the Demised Premises, without first obtaining the prior written consent of Landlord, any electrically operated equipment or other machinery, except standard office equipment ordinarily found in first-class office buildings in the metropolitan Washington, D.C. area that will not in Landlord's reasonable discretion, (i) affect the structure or safety of the Building or by itself, or with other equipment, exceed the floor load capacity, (ii) affect or necessitate a change to the electrical, plumbing, mechanical or other systems of the Building or the functioning thereof, (iii) be or become visible from the exterior of the Demised Premises, or (iv) interfere with the operation of the Building or the provision of services or utilities to other tenants in the Building. Landlord shall have the right to charge Tenant for the cost of its electricity consumption in excess of five (5) watts per square foot of Gross Rentable Area of the Demised Premises (exclusive of Building standard HVAC and lights) and for the cost of any additional wiring or other improvements to the Building as may be occasioned by or required as a result of any such excess use. Tenant shall not use or consume water other than for drinking, lavatory and toilet purposes, or in unusual quantities (of which fact Landlord shall reasonably judge), without first obtaining the prior written consent of Landlord. Tenant shall not install any other equipment of any kind or nature whatsoever (including, without limitation, electric space heaters and supplementary air-conditioning units) which will or may necessitate any changes, replacements or additions to, or in the use of, the water system, HVAC System, plumbing system or electrical system of the Demised Premises or the rest of the Building. Landlord may condition its consent to the installation or use of any equipment or machinery or to the consumption of excess utilities upon the payment by Tenant of Additional Rent in compensation for any excess consumption of utilities and for the cost of additional wiring, piping or other improvements to the Building as may be occasioned by the operation of said equipment or machinery or by said excess use of utilities. In the event of any excessive consumption of any utilities (including without limitation any excessive consumption beyond Building Hours), Landlord shall be entitled to require that Tenant install in the Demised Premises (at Tenant's cost and in a location approved by Landlord) meters or submeters to measure Tenant's utility consumption for the Demised Premises or for any specific equipment causing excess consumption, as Landlord shall require; in which case, Tenant shall maintain in good order and repair (and replace, if necessary) such meters or submeters. If separate meters are installed for measuring Tenant's use of any utilities, then charges for

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such utilities shall be paid directly by Tenant to the appropriate utility company. If submeters are installed for measuring Tenant's consumption of any utilities, Tenant shall pay the costs of the same to Landlord as Additional Rent, within fifteen (15) days of its receipt of a bill therefor based on such submeter readings. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord or to any tenant in the Building shall be installed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate such noise and vibration, which fact Landlord shall reasonably judge. Whenever heat-generating machines or equipment are used in the Demised Premises, Landlord reserves the right to require Tenant to install supplementary air conditioning units in the Demised Premises and any cost associated therewith shall be paid by Tenant, including any cost of installation, operation and maintenance thereof.

16. Services and Utilities.

(a) It is agreed that, during the appropriate seasons of the year, Landlord will furnish air-conditioning and heating at least during the Building Hours set forth in the Basic Lease Information. Landlord's provision of air-conditioning and heating shall be based upon standard electrical energy requirements of not more than an average of five (5) watts per square foot of the Demised Premises (exclusive of Building standard HVAC and lights) and a human occupancy of not more than one person for each 125 square feet of Gross Rentable Area of the Demised Premises. Landlord shall have the right to operate the heating, ventilating, and air-conditioning ("HVAC") system ("HVAC System") in the most energy-efficient manner possible within the limits established in the Building design, and in accordance with any directive, policy or request of a governmental, quasi-governmental, public or other authority. As of the date of this Lease, the base Building HVAC System operates in accordance with current ASHRAE standards. Landlord may install a computerized energy-management system that operates the HVAC System in on-off cycles to control electrical demand and energy consumption. Extra hours of heating, ventilating, and air-conditioning (i.e., all times other than during Building Hours) will be provided to Tenant upon Tenant's request with at least 24 hours' advance notice on a previous business day. Tenant will be charged Landlord's cost for such service outside of Building Hours, based upon Landlord's reasonable estimate of additional utility consumption and any other cost associated with such extra service. The current hourly charge for after-hours HVAC service is Fifty-Four Dollars (\$54.00) per hour per zone. As of the date of this Lease, the Demised Premises is served by one (1) zone of the base Building HVAC System.

(b) Landlord will provide reasonably adequate electricity as is normal and customary in office buildings of comparable age and location in the metropolitan Washington, D.C. area. Landlord shall provide and install all original fluorescent tubes for those lighting fixtures within the Demised Premises that are Building standard lighting fixtures. All replacement tubes for such Building standard lighting fixtures shall be provided and installed by Landlord as part of Operating Costs and all bulbs and tubes for other than Building standard lighting fixtures shall be provided and installed by Tenant at Tenant's sole cost and expense.

(c) Landlord shall furnish cold water from city water mains for drinking, lavatory and toilet purposes drawn through fixtures installed by Landlord, and hot water for lavatory purposes from the regular Building supply. Landlord will provide reasonably adequate lavatory supplies for public restrooms. Landlord will also provide exterior window cleaning service and char and janitorial service as is normal and customary in comparable first-class office buildings in the metropolitan Washington, D.C. area; provided, however, that char and janitorial service required for any non-Building standard improvements in the Demised Premises, such as glass partitions, wood flooring, kitchens, and private showers and restrooms, shall be subject to additional charges. Char and janitorial services shall be available Monday through Friday only, except Holidays.

(d) Landlord will also provide elevator service by means of automatically operated elevators at least during the Building Hours set forth in the Basic Lease Information. Landlord shall have the right to remove elevators from service as the same shall be required for moving freight, or for servicing or maintaining the elevators and/or the Building; provided, however, that at least one elevator will remain in service 24 hours per day, 365 days per year. Except in the case of an emergency, Tenant shall have access to the Demised Premises 24 hours per day, 365 days per year.

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(e) It is understood and agreed that Landlord shall not be liable for failure to furnish, or for delay or suspension in furnishing or providing, any of the utilities or services required to be furnished or provided by Landlord caused by breakdown, maintenance, repairs, strikes, scarcity of labor and/or materials, acts of God or from any other cause or reason whatsoever. Notwithstanding the forgoing, if due to reasons within the control of Landlord and not caused by Tenant, or any of its employees or agents or any event of force majeure, an interruption or stoppage of any services Landlord is required hereunder to provide to the Building shall occur and such interruption or stoppage shall continue for more than five (5) consecutive business days and shall render at least twenty-five percent (25%) of the Gross Rentable Area of the Demised Premises unusable and Tenant shall actually cease to conduct business in such portion of the Demised Premises during such period, then, provided that Tenant is not then in default under this Lease and Tenant delivers to Landlord written notice thereof promptly upon the occurrence thereof, the Base Rent and Tenant's Expense Share payable hereunder for such unusable portion of the Demised Premises shall be abated for the period beginning on the sixth (6th) consecutive business day of such failure (but in no event earlier than five (5) business days after receipt from Tenant of written notice that Tenant has experienced such an interruption or stoppage of services and Tenant has ceased the use thereof) and shall continue until the earlier of the date that (i) Tenant again uses such portion of the Demised Premises, or (ii) such portion of the Demised Premises is again usable. The foregoing provision shall not apply in the event such interruption of services is a result of a casualty, which shall governed by Section 17 hereof. If the Building equipment should cease to function properly, Landlord shall use due diligence to repair the same promptly.

(f) Landlord shall provide an electronic access system with computerized card access at the front entrance of the Building. Landlord shall not be responsible for the quality, action or inaction of the Building access system or for any damage or injury to Tenant, its employees, invitees or others, or their property, resulting from any failure, action or inaction of the Building access system.

(g) For so long as the Washington Sports Club located at 1345 F Street, N.W., Washington, D.C. ("WSP") is open to the public, Landlord shall pay for one (1) membership to WSP; provided, however, Landlord shall not be liable for any acts or omissions of any user. Notwithstanding anything to the contrary contained in this Section 16(g), in the event a fitness facility is located in the Building at any time hereafter, and Tenant's employees that work full-time at the Demised Premises are permitted to use such fitness facility at no cost to such employees, this Section 16(g) shall immediately terminate and be of no further force and effect.

(h) Tenant and Tenant's telecommunications companies ("Telecommunications Companies") shall have no right, without Landlord's prior written consent, of access to or within the Property for the installation or operation of any of Tenant's telecommunications systems for telecommunications within or from the Building, including but not limited to voice, video, data, and any other telecommunications services provided over wire, fiber optic, microwave, wireless, satellite and any other transmission systems. All work with respect to Tenant's telecommunications system shall be subject to the terms of this Lease governing Alterations by Tenant and at Landlord's option, shall require a separate license with the Telecommunications Companies on either (as determined by Landlord) Landlord's standard form or a form approved by Landlord. Landlord shall have the right to charge the Telecommunications Company a reasonable fee for the use of the Building in connection with Tenant's telecommunications system.

17. Damage by Fire or Casualty.

(a) In the event of damage to or destruction of the Demised Premises by fire or any other casualty, the base Building structures and systems in the Demised Premises shall, subject to the provisions of this Section 17, be promptly repaired and restored by Landlord at its own cost and expense, provided adequate insurance proceeds are available or would have been available to Landlord had Landlord maintained insurance required by this Lease. Due allowance, however, shall be given for the time required for adjustment and settlement of insurance claims, and for such other delays as may result from government restrictions, and controls on construction, if any, and for strikes, emergencies and other conditions beyond the reasonable control of Landlord. In addition, Tenant shall repair and restore, at Tenant's sole expense and in accordance with Sections 8 and 9 hereof, all improvements (including without limitation, the Tenant Work and Alterations in the Demised Premises), other than the base

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Building structural components in the Demised Premises, to their condition existing immediately prior to their damage or destruction. It is agreed that in any of the aforesaid events, this Lease shall continue in full force and effect, but if the damage or destruction is such so as to make the Demised Premises or any substantial part thereof untenable after the casualty and Tenant ceases to use such untenable area, then the Base Rent which Tenant is obligated to pay hereunder shall abate proportionately (based on the number of square feet rendered untenable) as of the first business day after the casualty until the earlier of the date that Tenant again uses such space or the date that the repair and/or restoration work which Landlord is obligated to perform hereunder has been substantially completed. If such damage or destruction shall result from the fault of Tenant, its agents, servants or invitees, Tenant shall not be entitled to any such abatement of Base Rent.



(b) If as a result of fire or other casualty more than one-half (1/2) of the Gross Office Rentable Area of the Building is rendered untenable, Landlord within sixty (60) days from the date of such fire or casualty may terminate this Lease by notice to Tenant, specifying an effective date, not less than twenty (20) nor more than forty (40) days after the giving of such notice, on which the Term shall expire as fully and completely as if such date were the date herein originally fixed for the expiration of the Term; provided, however, if the Demised Premises (or access to or services provided to the Demised Premises) are not affected by such fire or casualty, then such termination shall be effective seventy-five (75) days after giving such notice, provided that Landlord anticipates providing building standard services to other similarly situated tenants in the Building during such period. If Landlord terminates this Lease pursuant to this Section 17(b), Base Rent and Tenant's Expense Increase Share shall be apportioned as of the date of such termination.

(c) If the Demised Premises are damaged as a result of fire or other casualty and if the damage to the Demised Premises is so extensive that the Demised Premises are substantially untenable and the repair and/or restoration work which Landlord is obligated to perform hereunder cannot be substantially completed within one hundred eighty (180) days from the date such work is commenced (as determined by Landlord, in the exercise of its reasonable discretion), then Landlord shall provide to Tenant notice thereof and either Landlord or Tenant within thirty (30) days from the date of such notice may terminate this Lease by notice to the other, specifying an effective date, not less than twenty (20) nor more than forty (40) days after the giving of such notice, on which the Term shall expire as fully and completely as if such date were the date originally fixed for the expiration of the Term. If either Landlord or Tenant terminates this Lease pursuant to this Section 17(c), Base Rent and Tenant's Expense Increase Share shall be apportioned as of the date of such fire or other casualty.

(d) If the Demised Premises shall be rendered untenable to the extent of eighty percent (80%) or more by fire or other casualty during the last six months of the Term, Landlord or Tenant may terminate this Lease upon notice to the other party given within ninety (90) days after such fire or other casualty specifying an effective date, not less than twenty (20) days nor more than forty (40) days after the giving of such notice, on which the Term shall expire as fully and completely as if such date were the date originally fixed for the expiration of the Term. If either Landlord or Tenant terminates this Lease pursuant to this Section 17(d), Base Rent and Tenant's Expense Increase Share shall be apportioned as of the date of such fire or casualty.

(e) The proceeds payable under all fire and other hazard insurance policies maintained by Landlord on the Building shall belong to and be the property of Landlord, and Tenant shall not have any interest in such proceeds. Tenant agrees to look to its own fire and hazard insurance policies in the event of damage to any personal property or any furniture, fixtures, equipment, and/or improvements in the Demised Premises (including without limitation the Tenant Work and any other Alterations).

(f) No compensation, claim or diminution of Base Rent and Additional Rent will be allowed or paid by Landlord by reason of inconvenience, annoyance, or injury to business arising from the necessity of repairing the Demised Premises or any portion of the Building, however the necessity may occur. Further, notwithstanding the provisions of this Section 17, in the event Landlord becomes obligated to make repairs to the Demised Premises hereunder, such repairs shall be to only the base Building structures and systems located in the Demised Premises, and not to any other improvements (including without limitation, any Tenant Work, Alterations or any other improvements in the Demised Premises) or Tenant's furniture, fixtures and equipment, or Tenant's other personal property. At Tenant's

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request, and Landlord's agreement in its sole discretion, Landlord may repair and restore, on Tenant's behalf, all (or any portion) of the Tenant Work, Alterations or other improvements in Demised Premises that Tenant is required to repair and restore pursuant to Section 17(a) hereof, in which case, Tenant shall make all of its insurance proceeds available to Landlord for such use; provided, however, that in no event shall Landlord be required to spend more on any such repair or restoration than the amount of insurance proceeds Landlord actually receives from Tenant. Replacements of any Tenant Work, Alterations or other improvements in the Demised Premises by Tenant shall be of at least comparable quality to the items damaged or destroyed.

(g) This Lease shall be considered an express agreement governing any case of damage to or destruction of the Demised Premises or the Building by fire or other casualty; and any present or future Applicable Laws that purports to govern the rights of Landlord and Tenant in such circumstances in the absence of express agreement is hereby waived by the parties and shall have no application.

18. Damage Caused By Tenant. Tenant shall promptly notify Landlord of any injury or damage to the Demised Premises or the Building or of any condition in the Demised Premises or Building that could be a risk to the health or safety of any person. From and after the date hereof, all injury or damage to the Demised Premises or the Building caused by Tenant or its agents, employees and invitees shall be repaired by Tenant in accordance with Section 9 hereof, at Tenant's sole expense and at Landlord's direction and under Landlord's supervision; provided, however, if any such injury or damage is to any of the Building systems or structures, including without limitation the mechanical, electrical, structural, plumbing, elevator, sprinkler and/or life/safety systems, Tenant shall not be entitled to make any repairs thereto, but Landlord shall have the right in its sole discretion to make any such repairs and any cost so incurred by Landlord shall be paid by Tenant (in which event such cost shall become Additional Rent payable with the installment of Base Rent next becoming due under the terms of this Lease). In addition, if Tenant shall fail to make any repairs required to be made by Tenant under this Lease, and such failure shall continue for a reasonable period of time, after written notice from Landlord to Tenant (but no more than 5 business days), then Landlord shall have the right in its sole discretion to make such repairs or replacements, and any cost so incurred by Landlord shall be paid by Tenant, in which event such cost shall become Additional Rent payable with the installment of Base Rent next becoming due under the terms of this Lease. The Additional Rent referenced by the immediately preceding sentence shall bear interest from the date Landlord incurs the said costs to the date paid by Tenant at the Interest Rate per annum. This provision shall be construed as an additional remedy granted to Landlord and not in limitation of any other rights and remedies which Landlord has or may have in said circumstances.

19. Default of Tenant.

(a) (1) If (i) Tenant shall fail to pay in the manner provided in Section 3 hereof any installment of Base Rent or any Additional Rent (whether such Additional Rent is being paid on an installment or other basis) payable hereunder, or any other charge due hereunder (although no demand has been made therefor), or (ii) Tenant shall breach, violate or otherwise fail to perform any of the other conditions, covenants, agreements or obligations contained herein to be performed by Tenant (except with respect to the provisions of Section 21 or 30 hereof), or (iii) Tenant shall abandon the Demised Premises, or (iv) Tenant shall be liquidated or dissolved (if a corporation or other entity), or (v) Tenant shall fail to fulfill or perform any of its requirements under the provisions of Section 21 or 30 hereof, then such failure, breach, violation, occurrence or condition shall constitute a default of this Lease.



(2) If a default pursuant to Section 19(a)(1)(i) hereof continues for a period of five (5) days after written notice thereof to Tenant by Landlord; or a default pursuant to Section 19(a)(1)(ii) hereof shall continue for a period of twenty (20) days after written notice thereof to Tenant by Landlord, provided that if such a default under Section 19(a)(1)(ii) hereof will take longer than this twenty (20)-day period to cure, Tenant shall have such longer period (not to exceed sixty (60) days), as may be reasonably required to effectuate such cure, as long as such cure is commenced within such fifteen (15)-day period, and such cure is prosecuted diligently to completion; or, if a default pursuant to Sections 19(a)(1)(iii), (iv) or (v) shall occur, then and in any of said events Landlord at its sole option may either terminate this Lease and recover possession of the Demised Premises or recover possession of the Demised Premises without terminating this Lease (provided that Landlord may thereafter terminate this Lease at anytime prior to the expiration of the Term). Notwithstanding the foregoing cure periods, in the event that Tenant

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breaches the same covenant set forth in this Lease on more than two (2) occasions in any twelve (12) consecutive month period, or on more than three (3) occasions in any twenty-four (24) consecutive month period, then, notwithstanding the notice and cure periods set forth in this Section 19(a)(2), Tenant shall not be entitled to any notice or cure period for any subsequent breach of such covenant during the Term of this Lease and Landlord shall be entitled to exercise any remedies available to Landlord hereunder for a breach that is not cured within the notice and cure periods provided herein. Any notice to quit, or of Landlord's intention to re-enter, is hereby expressly waived, and Landlord may proceed to recover possession under and by virtue of the provisions of the laws of the jurisdiction in which the Property is located or by such other proceedings, including re-entry and possession, as may be applicable. Landlord shall have no obligation to make any payment to Tenant otherwise payable to Tenant hereunder while Tenant is in default of any term or condition under this Lease, and shall be entitled to apply any amount Tenant owes Landlord against any amount Landlord owns Landlord. If Landlord elects to terminate this Lease, the obligations herein contained on the part of Landlord to be performed shall cease without prejudice.

(b) Should Landlord terminate Tenant's right to possession of the Demised Premises (with or without terminating this Lease) before the expiration of the Term by reason of Tenant's default as hereinabove provided, Tenant shall thereafter have no right to possess or repossess the Demised Premises and the Demised Premises may be relet by Landlord, for such rental and upon such terms as Landlord is able to obtain, and, if the full Base Rent and Additional Rent herein provided shall not be realized by Landlord, Tenant shall be liable for all damages sustained by Landlord, including without limitation deficiency in rent, interest, attorneys' fees, other collection costs, all court costs and all other expenses (including, without limitation, leasing fees) of placing the Demised Premises in first-class rentable condition. Any damage or loss sustained by Landlord may be recovered by Landlord, at Landlord's option, at the time of the reletting, or in separate actions, from time to time, as said damage shall have been made more easily ascertainable by successive relettings, or, at Landlord's option, may be deferred until the expiration of the Term, in which event the cause of action shall not be deemed to have accrued until the Lease Expiration Date. If Landlord terminates Tenant's right of possession of the Demised Premises and Tenant requests in writing that Landlord mitigate its damages resulting from Tenant's default, then Landlord agrees to use commercially reasonable efforts to mitigate any damages that Landlord may suffer as a result of any default by Tenant hereunder, which commercially reasonable efforts may include Landlord undertaking to lease the Demised Premises to another tenant (a "Substitute Tenant"); provided, however, notwithstanding anything contained herein to the contrary (i) Landlord shall have no obligation to solicit or entertain negotiations with any other prospective tenants for the Demised Premises until Landlord obtains full and complete possession of the Demised Premises; (ii) Landlord shall not be obligated to offer the Demised Premises to a prospective tenant when other premises in the Building suitable for that prospective tenant's use are (or soon will be) available; (iii) Landlord shall not be obligated to lease the Demised Premises to a Substitute Tenant for a rental less than the current fair market rental then prevailing for similar office uses in comparable buildings in the same market area as the Building, nor shall Landlord be obligated to enter into a new lease under terms and conditions that are unacceptable to Landlord under Landlord's then current leasing policies for comparable space in the Building as determined by Landlord in its good faith judgment; (iv) Landlord shall not be obligated to enter into a lease with any proposed tenant whose use would: (1) violate any restriction, covenant or requirement contained in the lease of another tenant of the Building; (2) adversely affect the reputation of the Building; or (3) be incompatible with the operation of the Building as a first class building; and (v) Landlord shall not be obligated to enter into a lease with any proposed Substitute Tenant which does not have, in Landlord's reasonable opinion, sufficient financial resources or operating experience to operate the Demised Premises in a first class manner.

(c) If Landlord terminates this Lease pursuant to this Section 19, Landlord shall have the right at any time, at its option, to require Tenant to pay to Landlord, on demand as liquidated and agreed final damages in lieu of Tenant's liability under Section 19(b) hereof, interest, reasonable attorneys' fees, and other collection costs, all court costs and all other expenses (including, without limitation, leasing fees) of placing the Demised Premises in first-class rentable condition, the unamortized cost of any Tenant Work Allowance (as defined in the Basic Lease Information) and the amount of any waiver of Rent, plus any unpaid Rent which is due and owing at the time of termination, plus an amount equal to

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the present value (discounted at the Discount Rate, hereinafter defined) of the total amount of Rent which would have been payable from the date of such termination to the Lease Expiration Date, less the present value (discounted at the Discount Rate, hereinafter defined) of the amount of rent received by Landlord from a reletting of the Demised Premises for the remainder of the Term (or the amount of Rent that would have been received if Landlord were to take reasonable steps to mitigate its damages hereunder, net of all expenses and all vacancy periods reasonably projected by Landlord to be incurred in connection therewith). The "**Discount Rate**" shall mean the interest rate payable on a newly issued United States treasury bond with a maturity date that is as close as possible to the date that the Lease would have expired. If the Demised Premises shall have been relet for all or part of the remaining balance of the Term by Landlord after a default but before presentation of proof of such damages, the amount of rent reserved upon such reletting, absent proof to the contrary, shall be deemed to be the amount that Landlord would have received for the Demised Premises for purposes of the foregoing determination of damages.



(d) If a default by Tenant shall have occurred (beyond any notice and cure period set forth in Section 19(a)(2) hereof), then notwithstanding anything contained herein to the contrary, Landlord shall not be required to provide Tenant notice prior to entering the Demised Premises and, to the extent permitted by Applicable Law, Landlord shall have the right, without notice to Tenant, to change or re-key all locks to entrances to the Demised Premises, and Landlord shall have no obligation to give Tenant notice thereof or to provide Tenant with a key to the Demised Premises.

(e) In the event of any default or threatened default by Tenant or any persons claiming through Tenant of any of the provisions contained in this Lease, the same shall be deemed to cause irreparable harm. Landlord shall be entitled to enjoin such default or threatened default and shall have the right to invoke any right or remedy allowed at law, in equity or otherwise as if re-entry, summary proceedings or other specific remedies were not provided for in this Lease and without the necessity of proving irreparable harm or the unavailability or inadequacy of any legal remedy.

(f) Without limiting any of the foregoing remedies of Landlord and whether or not Tenant is in default of this Lease, if Tenant shall vacate the Demised Premises for more than sixty (60) days, then Landlord may (but shall not be required to) make (upon 10 days prior notice), at Tenant's sole cost, such alterations to the Demised Premises (including without limitation, the suite entry area of the Demised Premises), and take other action as Landlord reasonably determines appropriate to minimize risks of damage to the Building and any other adverse effect the vacant Demised Premises may have on limiting access to the Demised Premises or the aesthetics of the floor on which the Demised Premises are located, which alterations may include without limitation, locking-off the elevator to any floor occupied entirely by Tenant and/or the replacement of any glass suite entry area in the Demised Premises with Building standard wood doors and any conforming replacements of any other glass portion of the suite entry area.

(g) All rights and remedies of Landlord under this Lease shall be cumulative and shall not be exclusive of any other rights and remedies available to Landlord at law or in equity. In addition to the foregoing, and without regard to whether this Lease has been terminated, Tenant shall pay to Landlord all costs, including without limitation reasonable attorneys' fees, court costs and other disbursements, incurred by Landlord in connection with enforcing any provision of this Lease, whether or not any action or lawsuit is actually instituted by Landlord. Should either party institute any action or proceeding to enforce or interpret this Lease or any provision hereof, for damages by reason of any alleged breach of this Lease or of any provision hereof, or for a declaration of rights hereunder, the prevailing party (as determined by the applicable court pursuant to any non-appealable or un-appealed judgment) in any such action or proceeding shall be awarded from the other party all costs and expenses, including, without limitation, attorneys' and other fees, reasonably incurred in good faith by the prevailing party in connection with such action or proceeding.

20. Waiver. If under the provisions hereof Landlord shall institute proceedings and a compromise or settlement thereof shall be made, the same shall not constitute a waiver of any covenant herein contained nor of any of Landlord's rights hereunder except as expressly set forth in such compromise or settlement. No waiver by Landlord of any breach of any covenant, condition or agreement herein contained shall operate as a waiver of such covenant, condition or agreement itself, or of any subsequent breach thereof. No payment by Tenant or receipt by Landlord of a lesser amount than the

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monthly installment of Base Rent or any Additional Rent shall be deemed to be other than on account of the earliest stipulated Base Rent and Additional Rent nor shall any endorsement or statement on any check or letter accompanying a check for payment of any Base Rent or Additional Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Base Rent or Additional Rent or to pursue any other remedy provided in this Lease. No re-entry by Landlord, and no acceptance by Landlord of keys from Tenant shall be considered an acceptance of a surrender of this Lease. Tenant hereby waives any right of redemption Tenant may otherwise enjoy under applicable law.

21. Subordination and Attornment. This Lease is subject and subordinate to the lien of all and any mortgages (which term "**mortgages**" shall include both construction and permanent financing and shall include deeds of trust and similar security instruments) which may now or hereafter encumber or otherwise affect the Land and/or Building, or Landlord's interest therein, and to all and any renewals, extensions, modifications, recastings or refinancings thereof, and to any current or future ground lease of the Land. In confirmation of such subordination, Tenant shall, within ten (10) business days of Landlord's request, promptly execute any requisite or appropriate subordination or other document, but no further act by Tenant is required to effectuate the foregoing subordination or the attornment specified herein, the provisions of this Section 21 being agreed by Landlord and Tenant to be self-operative. Tenant agrees that in the event that any proceedings are brought for the foreclosure (or deed in lieu thereof) of any such mortgage or the termination of any ground lease, at the request of Landlord or Landlord's successor in interest, Tenant shall attorn to the purchaser at such foreclosure sale or the landlord under the ground lease (or lessee under any new underlying lease), and recognize such purchaser or new landlord as the landlord under this Lease, and Tenant waives the provision of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event that any such foreclosure proceeding is prosecuted or completed or in the event any ground lease is terminated. In addition, the purchaser or other successor in interest to Landlord shall not be liable for any act or omission of Landlord occurring before such purchaser or other successor succeeds to Landlord's interest herein, nor be subject to any offset or defense accruing before such purchaser or other successor succeeds to Landlord's interest herein, nor be bound by any prepayment of more than one monthly installment of Base Rent and Tenant's Expense Increase Share paid to Landlord prior to such purchaser or other successor succeeds to Landlord's interest herein. Notwithstanding the foregoing, Tenant agrees that the holders of any such mortgages or the ground lessor (each a "**mortgagee**" and collectively, "**mortgagees**") shall have the right to make this Lease superior to the lien of such mortgage or ground lease, by the filing of subordination statements or otherwise, and Tenant hereby consents to any such filing. Upon written request from Tenant in each instance, Landlord shall exercise reasonable efforts to obtain a subordination, non-disturbance and attornment agreement for Tenant from any current or future holder of a mortgage encumbering the Land and/or the Building ("**mortgagee**") in such mortgagee's customary form.

22. Condemnation.

(a) If all or substantially all of the Demised Premises shall be taken or condemned by any governmental, quasi-governmental, public or other authority for any public or quasi-public use or purpose (including sale under threat of such a taking), herein referred to as a "**Taking**," then the Term shall cease and terminate as of the date of the Taking, and all Base Rent and Additional Rent shall be abated as of such date. If less than substantially all of the Demised Premises is the subject of a Taking, the Base Rent and Additional Rent shall be equitably adjusted as of the date of the Taking and this Lease shall otherwise continue in full force and effect. Notwithstanding the foregoing, in the event of a Taking of so substantial a part of the Building that Landlord concludes, in its reasonable discretion, that it is impracticable to continue to operate the Building, then Landlord, at its option, shall have the right to terminate this Lease by giving Tenant termination notice specifying a date not earlier than thirty (30) days after the date of such notice as of which this Lease will terminate; provided, however, if the Demised Premises (or access to or services provided to the Demised Premises) are not affected by such condemnation, then such termination shall be effective seventy-five (75) days after giving such notice, provided that Landlord anticipates providing building standard services to other similarly situated tenants in the Building during such period.

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(b) Tenant shall have no claim against Landlord (or otherwise) for any portion of the amount that may be awarded as damages as a result of any Taking or for the value of any unexpired Term; provided, however, that Tenant may assert any claim that it may have against the condemning authority for compensation for any fixtures owned by Tenant and for any relocation expense compensable by statute, and receive such award therefor as may be allowed in the condemnation proceedings, if such award shall be made in addition to and stated separately from the award made for the Land and the Building or the part thereof so taken.

(c) This Lease shall be considered an express agreement governing any case of condemnation of the Demised Premises, the Building, or the Property; and any present or future Applicable Law that purports to govern the rights of Landlord and Tenant in such circumstances in the absence of express agreement is hereby waived by the parties and shall have no application.

23. Rules and Regulations. Tenant, its agents and employees shall abide by and observe the rules and regulations attached hereto as **Exhibit C**, and such other rules or regulations as may be promulgated from time to time by Landlord, with a copy sent to Tenant, for the operation and maintenance of the Building. Nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce such rules and regulations, or the terms, conditions or covenants contained in any other lease, as against any other tenant, and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its employees, agents, business invitees, licensees, customers, family members or guests. Landlord shall not unreasonably discriminate against Tenant in the enforcement of the rules and regulations. In the event of any conflict between the rules and regulations and the terms and conditions of this Lease, the terms and conditions of this Lease shall control.


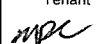
24. Covenant of Quiet Enjoyment. Landlord covenants that it has the right to make this Lease for the Term, and that if Tenant shall pay the Base Rent and Additional Rent and perform all of the covenants, terms and conditions of this Lease to be performed by Tenant, Tenant shall, except as otherwise provided in this Lease, during the Term, freely, peaceably and quietly occupy and enjoy the full possession of the Demised Premises without molestation or hindrance by Landlord or any party claiming through or under Landlord.

25. Sale or Transfer. In the event of any sale or transfer by the then landlord hereunder of the Building, the landlord whose interest is thus sold or transferred (the "**Selling Landlord**") shall be and hereby is completely released and forever discharged from and in respect of all covenants, obligations and liability as Landlord hereunder accruing after the date of such sale or transfer and is further forever discharged from the obligation to return any security deposit to Tenant, provided that the Selling Landlord has transferred such security deposit to its assignee.

26. No Partnership. Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between Landlord and Tenant, or to create any other relationship between the parties hereto other than that of landlord and tenant.

27. No Representations by Landlord. Neither Landlord nor any agent or employee of Landlord has made any representations or promises with respect to the Demised Premises or the rest of the Property except as herein expressly set forth, and no rights, privileges, easements or licenses are acquired by Tenant except as herein expressly set forth. This Lease shall not be binding on the parties until and unless this Lease is fully executed and delivered by the parties hereto.

28. Brokers. Landlord shall pay the commission payable to the Broker identified in the Basic Lease Information pursuant to a separate agreement between the Broker and Landlord. Landlord and Tenant each represent and warrant one to the other that if either has engaged any broker or agent (other than the Broker) in carrying on the negotiations relating to this Lease, it will pay any brokerage commission payable to said broker or agent. Tenant shall and does hereby indemnify, hold harmless and defend Landlord from and against any and all claims, loss, damage, cost or expense (including, without limitation, attorneys' fees and all court costs) arising out of any breach of the foregoing representation and warranty by Tenant or any purported or actual dealings by Tenant and any broker or agent other than the Broker. Any representation or statement by a leasing company or other third party (or employee thereof) engaged by Landlord as an independent contractor which is made with regard to the Demised Premises or to the rest of the Building or the Property shall not be binding upon Landlord nor serve as a modification of this

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Lease and Landlord shall have no liability therefor, except to the extent such representation is also contained herein.

29. Notices. All notices or other communications hereunder shall be in writing and shall be deemed duly given if delivered by hand, or by a nationally recognized delivery service providing receipt evidencing such delivery, or by facsimile transmission the receipt of which is confirmed, or by certified or registered mail return receipt requested, first-class, postage prepaid, to the Address for Notices set forth in the Basic Lease Information unless notice of a change of address is given in writing pursuant to this Section 29. Notice shall be deemed to have been given upon receipt or at the time delivery is refused. In the event that the Basic Lease Information provides (or Tenant otherwise designates in writing in accordance with this Section 29) that more than one (1) person or address receive notices on Tenant's behalf hereunder, Landlord shall use commercially reasonable efforts to send such notices to all requested parties; however, it shall not be a condition to the effectiveness of any notice that more than one (1) person or address receive such notices.

30. Estoppel Certificates. Tenant agrees that, within ten (10) business days after Tenant receives written notice from Landlord, from time to time, Tenant shall execute, acknowledge and deliver to Landlord, at no cost to Landlord, a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications), (ii) stating the dates to which the rentals and other charges hereunder have been paid by Tenant, (iii) stating whether or not to the actual knowledge of Tenant, Landlord has failed to fulfill any of its obligations under this Lease, and, if so, specifying each such failure of which Tenant may have knowledge, (iv) stating that Tenant shall give written notice to Landlord's mortgagee of any failure by Landlord to fulfill any of its obligations under this Lease, (v) stating the address to which notices to Tenant should be sent, and (vi) stating that Tenant has accepted the Demised Premises and the improvements therein, and (vii) providing any other such information relating to this Lease that Landlord reasonably requests. Any such statement delivered pursuant hereto may be relied upon by any owner of the Building, any prospective purchaser of the Building, any mortgagee or prospective mortgagee of the Building or of Landlord's interest, or any prospective assignee of any such mortgage. Tenant acknowledges and agrees that compliance by Tenant with the requirements of this Section 30 is necessary for Landlord to efficiently manage the financial and other aspects of owning and operating the Property (including without limitation, facilitating the financing, refinancing and/or sale of the Property, any part thereof or any interest therein) and that any breach or other violation of the provisions of this Section 30 will result in material damages to Landlord (including without limitation, any damages to Landlord in connection with its financing, refinancing or sale of the Property, any part thereof or any interest therein that may result from any such breach or violation). Any breach or other violation of any requirement of this Section 30 shall be deemed a default hereunder, entitling Landlord (after providing Tenant and one other party entitled to a copy of such notice pursuant the Basic Lease Information with notice thereof (which notice shall must reference in bold and capitalized letters the provisions hereof) and three (3) business days thereafter within which to cure such default as set forth in Section 19(a)(2) hereof) to immediately undertake an action for the damages resulting therefrom (including without limitation any and all consequential, direct and/or indirect damages) and pursue any and all other remedies available to Landlord on account of such default, including any and all remedies available under this Lease or at law or equity. If Landlord requires that an estoppel certificate be delivered to Landlord more than once in any calendar year, unless Tenant is in default or such estoppel is required by a lender, potential lender, purchaser or potential purchaser in connection with a financing or potential financing or sale or potential sale of the Building or any interest therein or in Landlord, then Landlord shall reimburse Tenant for any attorneys' fees Tenant incurs in connection therewith, not to exceed \$500.00 for any such estoppel certificate.

31. Surrender; Holding Over. At the expiration or other termination of the Term, Tenant shall surrender and deliver the Demised Premises and all keys, locks and fixtures and improvements thereto (except only Tenant's personal property) in good order, repair and condition, as the same are now or shall be at the Lease Commencement Date, except for ordinary wear and tear and damage by casualty not required to be insured for and/or repaired by Tenant hereunder. Upon the expiration or other termination of the Term, Tenant shall remove the personal property of Tenant, any of its subtenants and any other persons or entities claiming under or through Tenant. Any personal property belonging to Tenant or any



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other person which is left in the Demised Premises after the Term shall be deemed to have been abandoned and shall be deemed to be property of Landlord; in which case, Landlord may retain such personal property or may dispose of same at the cost of Tenant (including selling such property or storing same in a warehouse or elsewhere), and Tenant shall promptly upon demand reimburse Landlord for any expenses incurred by Landlord in connection therewith, including reasonable attorneys' fees. Landlord shall not be liable for trespass, conversion, negligence or in any other way liable in connection with such property. Tenant agrees that it will not occupy or retain or allow occupancy or retention by any subtenant of possession of the Demised Premises at any time after the expiration or other termination of the Term, without the prior written consent of Landlord. In the event that Tenant shall hold over after the expiration or other termination of the Term without Landlord's prior written consent, Landlord shall have the right to regain possession of the Demised Premises by any legal process in force at such time. It will be conclusively presumed that the value to Tenant of remaining in possession of the Demised Premises after the expiration or termination of the Term, and the loss or damage that Landlord will suffer as a result thereof, far exceed the Base Rent and Additional Rent that would have been payable had the Term continued during the holdover period. In the event Tenant continues to occupy the Demised Premises after the expiration or termination of the Term, Tenant shall then be liable to pay to Landlord an amount equal to 150% of the monthly installments of Base Rent being paid immediately prior to the Lease Expiration Date, plus all Additional Rent and any other charges paid on an installment basis, for each month or part of a month that Tenant occupies the Demised Premises after the date of expiration or other termination of the Term, plus any other Additional Rent or charges due, attorneys' fees, costs, and expenses incurred by Landlord in regaining possession of the Demised Premises and/or to recover the foregoing amounts. Such liquidated damages for the first calendar month (or part thereof) during the holdover period shall be due and payable on the day immediately following the expiration of the Term, and for each calendar month thereafter during the holdover period, such liquidated damages shall be due and payable on the first day of such calendar month. If the holdover period ends on a date other than the last day of a calendar month, such liquidated damages for the entire calendar month in which the holdover period ends shall be deemed earned by Landlord as of the first day of such month, and Tenant shall not be entitled to a refund or reduction of Rent for any such partial month. Holdover occupancy by Tenant shall be subject to all of the terms, covenants, and conditions of this Lease. Tenant acknowledges and agrees that Landlord may undertake a major renovation or redevelopment of the Property (including the Building) and/or lease the Demised Premises (in whole, in part, or as a part of a larger portion of the Building) to another tenant immediately after the expiration or other termination of the Term. In any such event, any breach or other violation of the provisions of this Section 31 may result in material damages to Landlord, including without limitation, any damages to Landlord in connection with delaying any renovation and redevelopment of the Property or in connection with any reletting of the Demised Premises and/or other portions of the Building. Tenant agrees to indemnify, hold harmless and defend Landlord for all damages, losses, expenses and costs (including reasonable attorneys' fees and court costs) that Landlord may suffer as a result of Tenant's holdover use and occupancy of the Demised Premises.

32. Right of Landlord to Cure Tenant's Default. If Tenant defaults in the making of any payment or in the doing of any act herein required to be performed by Tenant (other than the payment of Base Rent and Additional Rent), and such failure is not cured after Landlord provides Tenant with twenty (20) days written notice thereof (except in the case of any emergency or if such default materially affects the structural elements of the Building, the Base building systems or other tenants of the Building, in which case no prior notice shall be required), then Landlord may, but shall not be required to, make such payment or do such act, and the amount of the expense thereof, if made or done by Landlord, with interest thereon at the Interest Rate per annum from the date paid by Landlord, shall be paid by Tenant to Landlord and shall constitute Additional Rent hereunder due and payable with the next monthly installment of Base Rent; but the making of such payment or the doing of such act by Landlord shall not operate to cure such default or to estop Landlord from the pursuit of any remedy to which Landlord would otherwise be entitled.

33. Intentionally Omitted.

34. Benefit and Burden. Subject to the provisions of Sections 6 and 7 hereof, the provisions of this Lease shall be binding upon, and shall inure to the benefit of, the parties hereto and each of their

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respective representatives, successors and assigns. Landlord may freely and fully transfer, assign, and/or convey its interest hereunder.

35. Security Deposit.

(a) **Security Deposit Amount.** Simultaneously with Tenant's execution of this Lease, Tenant shall deposit with Landlord an amount equal to the Security Deposit Amount as a security deposit.

(b) **Security.** Such security deposit shall be considered as security for the payment and performance by Tenant of all of Tenant's obligations, covenants, conditions and agreements under this Lease.



(c) **Form.** Such security deposit may, at Tenant's option, be deposited by Tenant with Landlord in the form of cash or Tenant shall deliver to Landlord an irrevocable standby letter of credit (the "Letter of Credit") in a face amount equal to the Security Deposit Amount. If Tenant elects to provide the Letter of Credit as such security deposit, Tenant shall maintain the Letter of Credit in full force and effect throughout the Term and until sixty (60) days after the end of the calendar year in which the Lease Expiration Date occurs, and shall cause the Letter of Credit to be renewed or replaced not less than sixty (60) days prior to its expiry date. The Letter of Credit shall (i) be unconditional, irrevocable, transferable, payable to Landlord on sight at a metropolitan Washington, D.C. area financial institution, in partial or full draws, (ii) be substantially in the form attached hereto and incorporated herein as Exhibit F, and otherwise be in form and content reasonably acceptable to Landlord, (iii) shall be issued by a financial institution reasonably acceptable to Tenant and Landlord, and (iv) contain an "evergreen" provision which provides that it is automatically renewed on an annual basis unless the issuer delivers sixty (60) days' prior written notice of cancellation to Landlord and Tenant. Any and all fees or costs charged by the issuer in connection with the Letter of Credit shall be paid by Tenant.

(d) **Right to Draw.**

1. If the security deposit is in the form of cash, in the event of any default by Tenant hereunder beyond any applicable notice or cure period, Landlord shall have the right, but shall not be obligated, to apply all or any portion of the security deposit to compensate Landlord (whether in whole or in part) for such default, in which event, within fifteen (15) days thereafter, Tenant shall be obligated to deposit with Landlord the amount necessary to restore the balance of the security deposit to an amount equal to the then-applicable Security Deposit Amount; provided, however, neither the application of the security deposit as set forth above nor the payment by Tenant to restore such security deposit shall operate to cure such default or to estop Landlord from pursuing any remedy to which Landlord would otherwise be entitled, unless and until Tenant has fully compensated Landlord for any damage resulting from such default and Tenant has restored any security deposit and otherwise complied with the terms hereof.

2. If the security deposit is in the form of a Letter of Credit, in the event of any default by Tenant hereunder beyond any applicable notice or cure period, Landlord shall have the right to draw upon the Letter of Credit in whole or in part and apply the proceeds thereof as may be necessary to compensate Landlord for such default, and Tenant, within fifteen (15) days after Landlord delivers written demand therefor to Tenant, shall forthwith restore the Letter of Credit to a face amount equal to the then-applicable Security Deposit Amount; provided, however, neither the application of the security deposit as set forth above nor the restoration by Tenant of such security deposit shall operate to cure such default or to estop Landlord from pursuing any remedy to which Landlord would otherwise be entitled, unless and until Tenant has fully compensated Landlord for any damage resulting from such default and Tenant has restored any security deposit and otherwise complied with the terms hereof. Should Landlord elect to draw the full amount of the Letter of Credit upon a default by Tenant, Tenant expressly waives any right it might otherwise have to prevent Landlord from drawing on the Letter of Credit and agrees that an action for damages and not injunctive or other equitable relief shall be Tenant's sole remedy in the event Tenant disputes Landlord's claim to any such amounts.

3. Landlord shall also have the right to draw upon the Letter of Credit in any of the following circumstances (which circumstances described in items (i) and (ii) below shall apply to all issuers, including without limitation the initial issuer): (i), if the total assets of the issuer of the Letter of

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Credit are at any time less than Three Billion Dollars (\$3,000,000,000.00), or such issuer has a Standard & Poor's commercial paper rating of less than A-1 (provided if at any time the current Standard & Poor's commercial paper rating system is no longer in existence, a comparable rating of a comparable commercial paper rating system from a comparable company shall be selected by Landlord, in its reasonable discretion, for purposes of this Section 35) and Tenant fails to deliver to Landlord a replacement Letter of Credit complying with the terms of this Lease within thirty (30) days of request therefor from Landlord, (ii) if the issuer of the Letter of Credit shall enter into any supervisory agreement with any governmental authority, or the issuer of the Letter of Credit shall fail to meet any capital requirements imposed by applicable law, and Tenant fails to deliver to Landlord a replacement Letter of Credit complying with the terms of this Lease within thirty (30) days of request therefor from Landlord, or (iii) if Tenant fails to provide Landlord with any renewal or replacement Letter of Credit complying with the terms of this Lease at least sixty (60) days prior to expiration of the then-current Letter of Credit. In the event the Letter of Credit is drawn upon due solely to the circumstances described in the foregoing clauses (i), (ii) or (iii), the amount drawn shall be held by Landlord without interest as a security deposit to be otherwise retained, expended or disbursed by Landlord for any amounts or sums due under this Lease to which the proceeds of the Letter of Credit could have been applied pursuant to this Lease, and Tenant shall be liable to Landlord for restoration, in cash or Letter of Credit complying with the terms of this Lease, of any amount so expended to the same extent as set forth in this Section 35.

(e) Right to Pledge or Assign. Landlord shall have the right to pledge or assign its interest in the security deposit and proceeds thereof to any lender holding a security interest in the Demised Premises. In the event of any sale or transfer of Landlord's interest in the Building, Landlord shall transfer the security deposit to such purchaser or transferee, in which event such purchaser or transferee shall hold, use and apply the security deposit and proceeds thereof in accordance with the covenants, terms and conditions of this Lease. Tenant shall look solely to the new landlord for the return of the security deposit and Landlord shall thereupon be released from all liability to Tenant for the return of such security deposit, provided that the Landlord has transferred such security deposit to such purchaser or transferee and such purchaser or transferee has actually received such security deposit. No mortgagee or other purchaser of any or all of the Building at any foreclosure proceeding brought under the provisions of any mortgage shall (regardless of whether the Lease is at the time in question subordinated to the lien of any mortgage) be liable to Tenant or any other person for any or all of such sums or the return of any security deposit (or any other or additional security deposit or other payment made by Tenant under the provisions of this Lease), unless Landlord has actually delivered the security deposit, or proceeds thereof, to such mortgagee or purchaser, and in no event shall any mortgagee at any such foreclosure proceedings have a claim against the security deposit or the proceeds thereof to apply same to cure any default of Landlord under the mortgage documents which are the subject of the foreclosure proceedings. If the security deposit is in the form of a Letter of Credit and if requested by any such mortgagee or other purchaser, Tenant shall obtain an amendment to the Letter of Credit which names such mortgagee or other purchaser as the beneficiary thereof in lieu of Landlord. This security deposit shall not be transferable by Tenant to any assignee or subtenant, but shall be held and returned directly to Tenant.

(f) Reservation of Rights. No right or remedy available to Landlord as provided in this Section 35 shall preclude or extinguish any other right to which Landlord may be entitled. In furtherance of the foregoing, it is understood that in the event Tenant fails to perform its obligations, any amounts recovered from the security deposit shall not be deemed liquidated damages. Landlord may apply such sums to reduce Landlord's damages and such application of funds shall not in any way limit or impair Landlord's right to seek or enforce any and all other remedies available to Landlord to the extent allowed hereunder, at law or in equity.

(g) Return of Security Deposit. Landlord shall have the right, at Landlord's discretion, to hold the security deposit until such time that a final determination is made of all obligations of Tenant under this Lease; provided, however, that Landlord shall only retain so much of the security deposit as Landlord determines is reasonably required to cover any defaults and any undetermined obligations of Tenant under this Lease (including without limitation any obligation of Tenant in connection with any damage to the Demised Premises or Building or any obligations under Section 4 of the Lease) and Landlord shall return, within sixty (60) days after the date that the Term has ended and Tenant has vacated the Demised Premises, the amount not so retained. The final determination shall be made no later than one hundred

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twenty (120) days after the end of the calendar year in which the Term expires or one hundred twenty (120) days after the end of the Operating Cost Year in which the Term expires, whichever is later.

36. Landlord as an Individual or Partnership. If Landlord or any successor in interest to Landlord shall be an individual, corporation, limited liability company, joint venture, tenancy in common, firm or partnership, general or limited, there shall be no personal liability on any partners, successors or affiliates of Landlord (whether or not an individual, corporation or other entity) or on any employees, members, officers, directors, or other individuals of Landlord or of its successors, partners or affiliates, with respect to any of the provisions of this Lease or any obligation arising therefrom or in connection therewith. In such event, Tenant shall look solely to the equity of the then owner of the Building in the Building for the satisfaction of any remedies of Tenant in the event of a breach by Landlord or its successors of any of its obligations hereunder. No other asset of Landlord, any partner, director, member, officer or trustee of Landlord or any other person or entity shall be available to satisfy or be subject to any judgment against Landlord in connection with this Lease.

37. Financial Statements. Tenant (and any guarantor of this Lease), upon written request by Landlord, will provide Landlord with a copy of its most recent financial statements, consisting of a Balance Sheet, Earnings Statement, Statement of Changes in Financial Position, Statement of Changes in Owner's Equity, and related footnotes, prepared in accordance with generally accepted accounting principles. Such financial statements must be either certified by a certified public accountant or sworn to as to their accuracy and completeness by Tenant's (or the guarantor's, if applicable) chief financial officer. The financial statements provided must be as of a date not more than twelve (12) months prior to the date of request. Landlord shall retain such statements in confidence, but may provide copies to any lender, potential lender, purchaser or potential purchaser in connection with a financing or potential financing or sale or potential sale of the Building or any interest therein or in Landlord. Notwithstanding the foregoing, if Tenant is not in default of any term, condition or covenant hereunder (beyond the expiration of any applicable notice and cure period expressly set forth in Section 19 hereof), Tenant shall not be required to provide Landlord with such financial statements more frequently than one (1) time per each calendar year, unless such financial statements are required in connection with an appraisal, financing, potential financing, sale or potential sale of the Property (or any part thereof) or any interest therein or in Landlord.



38. Mortgagee Protection. Tenant agrees to give any mortgagee(s), by certified or registered mail, postage prepaid, return receipt requested, a copy of any notice of any failure by Landlord to fulfill any of its obligations under this Lease served upon Landlord by Tenant, provided that prior to such notice Tenant has been notified in writing (by way of notice of assignment of rents and leases, or otherwise) of the addresses of such mortgagee(s). Tenant further agrees that the mortgagee(s) shall have such time as may be necessary to cure such failure as long as any mortgagee(s) has commenced and is diligently pursuing the remedies necessary to cure such failure (including, but not limited to, time to take possession and/or commence foreclosure proceedings, if necessary to effect such cure).

39. Energy Conservation and Governmental Policies. Landlord shall be deemed to have observed and performed the terms and conditions to be performed by Landlord under this Lease, including those relating to the provisions of utilities and services, if in so doing it acts in accordance with a directive, policy, or request of a governmental, quasi-governmental, public or other authority in respect of energy conservation or security.

40. Landlord's Rights to Building Maintenance and Renovations. Landlord shall have the following rights in maintaining, repairing and/or renovating the Building:

(a) to enter the Demised Premises at any reasonable time, upon reasonable prior notice, except in the case of an emergency, to perform routine maintenance and repairs deemed appropriate by Landlord;

(b) to change or alter from time to time the arrangement and/or location of public entrances, passageways, doors, doorways, corridors, elevators, stairs, toilets or other parts of the Building and to make any additions to the Building or areas of the Building and to change the name, street number or designation by which the Building may be known; provided that if Landlord changes the street number and such change is not made by, directed by or requested by, the postal service or any governmental or quasi-governmental authority, then Landlord shall reimburse Tenant for the actual cost of the letterhead and other

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stationery on hand which bears the old address of the Building, but in no event more than Three Thousand Dollars (\$3,000.00);

(c) to have access to all mail chutes, if any, according to the rules of the United States Postal Service or any successor thereto;

(d) if Tenant vacates the Demised Premises prior to the expiration of the Term, to make alterations or to otherwise prepare the Demised Premises for reoccupancy without relieving Tenant of its obligation to pay Rent through the Lease Expiration Date;

(e) to carry out a renovation program for the Building. In performance of the renovation program, Landlord, its agents, contractors, and all persons retained in connection therewith, shall have the right to enter the Demised Premises to perform renovation work after Building hours, upon at least one (1) day's notice. Tenant shall cooperate with Landlord in temporarily relocating furniture, fixtures, personal property, and personnel as required to complete the renovation work in the Building.

(f) any work performed by Landlord in accordance with this Section 40 shall be with the minimum disruption practicable to Tenant's occupancy, but such work shall not give Tenant the right to abate Rent or otherwise fail to perform its obligations hereunder.

41. Adjacent Excavation, Shoring. If an excavation shall be made upon land adjacent to the Building, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, license to enter upon the Demised Premises for the purpose of doing such work as said person shall deem necessary to preserve the Building and the walls thereof of which the Demised Premises form a part from injury or damage and to support the same by proper foundation without any claim for damages or indemnity against Landlord or diminution or abatement of Base Rent or Additional Rent.

42. Patriot Act Compliance. Landlord and Tenant each represents and warrants that it is not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by the United States Treasury Department as a Specially Designated National and Blocked Person, or for or on behalf of any person, group, entity or nation designated in Presidential Executive Order 13224 as a person who commits, threatens to commit, or supports terrorism, and that it is not engaged in this transaction directly or indirectly on behalf of, or facilitating this transaction directly or indirectly on behalf of, any such person, group, entity or nation.

43. Joint and Several Liability. To the extent that Tenant comprises more than one individual and/or entity or is partnership, or a professional corporation, all such individuals, entities, partners and/or principals comprising Tenant shall be jointly and severally liable for all of the obligations, agreements and covenants of Tenant hereunder. If Tenant comprises more than one individual and/or entity or is partnership Landlord shall be bound only by notices received by it from Tenant if such notices are signed by all of the entities and individuals comprising Tenant (or all general partners in the case of a partnership).

44. Environmental Matters.

(a) Tenant, its agents and employees, shall not violate or cause to be violated any federal, or applicable state or local law, ordinance or regulation relating to the environmental conditions on, under or about the Demised Premises or the Building, or the Land, including, but not limited to soil and ground water conditions. Tenant, its agents and employees shall not introduce, use, generate, store, accept or dispose of on, under or about the Demised Premises, the Building, or the Land or transport to or from the Demised Premises, the Building, or the Land any hazardous wastes, toxic substances, pollutants or related materials ("**Hazardous Materials**"). For the purposes of this Article, Hazardous Materials shall include, but not be limited to substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9061, *et seq.*; Hazardous Materials Transportation Act, 49 U.S.C. Section 1802; and Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 *et seq.* and any other substances considered hazardous, toxic or the equivalent pursuant to any other applicable laws and in the regulations adopted and publications promulgated pursuant to said laws or any future laws or regulations (collectively, the "**Environmental Laws**").

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(b) Tenant shall clean up and remove or cause to be cleaned up and removed from, under or about the Demised Premises, the Building or the Land any Hazardous Materials it or its agents or employees have or have caused to be introduced, at its sole cost and expense, and shall ensure that such removal is conducted in compliance with all applicable Environmental Laws.

(c) Tenant shall promptly deliver notice to Landlord if Tenant obtains knowledge sufficient to infer that Hazardous Materials are located on the Demised Premises, the Building or the Property that are not in compliance with applicable Environmental Laws or if any third party, including without limitation, any governmental agency, claims a significant disposal of Hazardous Materials occurred on the Demised Premises, the Building or the Property or is being or has been released from the Demised Premises, the Building or the Property. Upon reasonable written request of Landlord, Tenant, through its appropriately qualified and licensed professional engineers, and at Tenant's cost, shall thoroughly investigate suspected Hazardous Materials contamination of the Demised Premises, the Building or the Property that Landlord in good faith believes may constitute a breach of Tenant's obligation or requirements hereunder or would otherwise be Tenant's responsibility hereunder. Tenant, using duly licensed and insured contractors reasonably approved by Landlord, shall promptly commence and diligently complete the removal, repair, clean-up, and detoxification of any Hazardous Materials from the Demised Premises, the Building and the Property, as may be required by applicable Environmental Laws, which results from a breach of Tenant's obligation or requirements hereunder or would otherwise be Tenant's responsibility hereunder.

45. Common Facilities. From time to time, Landlord may provide for use in common by any tenants in the Building, and others as Landlord may in its sole judgment direct, certain facilities, such as a health club, exercise rooms or shower rooms (the "**Common Facilities**"). All costs of operating and maintaining the Common Facilities shall be included in Operating Costs. In addition, if Landlord determines in its sole discretion to staff any of the Common Facilities with any personnel, all costs associated therewith shall be included in Operating Costs. Tenant agrees that its use of the Common Facilities shall be subject to and in accordance with such reasonable rules and regulations as Landlord may promulgate from time to time covering the use of the Common Facilities, and that any use of the Common Facilities by Tenant, its employees or invitees, shall be at their sole risk, cost and expense. Landlord shall not be responsible for any injury, loss or damage suffered by Tenant, its employees or invitees, arising out of or in any way connected with or related to their use of the Common Facilities, except to the extent caused by Landlord's gross negligence or willful misconduct.

46. Mechanic's Liens. No work performed by Tenant pursuant to this Lease, whether in the nature of erection, construction, alteration or repair, shall be deemed to be for the immediate use and benefit of Landlord, nor shall Tenant be deemed to be the agent of Landlord in performing such work, so that no mechanic's or other lien shall be allowed against the estate of Landlord by reason of any consent given by Landlord to Tenant to improve the Demised Premises. Tenant shall pay promptly all persons furnishing labor or materials with respect to any work performed by Tenant or its contractor on or about the Demised Premises. Without limiting Tenant's obligations under Section 9 hereof or this Section 46, if any mechanic's or other lien shall at any time be filed against the Demised Premises or the Building by reason of work, labor, services or materials performed or furnished, or alleged to have been performed or furnished, to Tenant or to anyone holding the Demised Premises through or under Tenant, Tenant shall, within ten (10) days after Tenant has been notified of the filing thereof, cause the same to be discharged of record by the payment thereof or by filing any bond required by law. If Tenant shall fail to cause such lien to be so discharged within such ten (10)-day period, then, in addition to any other right or remedy of Landlord, Landlord may discharge the same by paying the amount claimed to be due, and the amount so paid by Landlord, including reasonable attorneys' fees incurred by Landlord either in defending against such lien or in procuring the discharge of such lien, together with interest thereon at the Interest Rate per annum shall be immediately due and payable by Tenant to Landlord as Additional Rent; it being hereby expressly covenanted and agreed that such discharge by Landlord shall not be deemed to waive, or release, the default of Tenant in not discharging the same.

47. Covenants Running With the Land. Tenant hereby acknowledges and agrees that this Lease shall be subject to any covenants now or hereafter recorded among the land records of the jurisdiction in

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which the Property is located affecting the Property, as such covenants may be amended by Landlord or any ground lessor at such person's sole discretion, from time to time.

48. Parking.

(a) Provided that Tenant is not in default under this Lease (beyond any applicable notice and cure period expressly set forth in Section 19 hereof), Tenant shall have the right to purchase the number of monthly parking space contracts set forth in the Basic Lease Information, from the Building garage operator, on an unreserved basis and at the prevailing rates, terms and conditions as established by the Building garage operator from time to time.

(b) If Tenant fails to maintain, or elects and be of no further force, during the twelve (12) months after the Lease Commencement Date, to purchase fewer than, the full number of monthly parking space contracts to which it is entitled under Section 48(a), above, Tenant's right to purchase the remaining contracts shall terminate (such remaining contracts being referred to as the "Remaining Parking Contracts"); provided, however, if Tenant at any time possesses less than five (5) monthly parking space contracts and thereafter requests that Landlord cause the garage operator to sell to Tenant a portion of the Remaining Parking Contracts to which Tenant would otherwise be entitled to under Section 48(a) (but in no event greater than the amount sufficient for Tenant to possess in the aggregate (5) monthly parking space contracts), then Landlord shall cause the garage operator to sell to Tenant, within sixty (60) days after the first day of the first calendar month which occurs after the date of such request, such amount of the Remaining Parking Contracts requested by Tenant (but in no event greater than the amount sufficient for Tenant to possess in the aggregate (5) monthly parking space contracts), provided such number of Remaining Parking Contracts are then-available for Landlord to sell. Such availability shall be reasonably determined by Landlord based upon all relevant factors, including, without limitation, the parking spaces then subject to parking contracts and the parking spaces required to satisfy future leasing needs, as well as the parking spaces Landlord requires to accommodate handicapped persons and visitors of tenants in the Building. Notwithstanding the foregoing, in no event shall Tenant be entitled to more of the Remaining Parking Contracts than the number, which when added to the other monthly parking space contracts then possess by Tenant, equals five (5) parking contracts, it being understood that Tenant shall not be entitled to any of the Remaining Parking Contracts until Tenant possesses less than five (5) monthly parking contracts, and once Tenant possesses less than five (5) monthly parking contracts, Tenant shall no longer be entitled to more than five (5) monthly parking contracts.

(c) All monthly parking space contracts obtained by Tenant are non-transferable other than to permitted sublessees and assignees hereunder.

(d) Use of the Building garage by Tenant, its employees, agents and business invitees is subject to the rules and regulations of Landlord and/or the Building garage operator as may be promulgated or amended by Landlord and/or the Building garage operator from time to time.



(e) Tenant shall have access to the Building garage 24 hours per day, 365 days per year.

49. Miscellaneous.

(a) Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural shall be substituted for the singular number, in any place or places herein in which the context may require such substitution.

(b) Landlord and Tenant hereby waive their right to a trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other in respect of any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant hereunder, Tenant's use or occupancy of the Demised Premises, and any claim or counterclaim of injury, damage or otherwise by Landlord and Tenant against or with respect to each other.

(c) This Lease contains and embodies the entire agreement of the parties hereto, and supersedes and revokes any and all negotiations, arrangements, letters of intent, representations, inducements or other agreements, oral or in writing. No representations, inducements or agreements, oral or in writing, between the parties not contained in this Lease, shall be of any force or effect. This

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Lease shall not be modified, changed, amended, altered or terminated in whole or in part in any manner other than by an agreement in writing duly executed by both parties hereto. No person or entity purporting to represent Landlord (or otherwise have the authority to bind Landlord) shall have any power or authority (apparent or otherwise) to execute this Lease or any amendment to this Lease or make any representation or warranty on behalf of Landlord or otherwise bind Landlord in any respect, except the individual or entity expressly and duly authorized to do so by Landlord. This Lease may be executed in multiple counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same agreement. Tenant shall keep the content of this Lease and any related documents strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's financial, legal, and space planning consultants or as required by any Applicable Laws.

(d) Prior to or upon execution of this Lease, Tenant (unless Tenant is an individual) shall deliver to Landlord, in a form satisfactory to Landlord, incumbency certificates and organizational status certificates and resolutions of the governing body of Tenant (and of any non-individual executing this Lease on behalf of Tenant) authorizing the execution of this Lease by the individual so executing and confirming that the Tenant is in good standing in the jurisdiction of its formation.

(e) This Lease shall be construed under the laws of the jurisdiction in which the Building is located. If any provision of this Lease or the application thereof to any person or circumstances shall to any extent be held by a court of competent jurisdiction invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.



(f) Any references in this Lease to the term "**day**" shall be deemed to mean "calendar day" unless expressly stated otherwise.

(g) The captions and underlining of specific words herein are for convenience of reference only and shall not define, limit or expand the meaning of the provisions of this Lease. In addition, the deletion of any printed, typed or other portion of this Lease compared to a draft hereof shall not evidence an intent to contradict such deleted portion. Such deleted portion shall be deemed not to have been inserted in this Lease. In addition, there shall be no presumption that this Lease be construed more strictly against the party who itself or through its agent prepared it, it being agreed that all parties hereto have participated in the preparation of this Lease and that each party had the opportunity to consult legal counsel before the execution of this Lease. The obligations of Tenant under this Lease shall be construed as independent and not dependent upon the performance of any obligation of Landlord.

(h) This Lease shall not be recorded without Landlord's prior written consent. If this Lease is recorded by either party hereto, such party will bear the full cost of any transfer, documentary stamp or other tax, and any recording fee, assessed in connection with such recordation.

(i) If Tenant is a corporation, the persons executing this Lease on Tenant's behalf agree and warrant that Tenant is a duly constituted corporation qualified to do business in the jurisdiction in which the Property is located, and such persons are duly authorized by the board of directors of such corporation to execute and deliver this Lease on behalf of the corporation. Tenant certifies that if it is operating under a fictitious name that said name has been duly recorded according to the laws of the jurisdiction in which the Property is located and has attached hereto a copy of said registration form.



(j) Landlord and Tenant, each, shall be excused from performing any given obligation or undertaking provided for in this Lease so long as such performance is prevented or delayed, retarded or hindered by an Act of God, fire, earthquake, flood, explosion, action of the elements, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure or a general shortage of labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strike, lockout, action of labor unions, a taking by eminent domain, requisition, laws, orders of government, or of civil, military or naval authorities, inability to obtain, or delays in obtaining, permits or other governmental approvals, or any other cause whether similar or dissimilar to the foregoing, not within the reasonable control of Landlord or Tenant, as applicable (collectively, "**Force Majeure**"); provided, however, that no such event or cause

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shall delay the Lease Commencement Date or Tenant's obligation to make full and timely payments of Rent or any of its other monetary obligations payable hereunder.

[signature page follows]


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IN WITNESS WHEREOF, Landlord and Tenant have each executed this Office Lease on the day and year hereinabove written.

TENANT:

COUNCIL OF THE GREAT CITY SCHOOLS


By: 
Name: Michael D. Caserly
Title: Executive Director

LANDLORD:

NATIONAL PLACE LEASE COMPANY, LLC

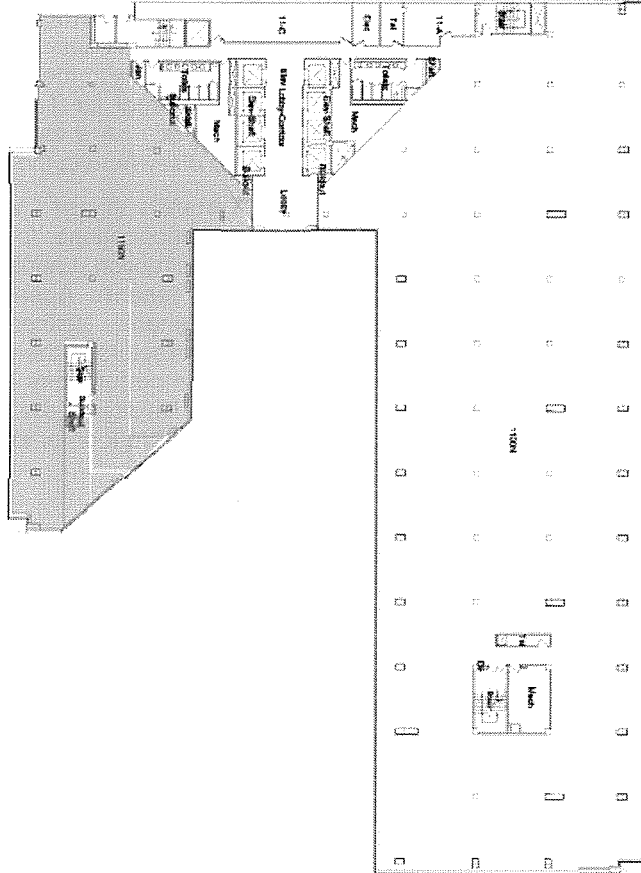
By: National Place Company, LLC, sole member

By: Quadrangle Development Corporation,
managing member

By: 
Name:
Title: **Christopher Gladstone**
President

Approved by LEGAL


EXHIBIT A
FLOOR PLAN OF THE DEMISED PREMISES



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EXHIBIT B

WORK AGREEMENT

This Work Agreement is attached to and made a part of that certain Office Lease (the "**Lease**") by and between **NATIONAL PLACE LEASE COMPANY, LLC**, as landlord ("**Landlord**") and **COUNCIL OF THE GREAT CITY SCHOOLS**, as tenant ("**Tenant**") for the premises (the "**Demised Premises**") described therein and consisting of approximately 8,293 square feet of Gross Rentable Area in the building located at 1331 Pennsylvania Avenue, N.W., Washington, D.C. (the "**Building**"). This Work Agreement sets forth the understandings and agreements of Landlord and Tenant regarding the performance by Landlord of work in and to the Demised Premises in connection with the preparation of the Demised Premises from its "as is, where as" condition as of the date hereof for Tenant's original occupancy and use (all such work shall be referred to herein as "**Tenant Work**"). Any capitalized terms used herein, not otherwise defined herein, shall have the meanings set forth elsewhere in the Lease.

1. Tenant's Agent. Tenant hereby designates Teri Trinidad ("**Tenant's Agent**") whose email address is: ttrinidad@cgcsc.org as having authority to approve plans and specifications, to accept cost estimates, and to authorize changes or additions to Tenant Work during construction. Landlord shall not be required to proceed with any Tenant Work without authorization by Tenant's Agent. Any such authorization by Tenant's Agent shall be deemed to be authorization by Tenant. Neither Tenant nor Tenant's Agent shall be authorized to direct Landlord's contractors or subcontractors in the performance of Tenant Work, and in the event that Landlord's contractors or subcontractors perform any Tenant Work under the direction of Tenant or Tenant's Agent, then Landlord shall have no liability for the cost of such Tenant Work, for the cost of corrective work required as a result of such Tenant Work or for any delay that may result from such Tenant Work.

2. Plans and Specifications.

(A) It is agreed that Tenant will develop plans and necessary specifications for completion of Tenant Work in accordance with the following schedule; provided, however, that (i) Tenant's architect shall be entitled to deliver, on Tenant's behalf, any such plans and specifications required hereunder to be delivered by Tenant to Landlord; and (ii) at Tenant's sole cost, Tenant shall use Blue Moon engineering firm to prepare any plans, specifications and/or drawings involving mechanical, electrical, structural, plumbing, sprinkler and/or fire or life/safety work for the Demised Premises:

(i) On or before January 21, 2016, Tenant shall deliver to Landlord Tenant's Preliminary Plans (as defined below) for the entire Demised Premises and shall indicate its approval of the Preliminary Plan in writing by signing and dating such Preliminary Plans. The "**Preliminary Plans**" shall set forth:

- (a)** the location of fixtures, furniture and office equipment;
- (b)** the location and specification of telephone and other communications outlets;
- (c)** the location and specification of electrical outlets, especially those required to accommodate items such as computers and 220-volt equipment;
- (d)** the location of copy machines larger than table-top size, computer equipment, telex machines, and other heat-producing machines, and specification of heat output (BTU/hour) and required operating conditions (maximum/minimum temperature, hours of operation);
- (e)** the location of conference rooms and other rooms subject to occupancy by more than six (6) persons at a time and the specification of maximum expected occupancy;
- (f)** a reflected ceiling plan for all lighting desired by Tenant, and specification of any Tenant Work involving lighting;
- (g)** any Tenant Work which is likely to require a longer-than-usual period of time to construct or acquire;

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Exhibit B, Page 2

- (h) the location of all partitions in the Demised Premises; and
- (i) any special requirements.

(ii) Within four (4) business days after Tenant delivers to Landlord Tenant's Preliminary Plans, Landlord shall deliver to Tenant in writing its approval of the Preliminary Plans or changes to the Preliminary Plans that will be required to obtain Landlord's approval.

(iii) Within five (5) business days after Landlord delivers to Tenant its required revisions to the Preliminary Plans, Tenant shall deliver to Landlord revised Preliminary Plans containing the required revisions and such suggested revisions as Tenant chooses to incorporate.

(iv) Within two (2) business days after Tenant delivers to Landlord revised Preliminary Plans, Landlord shall deliver its confirmation that all required revisions have been made (if such is the fact) and its approval of the revised Preliminary Plans.

(v) Within thirty (30) days after Landlord approves the Preliminary Plans, Tenant shall deliver to Landlord detailed architectural, mechanical, plumbing and electrical (and structural, if required) working drawings and construction documents for the Tenant Work (including without limitation, the HVAC systems and fire and life safety systems), based upon the approved Preliminary Plans, prepared by Tenant's architects and engineers, and Tenant shall indicate its approval of such working drawings and construction documents in writing by signing and dating such working drawings and construction documents (the "**Construction Documents**").

(vi) Within five (5) business days after Tenant delivers to Landlord the Construction Documents, Landlord shall indicate its approval of the Construction Documents in writing by signing and dating such Construction Documents in the space provided, or shall indicate the reasonable revisions required due to errors or omissions in the drawings.

(vii) Within five (5) business days after Landlord indicates the revisions required due to errors or omissions in the Construction Documents, Tenant shall correct such errors or omissions and resubmit the Construction Documents to Landlord for its approval. Provided such errors or omissions have been corrected, Landlord shall then approve the Construction Documents. If Tenant desires to make revisions in the Construction Documents after Landlord has approved such Construction Documents, then such changes shall be made only pursuant to Paragraph 4 hereof.

(viii) Promptly after the Construction Documents have been approved by Landlord, Tenant shall provide to Landlord a CAD diskette of the Construction Documents and, upon any revisions to the Construction Documents pursuant to this Work Agreement, provide to Landlord a CAD diskette of the revised Construction Documents.

(ix) If Landlord requests any additional information or clarifications from Tenant regarding the Tenant Work or the Plans, Tenant shall provide such information or respond to such inquiries, as requested, within three (3) business days after such request; and any delay in providing such information or responding to such inquiries shall constitute a Tenant-Caused Delay (defined below).

(B) The Preliminary Plans and the Construction Documents, as finally approved by both Landlord and Tenant in accordance with the foregoing provisions of this Paragraph 2, shall collectively constitute the "**Plans**." The Plans (and any revisions thereto) are expressly subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, unless the proposed Tenant Work could, in Landlord's judgment, be or result in a Building Issue. Notwithstanding the foregoing, Tenant shall be solely responsible for the content of the Plans and coordination of the Plans with base building design. In addition, Landlord's approval of the Plans shall not constitute a warranty, covenant or assurance by Landlord that (i) any equipment or system shown thereon will have the features or perform the functions for which such equipment or system was designed, (ii) the Plans satisfy applicable code requirements, (iii) the Plans are sufficient to enable Landlord's contractor or

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Exhibit B, Page 3

Tenant's contractor (as applicable) to obtain a building permit for the Tenant Work, or (iv) the Tenant Work described thereon will not interfere with, and/or otherwise adversely affect, base Building systems. Tenant shall be solely responsible for the Plans' compliance with all applicable laws, rules and regulations of any governmental entity having jurisdiction over the Building and the Demised Premises. Notwithstanding the foregoing, if Landlord determines at anytime that the Tenant Work described on the Plans does or will interfere with and/or otherwise adversely affect any base Building systems or does not or will not comply with any applicable law, rule or regulation, then the Plans shall be amended, at Tenant's cost, so that the Tenant Work will not interfere with, and/or otherwise adversely affect, such base Building systems and/or will not violate any applicable law, rule or regulation, and any delay arising in connection therewith shall constitute a Tenant-Caused Delay.

(C) Tenant shall pay the cost of preparing the Plans. Tenant may elect to apply a portion of the Tenant Work Allowance against the cost of the Plans. Tenant acknowledges that it must meet all of the schedule deadlines set forth herein in order to allow Landlord sufficient time to review the Plans, estimate costs, and substantially complete the Tenant Work within the contemplated time frame and that Tenant is required to be meet such deadlines, even if certain deadlines occur prior to the date the Lease is executed.

3. Construction of Tenant Work.

(A) Landlord agrees to provide and install, on Tenant's behalf, the Tenant Work shown on the Plans. The Plans shall be conclusive as to the entire scope of Tenant Work to be performed by Landlord. Prior to commencing any Tenant Work, Landlord will submit to Tenant written estimates of the cost thereof in accordance with the following schedule:

(i) Within ten (10) business days after approval by Landlord and Tenant of the Plans (and after Tenant has corrected any errors or omissions in the Construction Documents pursuant to Paragraph 2(A)(vii) hereof) or as soon thereafter as the bidding contractors deliver their bids to Landlord, Landlord shall submit to Tenant written estimates of the cost of Tenant Work, based upon bids received by Landlord from contractors solicited for bids by Landlord. Landlord will solicit bids from at least the following contractors: DFS Construction Corp., Hitt Contracting Inc., and DPR Construction. Landlord shall prepare bid instructions and coordinate and receive all bids. Tenant shall be entitled to select the contractor and its bid pursuant to Section 3(A)(ii) below.

(ii) Within three (3) business days after Landlord's submission of such estimates to Tenant, Tenant shall deliver to Landlord its written acceptance of such estimates (by accepting the bid of one of the contractors bids solicited and received by Landlord, which shall be subject to Landlord's reasonable approval), or if Tenant does not wish to accept such estimates, Tenant shall have the right to revise the Plans and obtain rebids in accordance with Paragraph 3(A)(iii), below.

(iii) If Tenant desires to make revisions to the Plans and obtain rebids for Tenant Work, Tenant shall be responsible for directing the architects and engineers in revising the Plans and shall pay all fees incurred in making such revisions. Tenant shall deliver to Landlord any such revised Plans approved and dated by Tenant in writing. Upon delivery of any approved revised Plans by Tenant, Landlord shall attempt to obtain rebids within a reasonable time period and resubmit them for Tenant's acceptance. Landlord shall not be responsible for escalations in the original cost estimates due to delays in acceptance caused by Tenant's desire for rebids. The time necessary to revise the Plans and obtain rebids shall constitute a Tenant-Caused Delay.

(B) Tenant shall pay an administrative fee equal to two percent (2%) of the Hard Construction Costs (hereinafter defined) to compensate Landlord for reviewing the Plans and/or the supervision and/or coordination of the Tenant Work, which supervision and coordination shall include bidding out the Tenant Work, attending construction meetings, paying invoices for construction costs and coordinating access to the Building by contractors. Such administrative fee shall be payable as Additional Rent and at Landlord's election shall be either paid by Tenant to Landlord within ten (10) calendar days after receipt of invoice from Landlord, or deducted from any available Tenant Work Allowance. As used herein, the term "Hard Construction Costs" means the cost of all materials, labor and services incurred

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

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Exhibit B, Page 4

in connection with the performance of the Tenant Work, including, without limitation, the cost of all permits and licenses, contractors' overhead and profit, insurance, bonds incurred in connection therewith, but not including the costs of architectural and design services.

(C) Within five (5) days of acceptance of the cost estimates for the Tenant Work, Tenant shall pay to Landlord an amount equal to the total estimate of the Tenant Work including the administrative fees payable to Landlord, less the Tenant Work Allowance remaining available ("**Excess Costs**"). Landlord shall not be obligated to commence any work until such Excess Costs are paid, and any delay in such payment shall be deemed a Tenant-Caused Delay.

(D) Upon Tenant's written acceptance of cost estimates and payment of the administrative fee as set forth in Paragraph 3(B), above, and the Excess Costs as set forth in Paragraph 3(C), above, Landlord shall authorize its contractors to proceed with construction of Tenant Work. Notwithstanding anything to the contrary contained herein, Landlord shall, at Tenant's cost (subject to application of the Tenant Work Allowance), retain Adcock Systems for all fire/life safety tie-in work and all work relating thereto.

(E) Tenant shall pay the cost of all Tenant Work, subject to application of the Tenant Work Allowance as set forth in Paragraph 8 hereof. Any costs payable under this Work Agreement that are not paid from the Tenant Work Allowance shall be payable as Additional Rent by Tenant to Landlord within ten (10) calendar days after receipt of an invoice therefor from Landlord. Landlord shall be entitled to suspend construction of any of the Tenant Work and/or performance of any of Landlord's obligation hereunder while Tenant is late on the payment of any amount payable under the Lease (including without limitation, any provision of this Work Agreement) or while Tenant is in violation or default of any provision of the Lease (including without limitation, any provision of the Work Agreement), and any delay resulting therefrom shall be deemed a Tenant-Caused Delay.

4. Change Orders. If Tenant shall request changes or additions to the Tenant Work being performed by Landlord after approval of the Plans by Landlord, Tenant shall be responsible for revising the Plans to reflect such changes or additions, and such changes or additions to the Tenant Work and the revisions to the Plans shall be subject to Landlord's written approval. Landlord shall have no obligation to perform such changes or additions if, in Landlord's sole opinion, such changes cannot be accommodated in Landlord's construction schedule for completion of Tenant Work. Landlord shall not be required to perform any such changes or additions until Landlord receives written authorization from Tenant and payment of 100% of Landlord's informal estimate of the cost of the new Tenant Work, it being expressly understood that due to time requirements Landlord may not deliver to Tenant a final price for such Tenant Work until after it has been performed, and that Tenant shall be required to make final payment of the difference between Landlord's estimate and actual price as Additional Rent within five (5) days upon being invoiced therefor, subject to reasonable verification that charges are actual charges of contractor but not subject to dispute as to the reasonableness of such charges. Any delays caused by any such changes or additions to the Tenant Work, any such revisions to the Plans or any delay in Tenant providing Landlord with authorization to perform the new Tenant Work or paying any amount required to be paid hereunder shall be deemed a Tenant-Caused Delay.

5. Base Building Changes. If Tenant requests work to be done in the Demised Premises or for the benefit of the Demised Premises that necessitates changes to the base Building or Building systems, or the design thereof, any such changes shall be subject to prior written approval of Landlord, in its sole discretion, and Tenant shall be responsible for all costs resulting from such changes, including architectural and engineering charges, and any special permits or fees attributed thereto. Any delay resulting from such changes shall be deemed a Tenant-Caused Delay. Before any such changes are made, Tenant shall pay to Landlord the full costs estimated to be incurred by Landlord in connection with such changes including without limitation Landlord's administrative fee attributable thereto as set forth in Paragraph 3(B) hereof.

6. Possession of the Demised Premises. Tenant, by taking possession of the Demised Premises, is deemed to acknowledge that all work to be performed hereunder by Landlord has been satisfactory performed by Landlord as hereinabove set forth, subject to such punch list items as may be agreed to by Landlord and Tenant.

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Exhibit B, Page 5

7. **Tenant-Caused Delays.** Each of the following shall be deemed a "Tenant-Caused Delay" hereunder:

(A) any cause or event that is deemed to be a "Tenant-Caused Delay" pursuant to any of the provisions of this Work Agreement;

(B) Tenant's failure to deliver its approved Preliminary Plans or Construction Documents, or to deliver the information or respond to the inquires or to take any of the other actions, described in Paragraph 2, above, by the dates specified in Paragraph 2, above;

(C) Tenant's request for any changes in the Plans or rebids as set forth in Paragraph 3 hereof;

(D) Tenant's failure to approve cost estimates for Tenant Work or pay for Excess Costs within the time required under Paragraph 3 hereof;

(E) any changes or additions to the Tenant Work or the Plans made after Landlord has approved same as set forth in Paragraph 4 hereof or changes to the base Building or Building systems as set forth in Paragraph 5 hereof;

(F) Tenant's request for materials, finishes or installations which are out of the ordinary or which would take a longer-than-normal time to obtain or install;

(G) the performance of, or failure to timely complete, work by Tenant or any person, firm, or entity hired or employed by Tenant, including without limitation, the failure to timely complete the installation or construction of any systems furniture to be installed or constructed by Tenant or any person, firm, or entity hired or employed by Tenant;

(H) the failure of any equipment, materials or other items that are provided by Tenant and installed by Landlord to be delivered to Landlord in the time necessary for their installation or use, or the failure of any such equipment, materials or other items to comply with all required specifications; or

(I) any other delays resulting from the actions or inactions of Tenant, or its agents, contractors or employees.

Tenant shall pay to Landlord all additional costs incurred by Landlord resulting from any Tenant-Caused Delay.

8. **Tenant Work Allowance.** Provided there in no default under the Lease, Landlord agrees to provide Tenant with an allowance ("**Tenant Work Allowance**") in the amount of Eighty-Seven Dollars (\$87.00) per square foot of Gross Rentable Area in the Demised Premises, to be applied against the actual out-of-pocket third party costs and expenses incurred in connection with the design and construction of the Tenant Work, including the actual construction costs and architectural and engineering fees incurred in connection therewith, and costs incurred in connection with the purchase and installation of Tenant's built-in and/or system furniture, fixtures, equipment and cabling and wiring in the Demised Premises. If (i) the full amount of the Tenant Work Allowance has not been used in accordance with the foregoing as of the date the Tenant Work is complete and (ii) Tenant is not then in default of the Lease, then, the balance thereof (but not to exceed an amount equal to ten percent (10%) of the Tenant Work Allowance) shall be applied by Landlord to Base Rent next due and payable by Tenant under the Lease, with any remainder being retained by Landlord, and forfeited by Tenant. Landlord shall pay the Tenant Work Allowance directly to the contractor(s) performing the Tenant Work in accordance with Landlord's standard procedures and policies. Notwithstanding the foregoing, Landlord shall have the right, without the obligation, to apply all or any portion of the undisbursed Tenant Work Allowance to remedy any default by Tenant occurring hereunder; provided, however, it is expressly covenanted and agreed that such remedy by Landlord shall not be deemed to waive, or release, the default of Tenant.

9. **Contractor's Rules and Regulations.** Subject to the terms of Section 2(d) of the Lease, Tenant's contractors, subcontractors and vendors may not enter the Building to perform any work or installations prior to the Lease Commencement Date without Landlord's prior written consent. If Landlord consents to such entry, each contractor, subcontractor or vendor shall observe all rules and regulations



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Landlord 	Tenant 

Exhibit B, Page 6

promulgated by Landlord in connection with the performance of work in the Building, including those attached to the Lease as **Exhibit E**.

10. Landlord Work. Notwithstanding anything to the contrary contained herein or in the Lease, Landlord shall, prior to the Lease Commencement Date and at Landlord's sole cost and expense perform the following work: (i) install in the Demised Premises Building-standard blinds selected by Landlord and (ii) replace the base Building interior air handling unit serving the Demised Premises with a unit selected by Landlord and balance the same.

11. Partial Deferral of Tenant Work Allowance. Notwithstanding anything to the contrary contained herein or in the Lease, Tenant shall have the right, by delivering written notice to Landlord (the "**Partial Deferral Notice**") within five (5) business days after the date of Tenant's written acceptance of the estimate of the cost of the Tenant Work pursuant to Paragraph 3, above, to defer a portion of the Tenant Work Allowance equal to Five Dollars (\$5.00) per square foot of Gross Rentable Area in the Demised Premises (the "**Deferred TIA Portion**"). In the event that Tenant timely delivers a Partial Deferral Notice to Landlord, then (i) provided there is then no default by Tenant under the Lease, Landlord shall make the Deferred TIA Portion available to Tenant for improvements which Tenant desires to make to the Demised Premises during the sixth (6th) year of the Term following the Lease Commencement Date, the distribution of which shall be in accordance with Landlord's reasonable disbursement procedures and requirements, (ii) as used in this Lease, the term "**Tenant Work Allowance**" shall mean and refer to an amount equal to Eighty-Two Dollars (\$82.00) per square foot of Gross Rentable Area in the Demised Premises and (iii) Landlord and Tenant shall enter into an amendment to this Lease to effectuate the provisions of this Paragraph 11.



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EXHIBIT C

RULES AND REGULATIONS

The following rules and regulations have been formulated for the safety and well-being of all tenants of the Building. Subject to the provisions of Tenant's Lease, strict adherence to these rules and regulations is necessary to contribute to each tenant's occupancy in the Building. Repeated or continuing violations of these rules and regulations by Tenant after written notice from Landlord shall be sufficient cause for Landlord to shorten the cure period for any future violation by Tenant.

1. No part or the whole of the sidewalks, plaza areas, entrances, passages, courts, elevators, vestibules, stairways, corridors, or halls of the Building or the Real Property shall be obstructed or encumbered by any tenant or used for any purpose other than ingress and egress to and from the space demised to such tenant. 2. No awnings or other projections shall be attached to the outside walls or windows of the Building. No curtains, blinds, shades, or screens (other than those that may be furnished by Landlord) shall be attached to or hung in, or used in connection with, any window or door of the space demised to any tenant, without the written consent of Landlord. No satellite dishes, antennas, or any other objects shall be affixed or placed on the roof of the Building or any other area on the Property without prior written approval from Landlord; in the event of a violation of the foregoing, Landlord may remove same without any liability and may charge the expense incurred by such removal and/or in connection with same to the Tenant.
3. No sign, advertisement, object, notice, or other lettering shall be exhibited, inscribed, painted, or affixed on any part of the outside or inside of the space demised to any tenant or of the Building or the Real Property. In the event of any violation of the foregoing, Landlord may remove and dispose of same, at Tenant's cost, without prior notice to Tenant.
4. No showcases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the halls, corridors, vestibules, or other public parts of the Building. In the event of any violation of the foregoing, Landlord may remove and dispose of same, at Tenant's cost, without prior notice to Tenant.
5. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances (including, without limitation, coffee grounds) shall be thrown therein. Tenant shall share the rules/regulations set forth herein on this **Exhibit C** with its employees and invitees, and any damages resulting from same shall be borne by Tenant.
6. No tenant shall bring or keep, or permit to be brought or kept, any inflammable, combustible, or explosive fluid, material, chemical, or substance in or about the space demised to such tenant, except that Tenant shall be permitted to use and keep in the Demised Premises such cleaning, copier and other supplies as are reasonable and customary for office use, provided that Tenant uses, stores and disposes of same in accordance with applicable laws, rules or regulations.
7. No tenant shall mark, paint, drill into, or in any way deface, any part of the Building or the space demised to such tenant. No boring, cutting, or stringing of wires shall be permitted.
8. No cooking shall be done or permitted in the Building by any tenant. No tenant shall cause or permit any unusual or objectionable odors to emanate from the space demised to such tenant.
9. Neither the whole nor any part of the space demised to any tenant shall be used for manufacturing, for the storage of merchandise, or for the sale of merchandise, goods, or property.
10. No tenant shall make or permit to be made any unseemly or disturbing noises or disturb or interfere with other tenants or occupants of the Building or neighboring buildings or premises whether by the use of any musical instrument, radio, television set, or other audio device, unmusical noise, whistling, singing, or in any other way. Nothing shall be thrown out of any doors, windows, or skylights or down any passageways.
11. No additional locks or bolts of any kind shall be placed upon any of the doors or windows in the space demised to any tenant, nor shall any changes be made in locks or the mechanism thereof without Landlord's consent, and Tenant shall provide Landlord with access keys or cards to all areas of the Demised Premises. Each tenant must, upon the termination of his tenancy, restore to Landlord all keys to offices, storage, and toilet rooms, either furnished to or otherwise procured by such tenant, and in the

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Exhibit C, Page 2

event of the loss of any such keys, such tenant shall pay Landlord the reasonable cost of replacement keys.

12. All removals from the Building, or the carrying in or out of the Building or the space demised to any tenant of any safes, freight, furniture, or bulky matter of any description must take place during such hours and in such manner as Landlord or its agents may determine from time to time. Landlord reserves the right to inspect all freight for violation of any of these rules and regulations or the provisions of such tenant's lease.
13. No tenant shall use or occupy or permit any portion of the space demised to such tenant to be used or occupied for the storage, manufacture, or sale of liquor, narcotics, explosives, firearms, contraband of any kind, or drugs. No tenant shall engage or pay any employees in the Building except those actually working for such tenant in the Building, nor advertise for laborers giving an address at the Building.
14. Landlord shall have the right to prohibit any advertising by any tenant which in Landlord's opinion tends to impair the reputation of the Building or its desirability as a building for offices, and upon notice from Landlord, such tenant shall refrain from or discontinue such advertising. In the event of any violation of the foregoing, Landlord may remove and dispose of same, at Tenant's cost, without prior notice to Tenant.
15. Landlord reserves the right to control and operate the public portions of the Building and the public facilities, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally, including, without limitation, the right to exclude from the Building (at all times, or at such times as Landlord determines appropriate), all persons who do not have authorization by Landlord or other suitable identification satisfactory to Landlord. No tenant shall permit the visit to the common areas in the Building of persons in such numbers or under such conditions so as to interfere with the use and enjoyment by other tenants of the entrances, corridors, elevator and other public portion or Common Facilities in the Building.
16. Each tenant, before closing and leaving the space demised to such tenant at any time, shall see that all entrance doors are locked.
17. No space demised to any tenant shall be used or permitted to be used for lodging or sleeping or for any immoral or illegal purpose.
18. The requests of tenants will be attended to only upon application at the office of Landlord. Building employees shall not be required to perform and shall not be requested by any tenant to perform any work unless under specific instructions from the office of Landlord.
19. Canvassing, soliciting, and peddling in the Building are prohibited, and each tenant shall cooperate in seeking their prevention.
20. There shall not be used in the Building, either by any tenant or by its agents or contractors, in the delivery or receipt of merchandise, freight or other matter, hand trucks or other means of conveyance except those equipped with rubber tires, rubber side guards, and such other safeguards as Landlord may require.
21. No animals of any kind shall be brought into or kept about the Building by any tenant, excluding "seeing-eye" dogs.
22. No tenant shall place or permit to be placed on any part of the floor or floors of the space demised to such tenant a load exceeding the floor load per square foot which such floor was designed to carry and which is allowed by law. Proper precaution and protective measures, including floor protection, will be taken prior to moving heavy items.
23. Landlord reserves the right to specify where in the space demised by any tenant business machines and mechanical equipment shall be placed or maintained in order, in Landlord's judgment, to absorb and prevent vibration, noise, and annoyance to other tenants of the Building.
24. No vending machines shall be permitted to be placed or installed in any part of the Building by any tenant (except Tenant shall be entitled to install in the Demised Premises vending machines for the sale of food and beverages to its employees). Landlord reserves the right to place or install vending machines in any of the common areas of the Building.
25. No bicycles, motorcycles, or vehicles of any kind are permitted in the Building (unless in an area pre-authorized in writing by Landlord) or to be attached to any part of the Building rails, doors, etc. 26. No deliveries, move-ins, or move-outs are permitted through Building entrances. All such activities must take place through the loading zone in the rear or through a loading dock, if any, of the Building.
27. Landlord shall determine from time to time the hours during which tenants and their employees can access the Building only through key or card key access. Such hours are currently from 7:00 p.m. to 7:00 a.m., Monday through Friday, and 24 hours per day on Saturdays, Sundays and holidays.

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Exhibit C, Page 3

28. No building doors shall be propped open at any time.
29. All tenants shall be fully responsible and liable for the actions of all persons for whom they authorize access into the Building.
30. All floor access plates and panels shall remain exposed for easy access. In instances where plates or panels have been covered by carpet or flooring, and access is necessary, it shall be the respective tenant's responsibility to pay for removal and replacement of carpet or flooring to provide the needed access.
31. Landlord will purchase and install light bulbs and tubes for building standard fixtures only. Tenants shall be responsible for purchasing and storing of any non-building standard bulbs. Landlord will install these bulbs upon request.
32. No cars shall be parked at any time in the loading zone entrance or ramp area without the prior approval of Landlord.
33. Except as otherwise provided in the Lease, no alterations to tenant space shall be made by Tenant without the prior written approval of Landlord.
34. Landlord reserves the right, at any time and from time to time, to rescind, alter, or waive, in whole or in part, or add to, any of the Rules and Regulations when it is deemed necessary, desirable, or proper, in Landlord's judgment, for its best interests or for the best interests of the tenants.
35. **SMOKING IS PROHIBITED WITHIN ANY PORTION OF THE BUILDING, WITHIN TEN (10) FEET OF THE EXTERIOR OF THE BUILDING, THE LOADING DOCK, OR GARAGE.**
36. Drapes and blinds in the Demised Premises visible from the exterior of the Building or from the common areas of the Building shall be cleaned at least once a year.
37. Tenant shall maintain non-standard suite finishes such as kitchens, bathrooms, wallpaper, special lights, etc., except upon prior arrangement with the Landlord.
38. Tenant shall alert Landlord immediately upon the discovery of water leaking or collecting anywhere in the Building, and of any fires, bomb threats, unauthorized intruders or any other emergency,
39. Tenant will not tamper with the sprinklers or fire alarm system in the Building.
40. Storage rooms may not be used for offices or as service rooms for copiers and other office equipment.



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EXHIBIT D

FORM OF FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE is entered into this ____ day of _____, _____, by and between _____ ("Landlord") and _____ ("Tenant").

WITNESSETH:

WHEREAS, on _____, _____, Landlord and Tenant entered into a lease (the "**Lease**") covering certain premises located on the _____ (____) floor of the office building located at _____ (the "**Demised Premises**"), as outlined on **Exhibit A** to the Lease; and

WHEREAS, Section 2(c) of the Lease requires Landlord and Tenant to execute an amendment to the Lease setting forth the Lease Commencement Date, the Lease Expiration Date and facsimile number at the Demised Premises.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to amend the Lease as follows:

1. In accordance with the provisions of Section 2(c) of the Lease, Landlord and Tenant hereby confirm that _____, _____ is the Lease Commencement Date, that _____, _____ is the Lease Expiration Date and that _____ is the facsimile number of Tenant at the Demised Premises.
2. Terms not defined herein shall have the meaning provided therefor in the Lease.
3. Except as provided herein, all other terms and conditions of the Lease remain in full force and effect.

The foregoing First Amendment is hereby agreed to by Landlord and Tenant who have executed this First Amendment to Lease as of the date first above written.

TENANT:

By: _____
Name:
Title:

LANDLORD:

By: _____
Name:
Title:

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EXHIBIT E

RULES FOR CONTRACTORS

1. Any Contractor performing construction related work within any portion of the Building must be licensed and insured in the jurisdiction in which the Building is located. Proper confirmation of Contractor's insurance must be submitted to Landlord prior to initiation of work. Every Contractor must comply with permit regulations as governed by the jurisdiction in which the Building is located.
2. All demolition and/or construction work generating sufficient noise to disturb Building occupants (e.g., core drilling, Building x-rays, and ramset shots) must be scheduled with Property Management at least 72 hours in advance and accomplished before or after normal operating hours as established from time to time by Property Management. Determination of sufficient noise levels to cause a disturbance shall be made at the Landlord's and/or Property Manager's sole discretion. All penetrations to slab materials require the review and approval of the Landlord's structural engineer, without exception. The cost of this review and approval is the Contractor's responsibility. When performing Building x-rays, Contractor must take adequate precautions, including, without limitation, posting signs and/or employees to alert Building tenants and personnel of the on-going x-rays.
3. Loading dock and freight elevator use for the delivery of materials and/or equipment or the removal of trash shall be before or after normal operating hours as established from time to time by Property Management and shall be scheduled in advance with the Property Manager. As loading dock availability and freight elevator access are limited due to high demand, Contractor must schedule deliveries and removal of trash in advance with Property Management. Contractor shall protect elevator interior finishes when using freight elevator and shall use appropriate materials to protect the loading dock floor and service corridors. Use of passenger elevators and lobby areas for delivery/removal of materials is strictly prohibited.
4. Construction debris, general construction equipment and materials, etc., must be removed from the Building in suitable containers. Removal must be accomplished in a manner which does not cause damage to the Building, create any disturbances to tenants, or create additional cleaning for Building personnel. Sufficient precautions must be taken to protect finishes in the path of removal. Damages resulting from negligence will result in an assessment to the Contractor for damages.
5. Contractor is responsible for timely cleaning of all public areas affected by their construction activities. Contractor is further responsible for providing and promptly removing its own trash containers.
6. Any work not to be installed in strict adherence with the Contract Documents previously approved by Landlord must be approved by the Landlord prior to installation.
7. All workmen must conduct themselves in a professional manner at all times. Workmen are permitted access to the designated floor(s) where construction activity is occurring. Access to any other portions of the Building is strictly prohibited. The removal of any workmen using profanity, loitering in the Building, or creating a disturbance to tenants will be required. **SMOKING IS PROHIBITED WITHIN ANY PORTION OF THE BUILDING, LOADING DOCK, OR GARAGE.**
8. All of the Contractor's personnel are responsible for their own parking and the associated cost. Unauthorized vehicles found in loading areas or parking garages will be ticketed and towed.
9. All work requiring connection to the Building fire alarm system is subject to the Landlord's requirements. The completion of the tie-in must be accomplished utilizing the Landlord's specified contractor. Any warranties voided as a result of the Contractor's or subcontractor's failure to comply with this requirement will result in the Contractor's replacing the voided warranty in compliance with the Landlord's requirements.
10. Any roof penetrations required must be performed and repaired by the Landlord's designated subcontractor. Any warranties voided as a result of failure to comply with this requirement will result in the Contractor's replacing the voided warranty in compliance with the Landlord's requirements.

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Exhibit E, Page 2

11. Any work requiring the partial or full shutdown of any base Building systems, including electrical, mechanical or plumbing, must be scheduled with and approved by the Property Manager at least 72 hours in advance. The shutdowns generally must be done on Monday through Friday between 8:00 p.m. and 6:00 a.m. or on Saturday after 3:00 p.m.
12. All painting utilizing oil-based or polymer-based paints shall be scheduled in advance with Property Management and performed before or after normal operating hours as established from time to time by Property Management. Property Management shall have the right, in its sole and absolute discretion, to require that application of oil-based products be confined to weekends. The Contractor shall be responsible for scheduling with the Property Manager any HVAC required for proper ventilation of work areas and adjacent tenant spaces. Costs to provide additional heating and ventilation shall be charged directly to the tenant for whom Contractor is providing the work.
13. The protection of existing mechanical equipment, including but not limited to baseboard heaters, heat pumps, air handlers, air conditioners, ductwork and distribution equipment, from physical damage or damage from dust and debris is the responsibility of the Contractor. Damage as a result of failure to protect equipment will result in an assessment against the Contractor for such damages and the resulting required repairs.
14. All testing of fire alarm equipment requiring the sounding of bells, sirens, or voice annunciation must be scheduled with the Property Manager 48 hours in advance of the test. Pre-testing of new fire alarm work is mandatory. Rescheduled test as a result of the Contractor's failure to coordinate with the Property Manager, the Contractor's failure to completely pre-test the system, or the Contractor's failure to pass municipal test shall be the Contractor's responsibility.
15. All door locking devices and related keying systems shall conform to the Building standard hardware and keying system.
16. These rules are subject to change at the Landlord's discretion.

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EXHIBIT F

FORM OF LETTER OF CREDIT

[Lending Institution Name]
[Address of Lending Institution]

Date: _____, 200__

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

Account Party: [Account Party's Name]
[Account Party Address]

In favor of Beneficiary: [Beneficiary Name], its successors and assigns
[Beneficiary Address]

AMOUNT
USD _____
[Dollar Amount] U.S. Dollars Only

EXPIRATION DATE:
[Expiration Date]

Gentlemen:

We hereby open our irrevocable letter of credit in your favor for an amount of USD [Numeric Dollar Amount] ([Alphabetic Dollar Amount] U.S. Dollars Only) available by your draft at sight drawn on the [Lending Institution Name, Lending Institution Address], bearing the clause "Drawn under [Lending Institution Name] Letter of Credit No. _____ dated _____, 200__," and accompanied by the following document:

Beneficiary's signed statement stating that: "The undersigned Beneficiary is entitled to draw upon this Letter of Credit pursuant to the terms of that Lease dated [Lease Date] for premises at [Premises Address] between [Tenant Name] and [Landlord's Name] for the amount drawn hereunder. Beneficiary hereby makes demand for the payment of _____ (\$_____) from the Letter of Credit." Such statement shall be conclusive as to such matters.

Partial and multiple draws hereunder are permitted. This Letter of Credit is transferable by Beneficiary. This Letter of Credit sets forth in full the terms of our undertaking and such undertaking shall not in any way be modified, amended, or amplified by reference to any document(s), instrument(s), contract(s), or agreement(s) referred to herein or in which this Letter of Credit relates, and any such reference shall not be deemed to incorporate herein by reference any document(s), instrument(s), contract(s), or agreement(s).



It is a condition of this Letter of Credit that it shall be deemed automatically extended without amendment for one year from the present or any future expiration date of this Letter of Credit unless at least sixty (60) days' prior to the then current expiration date we notify the Beneficiary by registered letter, at the above address (or such other address of which you notify us in writing), that we elect not to consider this Letter of Credit renewed for such additional period. If such notice is given, then during such notice period (i.e., at least sixty (60) day period commencing on the date of such notice and ending with the then applicable expiration date of this Letter of Credit), this Letter of Credit shall remain in full force and effect and Beneficiary may draw up to the full amount of the sum when accompanied by your draft drawn on us at sight as described above in the first paragraph of this Letter of Credit.

We hereby engage with you that drafts drawn and presented in compliance with the terms of this credit will be immediately honored by us if presented at any of our offices on or before Expiration Date, as such date may be extended pursuant to the terms hereof.

This Letter of Credit is subject to The Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 600, which is incorporated by reference herein.

Very truly yours,

Authorized Signature

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RIDER 1

RENT ABATEMENT

The monthly installments of Base Rent for the Demised Premises otherwise due and payable for the first twelve (12) full calendar months following the Lease Commencement Date shall be abated (the "**Rent Abatement**").

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Landlord <i>E</i>	Tenant <i>MPC</i>

RIDER 2

EXTENSION OPTION

A. Tenant shall have the option (the "Extension Option") to negotiate to extend the Term for an additional period of five (5) consecutive years (the "Extension Period"), provided that (i) Tenant gives written notice to Landlord of its election to exercise such extension option no earlier than sixteen (16) months and no later than twelve (12) months prior the expiration of the initial Term, (ii) Tenant has not assigned the Lease (other than to a Qualified Tenant Affiliate) and is then in possession of and occupying at least ninety percent (90%) of the Demised Premises, and (iii) no default exists at the time of the exercise of such option, and no event exists at the time of the exercise of such option, which event by notice and/or the passage of time would constitute a default if not cured within the applicable cure period. In addition, Tenant's Extension Option shall be subject to the provisions of Sections 6 and 7 of the Lease. Time is of the essence with respect to this **Rider 2**.

B. All terms and conditions of the Lease, including without limitation, all provisions governing the payment of Additional Rent, shall remain in full force and effect during the Extension Period, except that Base Rent payable during the Extension Period shall be at the current market rental rate with respect to comparable renewal terms of comparable space in the East End submarket of Northwest Washington, DC at the time of the commencement of the Extension Period (the "**Market Rate**"), as may be determined by the mutual agreement of the parties, with subsequent escalations in Base Rent thereafter to be determined by market practice with respect to comparable space therein. Landlord and Tenant shall negotiate in good faith to determine the amount of Base Rent for the Extension Period within twenty (20) days of the date of Landlord's receipt of Tenant's written notice of its election to exercise the Extension Option (the "**Negotiation Period**").

C. In the event Landlord and Tenant are unable to agree upon the Market Rate for the Extension Period within the Negotiation Period, then either Landlord or Tenant shall be entitled to elect to proceed with the binding arbitration process set forth below by delivering written notice of such election to the other party within fifteen (15) days after the expiration of the Negotiation Period. If either party timely elects to proceed with binding arbitration, then the Base Rent for the Extension Period shall be the Market Rate determined by binding arbitration in accordance with the following procedures. Within fifteen (15) days after either party first delivers notice to the other party of its election to proceed to binding arbitration, Landlord and Tenant shall each select a real estate broker (based on the criteria set forth in Paragraph D below). Within twenty (20) days of their selection, each broker shall make a written determination of the Market Rate for the Extension Period based upon comparable extension terms for comparable space in the Market Area. All determinations of the Market Rate shall be in writing. The party appointing each broker shall be obligated, promptly after receipt of the valuation report prepared by the broker appointed by such party, to deliver a copy of such valuation report to the other party. If the Market Rate determination of the broker designated by Landlord is within five percent (5%) of the Market Rate determination of the broker designated by Tenant, then the Base Rent for the Extension Period shall be the average of the two Base Rent determinations for the Extension Period. If the Market Rate determinations of these two brokers vary by more than five percent (5%), then a third broker shall be selected by the initial two brokers within fifteen (15) business days after the initial two valuation reports have been delivered to the parties (the third broker also having the qualifications set forth in Paragraph D below). If a third broker is appointed, the third broker shall review the valuation reports of the initial two brokers and select the one of the initial two valuation reports that reflects such criteria for the Market Rate for the Extension Period. The third broker shall promptly deliver a report of his/her determination to each of the parties. The determination of the Market Rate for the Extension Period pursuant to this Paragraph C shall be binding upon Landlord and Tenant. The expenses of each of the first two brokers appointed under this Paragraph C shall be borne by the party appointing such broker. The expenses of the third broker appointed under this Paragraph C shall be paid one-half (½) by Landlord and one-half (½) by Tenant.

D. The real estate brokers selected by Landlord and Tenant shall have the following qualifications: (i) must be an independent and licensed real estate broker in Washington, D.C.; (ii) must have a minimum of ten (10) years' experience in commercial office leasing in Washington, D.C.; (iii) must be an active broker in Washington, D.C. and known for commercial office expertise; (iv) must have experience representing both

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

Rider 2, Page 2

landlords and tenants; (v) in the case of the third broker only, is not then representing either Landlord or Tenant; and (vi) in the case of the third broker only, shall not have been involved in any disputes with Landlord, Tenant or any of the other brokers. In the event that real estate brokers with the qualifications described in this Paragraph D are unavailable, qualified consultants with similar qualifications may be substitutes.

E. An amendment modifying the Lease to set forth the Base Rent for the Demised Premises during the Extension Period shall be executed by Landlord and Tenant within ten (10) days of the parties' agreement or, if applicable, within ten (10) days of the determination of the Base Rent by the brokers pursuant to Paragraph C above. In the event that (i) Tenant and Landlord fail to agree on the Base Rent for the Extension Period within the Negotiation Period, and neither Landlord nor Tenant timely elects to proceed with binding arbitration, or (ii) any of the conditions set forth in Paragraph A above are not satisfied, then the Lease shall end on the Lease Expiration Date, unless earlier terminated in accordance with the terms thereof.

F. Notwithstanding anything to the contrary contained in this **Rider 2**, the foregoing Extension Options shall be personal to Council of Great City Schools and cannot be exercised by any assignee (other than a Qualified Tenant Affiliate), subtenant or any other person or entity.*

G. Notwithstanding anything contained in the Lease to the contrary, Landlord shall have the right (the "**Extension Option Termination Right**") in its sole discretion to terminate this Extension Option if Landlord anticipates that it will undertake a renovation to the Building at any time during the Extension Period. The Extension Option Termination Right shall be exercisable by Landlord providing to Tenant written notice thereof within thirty (30) days after Tenant exercises the Extension Option or at any time prior to Tenant exercising the Extension Option. If Landlord exercises the Extension Option Termination Right pursuant hereto, then the Extension Option (and any exercise of the Extension Option) shall terminate and be void and of no force or effect, as if such Extension Option were never granted to Tenant. In addition, at any time during the Extension Period, Landlord shall be entitled to terminate the Term of the Lease if Landlord then anticipates that it will undertake a renovation to the Building at any time during the Extension Period, exercisable by Landlord providing to Tenant written notice thereof and notice of the date such termination shall be effective (the "**Early Termination Date**"), which Early Termination Date shall be no less than twelve (12) months after deliver of such notice of termination. If Landlord exercises such termination right, the Term of the Lease shall expire on the Early Termination Date as if such date was the date originally set forth in the Lease for expiration of the Term of the Lease.

INITIAL HERE	
Landlord 	Tenant 

STORAGE SPACE LICENSE

THIS STORAGE SPACE LICENSE (this "License") is made as of the 21st day of December, 2015, by and between **NATIONAL PLACE LEASE COMPANY, LLC** ("Licensor") and **COUNCIL OF THE GREAT CITY SCHOOLS** ("Licensee").

WITNESSETH:

WHEREAS, Licensor is the owner of that certain office building located at 1331 Pennsylvania Avenue, N.W., Washington, D.C. (the "Building");

WHEREAS, pursuant to that certain Office Lease dated of event date herewith (the "Lease"), Licensor has leased to Licensee the Demised Premises located in the Building, as more particularly described in the Lease; and

WHEREAS, Licensor and Licensee have agreed to enter into a license agreement to provide for Licensee's use of certain storage space in the Building, in accordance with the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Storage Space.** Licensor hereby grants to Licensee a license to use approximately two hundred eighty-seven (287) square feet of storage space (the "Storage Space") in the Building known as Storage Suite 11-B, as shown as the shaded space on Exhibit A hereto. The Storage Space shall be used only for purposes of storage in accordance with the terms hereof.

2. **License Term.** The term of this License shall commence on the "Lease Commencement Date" under the Lease (the "S.S. Commencement Date") and shall be co-terminus with the term of the Lease, unless earlier terminated in accordance with the terms hereof. In the event Licensee fails to vacate and to terminate its use of the Storage Space upon the expiration or earlier termination of the term of this License (i) Licensee shall be deemed a trespasser and Licensor may immediately remove Licensee and Licensee's property from the Storage Space and (ii) the provisions of the Lease governing holdover of the Demised Premises under the Lease shall be incorporated herein and shall apply to any holdover by Licensee of the Storage Space with the same force and effect (it being understood that all references therein to (a) "Landlord" shall mean and refer to Licensor, (b) "Tenant" shall mean and refer to Licensee and (c) "Demised Premises" shall mean and refer to the Storage Space). Notwithstanding anything to the contrary contained herein, this License shall automatically terminate in the event the Lease is terminated.

3. **Storage Space Payments.**

a. Licensee shall pay Licensor an annual fee for the use of the Storage Space in an amount equal to Fifteen Dollars (\$15.00) per square foot of the Storage Space, which fee shall be paid in monthly installments (the "Storage Space Payment") on or before the first day of each and every calendar month during the term of this License.

b. All installments of Storage Space Payments shall be payable in advance, without deduction or set-off, with the first monthly installment due and payable upon the Licensee's execution of this License, and each subsequent installment thereafter payable on the first day of each month during the License term, beginning on the first day of the calendar month after the month in which the License term commences. If the License term commences or ends on a date other than the first day of a calendar month, the Storage Space Payment for such month shall be prorated for the partial month based upon the actual number of days of such partial month.

INITIAL HERE	
Licensor <i>ES</i>	Licensee <i>MC</i>

4. **Condition.** Licensee shall accept the Storage Space on the S.S. Commencement Date in its then "as-is" condition and Licensor shall have no obligation to perform, or pay for, any work, improvements, alterations or additions thereto in connection with this License or otherwise. Licensor will not provide and/or bear the expense of heat, air conditioning, humidity control, water, char service or any other utility or service for the Storage Space, provided however, Licensor at its expense shall provide electricity for the light fixture in the Storage Space.

5. **Use.**

a. Licensee agrees to use the Storage Space solely for purposes of storage in connection with Licensee's operation of its business in the Demised Premises and for no other purpose whatsoever. Licensee shall use the Storage Space strictly in accordance with the terms set forth in this License and with all applicable laws and regulations. Licensee shall maintain the Storage Space in a clean, orderly and sanitary condition, free of insects, rodents, vermin and other pests and otherwise in a condition consistent with a first-class Building. No food shall be stored in the Storage Space.

b. Licensee shall not cause or permit any flammable, combustible, explosive or hazardous fluid, material, chemical or substance to be brought or kept upon, in or about the Storage Space. Licensee shall not obstruct or encumber, or cause or permit its agents or any other person to obstruct or encumber, any fire protection or other life safety system devices located in or about the Storage Space.

c. Without limiting the generality of the foregoing, any restriction on the use of the Demised Premises set forth in the Lease shall hereby apply to the use of the Storage Space, and Licensee's use of the Storage Space shall be subject to all Building rules and regulations now in force and such other further rules and regulations as Licensor may reasonably impose from time to time.



6. **Subleasing/Assignment.** Licensee may not sublet the Storage Space or assign this License, except Licensee may assign this License to an assignee of the Lease in connection with an assignment of the Lease made pursuant to and in accordance with the terms of the Lease. If this License is assigned or subleased as set forth above, Licensee shall at all times remain liable for all obligations hereunder.

7. **Indemnity/Insurance.**

a. Except to the extent resulting from the gross negligence or intentionally wrongful acts or omissions of Licensor, Licensee hereby agrees to indemnify and hold harmless Licensor and its agents, officers, directors and employees from and against any cost, damage, claim, liability or expense (including reasonable attorneys' fees) incurred by or claimed against Licensor and its agents, officers, directors and employees, directly or indirectly, as a result of or in any way arising from the use of the Storage Space by Licensee, its agents, employees, contractors or any other persons permitted in the Storage Space by Licensee, including but not limited to, any cost, damage, claim, liability or expense arising from any violation of any zoning, health, environmental or other law, ordinance, order, rule or regulation of any governmental body or agency.

b. Licensee shall maintain at all times during the term hereof, at its sole cost and expense, insurance in an amount of not less than the amount required of Licensee under the Lease, which insurance shall also apply to the Storage Space. Any such insurance policies shall comply with the requirements of the Lease.

8. **Risk of Loss.** All property belonging to the Licensee, its agents or any other person which is placed in the Storage Space shall be and remain at the sole risk of Licensee or such agents or other person. Licensee shall maintain at all times during the term hereto, at its sole cost and expense, policies of insurance covering all property placed in the Storage Space, in an amount not less than one hundred percent (100%) of their actual replacement cost, providing protection against all risks covered by standard form "All Risk" policy, together with insurance against vandalism and malicious mischief. Any such insurance policies shall comply with the requirements of the Lease. Licensor shall not be liable for any damage to or theft or loss of property, whether caused by the bursting, leaking or overflowing of water,

INITIAL HERE	
Licensor 	Licensee 

sewer or sprinkler pipes, plumbing fixtures, or any other act or thing, unless such damage to or theft or loss of such property results directly from the gross negligence or willful misconduct of Licensor, and then only to the extent that Licensee, or such agent or other person, is not compensated therefor by insurance.

9. **Damage Caused By Licensee.** All injury or damage to the Storage Space caused by Licensee or its agents, employees and invitees, shall be repaired by Licensee at Licensee's sole expense. If Licensee shall fail to make such repairs, then upon reasonable prior notice to Licensee and a reasonable opportunity to cure (not to exceed five [5] business days), Licensor shall have the right to make such necessary repairs or replacements, and any cost so incurred by Licensor in good faith shall be paid by Licensee, in which event such cost shall become payable by Licensee to Licensor with the installment of Storage Space Payments next becoming due under the terms of this License. This provision shall be construed as an additional remedy granted to the Licensor and not in limitation of any other rights and remedies which the Licensor has or may have in said circumstances.

10. **Brokers.** Licensor and Licensee each represent and warrant one to the other that if either has engaged any broker or agent in carrying on the negotiations relating to this License, it will pay any brokerage commission that is payable to said broker or agent. Licensor shall indemnify and hold Licensee harmless, and Licensee shall indemnify and hold Licensor harmless, from and against any claim or claims for brokerage or other commissions arising from or out of any breach of the foregoing representation and warranty by the respective indemnitors. Any representation or statement by a leasing company or other third party (or employee thereof) engaged by Licensor as an independent contractor which is made with regard to the Storage Space or to the rest of the Building or the property shall not be binding upon Licensor nor serve as a modification of this License, and Licensor shall have no liability therefor, except to the extent such representation is also contained herein.

11. **Entire Agreement.** This License contains and embodies the entire agreement of the parties hereto with respect to the Storage Space, except to the extent provisions of the Lease are incorporated herein, and supersedes and revokes any and all negotiations, arrangements, letters of intent, representations, inducements or other agreements, oral or in writing, with respect thereto. No representations, inducements or agreements, oral or in writing, between the parties not contained in this License, shall be of any force or effect. This License may not be modified, changed, amended, altered or terminated in whole or in part in any manner other than by an agreement in writing duly signed by both parties hereto.

12. **Breach.** If Licensee defaults under any term, condition or provision of this License, Licensor shall have all the remedies available against Licensee as "Landlord" shall have against "Tenant" under the Lease in the event of a default by Tenant under the Lease. Nothing herein shall be deemed or construed to affect, modify, rescind or alter the terms of the Lease. The sole remedy for a breach of this License by Licensor shall be cancellation of this License by Licensee. A breach of this License shall not be deemed a breach of the Lease.

13. **Definitions.** All capitalized terms not defined herein shall have the meanings ascribed to them in the Lease.

14. **Interpretation.** This License shall be interpreted in accordance with the laws of the District of Columbia.

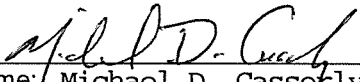
[Signatures contained on following page]

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Licensor <i>ES</i>	Licensee <i>MDC</i>

IN WITNESS WHEREOF, Licensee and Licensor have each executed this Storage Space License on the day and year hereinabove written.

LICENSEE:

COUNCIL OF THE GREAT CITY SCHOOLS


By: 
Name: Michael D. Casserly
Title: Executive Director

LICENSOR:

NATIONAL PLACE LEASE COMPANY, LLC

By: National Place Company, LLC, sole member

By: Quadrangle Development Corporation,
managing member

By: 
Name: Christopher Gladstone
Title: President

Approved by LEGAL




EXHIBIT A
STORAGE SPACE

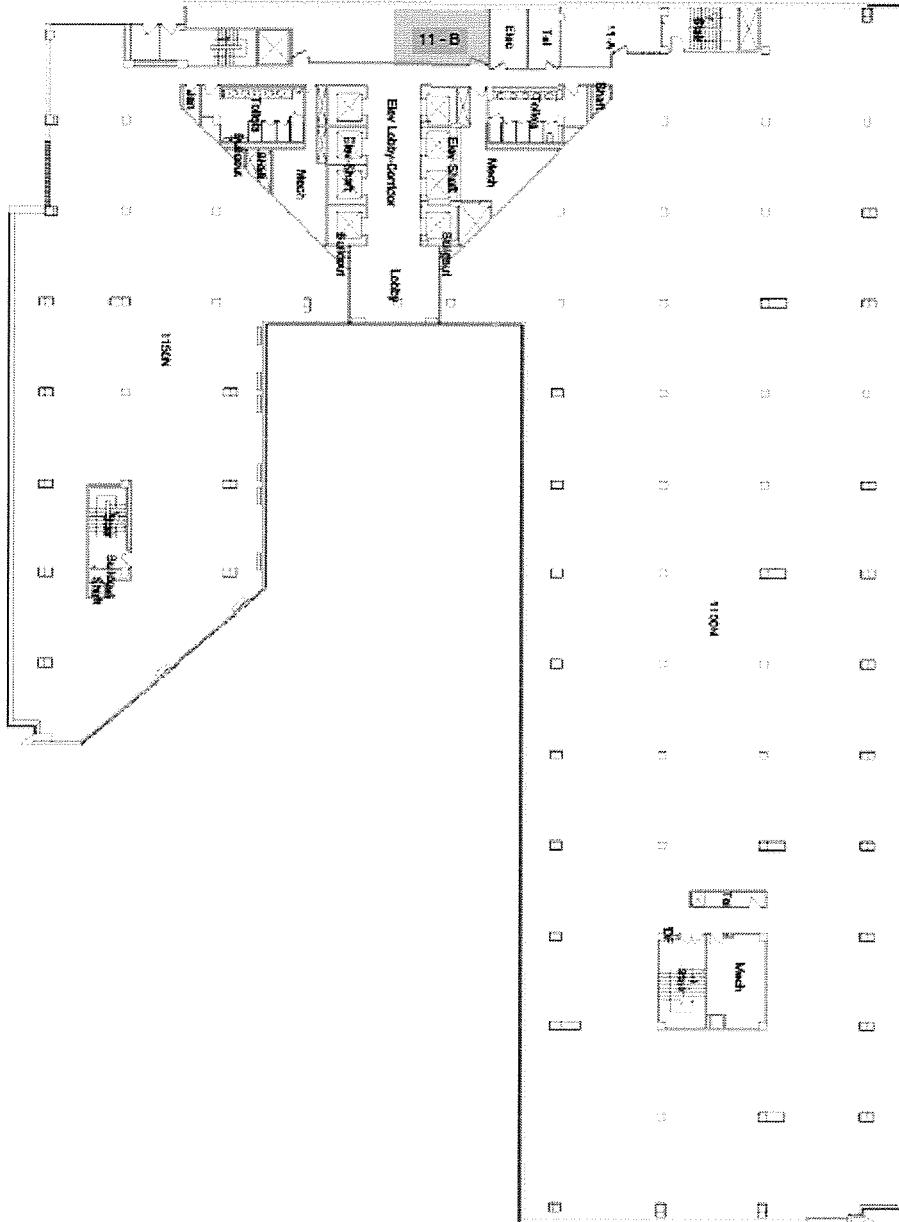


EXHIBIT A

INITIAL HERE	
Licensor <i>E</i>	Licensee <i>NRK</i>