

precluded from selling services back to Developer. Pursuant to section 5 titled “Member Responsibilities” on page 2 of the MOU, at a minimum, the LSDBE partners will participate in budget, schedule, and strategy meetings. LSDBE partners may also participate in the negotiation of development agreements, creating a site plan, managing design development, hiring and managing consultants, seeking and securing zoning and entitlements, developing and monitoring budgets, apply for and securing financing, performing due diligence, marketing and sales of all units, and any other tasks necessary to the development and construction of the project.

ARTICLE VI CONTINGENT CONTRIBUTIONS

Section 6.1 Contingent Contributions for Failure to Meet CBE Minimum Expenditure. At the conclusion of the Project, DSLBD shall measure the percentage difference between the CBE Minimum Expenditure and Developer’s actual expenditures. If Developer’s actual expenditures are less than the CBE Minimum Expenditure, DSLBD shall identify the percentage difference (the “Shortfall”). If Developer fails to meet its CBE Minimum Expenditure within 60 days of the conclusion of the Project, which shall be determined by issuance of certificate(s) of occupancy for the Project, Developer shall make the following payments (each, a “Contingent Contribution”), which shall be paid to the District of Columbia in the time and in a manner to be determined by DSLBD. The Contingent Contributions shall be based on twenty-five percent (25%) of the CBE Minimum Expenditure (the “Contribution Fund”). The Contribution Fund is therefore \$_____.

- (i) If the Shortfall is more than 50% of the CBE Minimum Expenditure, Developer shall make a Contingent Contribution of one hundred percent (100%) of the Contribution Fund. For example, if at the conclusion of the Project, the Shortfall is 60%, Developer shall make a Contingent Contribution of \$_____.
- (ii) If the Shortfall is between 10% and 50% of the CBE Minimum Expenditure, Developer shall make a Contingent Contribution that is the percentage of the Contribution Fund that is equal to the Shortfall. For example, if the Shortfall is 20%, the Developer shall make a Contingent Contribution of 20% of the Contribution Fund, *i.e.*, \$_____.
- (iii) If the Shortfall is less than 10% of the CBE Minimum Expenditure, and Developer has taken all actions reasonably necessary (as reasonably determined by DSLBD based on Developer’s reports and other verifiable evidence) to achieve the CBE Minimum Expenditure, the Developer shall not be required to make a Contingent Contribution. The Developer may meet its burden to demonstrate it has taken all actions reasonably necessary to achieve its CBE Minimum Expenditure by (1) fulfilling all CBE outreach and recruitment efforts identified in Article II of this Agreement; (2) complying with Article IV of this Agreement; (3) providing evidence of the General Contractors’ compliance with

the commitments set forth in Article IV of this Agreement, and (4) by taking the following actions, among other things¹:

- a. In connection with the preparation of future bid packages, if any, develop a list of media outlets that target CBEs and *potential* CBEs hereafter referred to as “Target Audience” based on D.C. certification criteria;
 - b. During the initial construction of the Project, place advertisements in media outlets that address the Target Audience on a regular basis (*i.e.*, each time a new bid package is sent out) and advertise the programmatic activities established pursuant to the Agreement on an as needed basis;
 - c. Fax and/or email new procurement opportunity alerts to targeted CBEs according to trade category;
 - d. In connection with the preparation of future bid packages, if any, develop a list of academic institutions, business and community organizations that represent the Target Audience so that they may provide updated information on available opportunities to their constituents;
 - e. Make presentations and conduct pre-bid conferences advising of contracting opportunities for the Target Audience either one-on-one or through targeted business organizations;
 - f. Provide up to ten (10) sets of free plans and specifications for business organizations representing Target Audiences upon request;
 - g. Commit to promoting opportunities for joint ventures between non-CBE and CBE firms to further grow CBEs and increase contract participation.
- (iv) If the Shortfall is less than 10% of the CBE Minimum Expenditure, but Developer has *not* taken all actions reasonably necessary (as reasonably determined by DSLBD based on Developer’s reports and other verifiable evidence) to achieve the CBE Minimum Expenditure, Developer shall make a Contingent Contribution that is the percentage of the Contribution Fund that is equal to the Shortfall. For example, if the Shortfall is 5%, the Developer shall make a Contingent Contribution of 5% of the Contribution Fund, *i.e.*, \$_____.

Section 6.2 Failure to Meet Equity and Development Participation Requirements.

[TO BE DETERMINED]

Section 6.3 Other Remedies. Failure to make any required Contingent Contribution in the time and manner specified by DSLBD shall be a material breach of this Agreement. In the event that the Developer breaches any of its obligations under this Agreement, in addition to the remedies stated herein, DSLBD does not waive its right to seek any other remedy against the Developer,

¹ See Attachment 6 for a list of suggested outreach activities.

To Developer: _____

Washington, D.C. _____
Attention:
Tel:
Fax

Each party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

Section 7.3 Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

Section 7.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of any permitted successors and assigns of the parties hereto. This Agreement shall not be assigned by the Developer without the prior written consent of the DSLBD, which consent shall not be unreasonably withheld or delayed. In connection with any such consent of DSLBD, DSLBD may condition its consent upon the acceptability of the financial condition of the proposed assignee, upon the assignee's express assumption of all obligations of the Developer hereunder or upon any other reasonable factor which DSLBD deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and obligations assigned and shall not be effective until approved by the DSLBD. DSLBD shall have no right to assign this Agreement except to another District agency.

Section 7.5 Amendment; Waiver. This Agreement may be amended from time to time by written supplement hereto and executed by DSLBD and Developer. Any obligations hereunder may not be waived, except by written instrument signed by the party to be bound by such waiver. No failure or delay of either party in the exercise of any right given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified herein for exercise of such right, or satisfaction of such condition, has expired) shall constitute a waiver of any other or further right nor shall any single or partial exercise of any right preclude other or further exercise thereof or any other right. The waiver of any breach hereunder shall not be deemed to be a waiver of any other or any subsequent breach hereof.

Section 7.6 Governing Law. This Agreement shall be governed by the laws of the District of Columbia.

Section 7.7 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 7.8 Entire Agreement. All previous negotiations and understandings between the parties hereto or their respective agents and employees with respect to the transactions set forth herein are merged into this Agreement, and this Agreement alone fully and completely expresses the parties' rights, duties and obligations with respect to its subject matter.

Section 7.9 Captions, Gender, Number and Language of Inclusion. The captions are inserted in this Agreement only for convenience of reference and do not define, limit or describe the scope or intent of any provisions of this Agreement. Unless the context clearly requires otherwise, the singular includes the plural, and vice versa, and the masculine, feminine and neuter adjectives include one another. As used in this Agreement, the word “including” shall mean “including but not limited to”.

Section 7.10 Attachments. The following exhibits shall be deemed incorporated into this Agreement in their entirety:

- Attachment 1:* CBE Minimum Expenditure
- Attachment 2:* Target Sector List
- Attachment 3:* Utilization Plan
- Attachment 4:* CBE Reports
- Attachment 5:* Vendor Verification Forms
- Attachment 6:* Suggested Outreach Activities
- Attachment 7:* Memorandum of Understanding for Developer

Section 7.11 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs and personal representatives.

Approved as to legal sufficiency for the Department of Small and Local Business Development:

BY: _____
Duane M. Kokesch
General Counsel

AGREED TO AND EXECUTED THIS ____ DAY OF _____, 2008

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT**

BY: _____
**LEE A. SMITH III
DIRECTOR**

DEVELOPER

BY: _____

EXHIBIT I

First Source Agreement

FIRST SOURCE EMPLOYMENT AGREEMENT

Contract Number: _____

Contract Amount: _____

Project Name: _____

Project Address: _____ Ward: _____

Nonprofit Organization with 50 Employees or Less: (Yes) ____ (No) ____

This First Source Employment Agreement, in accordance with D. C. Law 14-24, D.C. Law 5-93, and Mayor's Order 83-265 for recruitment, referral, and placement of District of Columbia residents, is between the District of Columbia Department of Employment Services, hereinafter referred to as DOES, and _____, hereinafter, referred to as EMPLOYER. Under this Employment Agreement, the EMPLOYER will use DOES as its first source for recruitment, referral, and placement of new hires or employees for the new jobs created by this project and will hire 51% District of Columbia residents for all new jobs created, as well, as 51% of apprentices employed in connection with the project shall be District residents registered in programs approved by the District of Columbia Apprenticeship Council.

I. GENERAL TERMS

- A. The EMPLOYER will use DOES as its first source for the recruitment, referral and placement of employees.
- B. The EMPLOYER shall require all contractors and subcontractors, with contracts totaling \$100,000 or more, to enter into a First Source Employment Agreement with DOES.
- C. DOES will provide recruitment, referral and placement services to the EMPLOYER subject to the limitations set out in this Agreement.
- D. DOES participation in this Agreement will be carried out by the Office of the Director, with the Office of Employer Services, which is responsible for referral and placement of employees, or such other offices or divisions designated by DOES.

- E. This Agreement shall take effect when signed by the parties below and shall be fully effective for the duration of the contract and any extensions or modifications to the contract.
- F. This Agreement shall not be construed as an approval of the EMPLOYER'S bid package, bond application, lease agreement, zoning application, loan, or contract/subcontract.
- G. DOES and the EMPLOYER agree that for purposes of this Agreement, new hires and jobs created (both union and nonunion) include all EMPLOYER'S job openings and vacancies in the Washington Standard Metropolitan Statistical Area created as a result of internal promotions, terminations, and expansions of the EMPLOYER'S workforce, as a result of this project, including loans, lease agreements, zoning applications, bonds, bids, and contracts.
- H. For purposes of this Agreement, apprentices as defined in D.C. Law 2-156, as amended, are included.
- I. The EMPLOYER shall register an apprenticeship program with the D.C. Apprenticeship Council for construction or renovation contracts or subcontracts totaling \$500,000 or more. This includes any construction or renovation contract or subcontract signed as the result of, but is not limited to, a loan, bond, grant, Exclusive Right Agreement, street or alley closing, or a leasing agreement of real property for one (1) year or more.
- J. All contractors who contract with the Government of the District of Columbia to perform information technology work with a single contract or cumulative contracts of at least \$500,000, let within any twelve (12) month period shall be required to register an apprenticeship program with the District of Columbia Apprenticeship Council.
- K. The term "information technology work" shall include, but is not limited to, the occupations of computer programmer, programmer analyst, desktop specialist, technical support specialist, database specialist, network support specialist, and any other related occupations as the District of Columbia Apprenticeship Council may designate by regulation.

II. RECRUITMENT

- A. The EMPLOYER will complete the attached Employment Plan, which will indicate the number of new jobs projected, salary range, hiring dates, and union requirements. The EMPLOYER will notify DOES of its specific need for new employees as soon as that need is identified.

- B. Notification of specific needs, as set forth in Section II.A. must be given to DOES at least five (5) business days (Monday - Friday) before using any other referral source, and shall include, at a minimum, the number of employees needed by job title, qualification, hiring date, rate of pay, hours of work, duration of employment, and work to be performed.
- C. Job openings to be filled by internal promotion from the EMPLOYER'S current workforce need not be referred to DOES for placement and referral.
- D. The EMPLOYER will submit to DOES, prior to starting work on the project, the names, and social security numbers of all current employees, including apprentices, trainees, and laid-off workers who will be employed on the project.

III. REFERRAL

DOES will screen and refer applicants according to the qualifications supplied by the EMPLOYER.

IV. PLACEMENT

- A. DOES will notify the EMPLOYER, prior to the anticipated hiring dates, of the number of applicants DOES will refer. DOES will make every reasonable effort to refer at least two qualified applicants for each job opening.
- B. The EMPLOYER will make all decisions on hiring new employees but will in good faith use reasonable efforts to select its new hires or employees from among the qualified persons referred by DOES.
- C. In the event DOES is unable to refer the qualified personnel requested, within five (5) business days (Monday - Friday) from the date of notification, the EMPLOYER will be free to directly fill remaining positions for which no qualified applicants have been referred. Notwithstanding, the EMPLOYER will still be required to hire 51% District residents for the new jobs created by the project.
- D. After the EMPLOYER has selected its employees, DOES will not be responsible for the employees' actions and the EMPLOYER hereby releases DOES, and the Government of the District of Columbia, the District of Columbia Municipal Corporation, and the officers and employees of the District of Columbia from any liability for employees' actions.

V. TRAINING

DOES and the EMPLOYER may agree to develop skills training and on-the-job training programs; the training specifications and cost for such training will be mutually agreed upon by the EMPLOYER and DOES and set forth in a separate Training Agreement.

VI. CONTROLLING REGULATIONS AND LAWS

- A. To the extent this Agreement is in conflict with any labor laws or governmental regulations, the laws or regulations shall prevail.
- B. DOES will make every effort to work within the terms of all collective bargaining agreements to which the EMPLOYER is a party.
- C. The EMPLOYER will provide DOES with written documentation that the EMPLOYER has provided the representative of any involved collective bargaining unit with a copy of this Agreement and has requested comments or objections. If the representative has any comments or objections, the EMPLOYER will promptly provide them to DOES.

VII. EXEMPTIONS

- A. Contracts, subcontracts or other forms of government-assistance less than \$100,000.
- B. Employment openings the contractor will fill with individuals already employed by the company.
- C. Job openings to be filled by laid-off workers according to formally established recall procedures and rosters.
- D. Suppliers located outside of the Washington Standard Metropolitan Statistical Area and who will perform no work in the Washington Standard Metropolitan Statistical Area.

VIII. AGREEMENT MODIFICATIONS, RENEWAL, MONITORING, AND PENALTIES

- A. If, during the term of this Agreement, the EMPLOYER should transfer possession of all or a portion of its business concerns affected by this Agreement to any other party by lease, sale, assignment, merger, or otherwise, the EMPLOYER as a condition of transfer shall:
 - 1. Notify the party taking possession of the existence of the EMPLOYER'S Agreement.
 - 2. Notify the party taking possession that full compliance with this Agreement is required in order to avoid termination of the project.

3. EMPLOYER shall, additionally, advise DOES within seven (7) business/calendar days of the transfer. This advice will include the name of the party taking possession and the name and telephone of that party's representative.
- B. DOES shall monitor EMPLOYER'S performance under this Agreement. The EMPLOYER will cooperate in DOES' monitoring effort and will submit a Contract Compliance Form to DOES monthly.
 - C. To assist DOES in the conduct of the monitoring review, the EMPLOYER will make available payroll and employment records for the review period indicated.
 - D. If additional information is needed during the review, the EMPLOYER will provide the requested information to DOES.
 - E. With the submission of the final request for payment from the District, the EMPLOYER shall:
 1. Document in a report to the Contracting Officer its compliance with the requirement that 51% of the new employees hired by the project be District residents; or
 2. Submit a request to the Contracting Officer for a waiver of compliance with the requirement that 51% of the new employees hired by the project be District residents and include the following documentations:
 - a. Material supporting a good faith effort to comply;
 - b. Referrals provided by DOES and other referral sources; and
 - c. Advertisement of job openings listed with DOES and other referral sources.
 - F. The Contracting Officer may waive the requirement that 51% of the new employees hired by the project be District residents, if the Contracting Officer finds that:
 1. A good faith effort to comply is demonstrated by the contractor;
 2. The EMPLOYER is located outside the Washington Standard Metropolitan Statistical Area and none of the contract work is performed inside the Washington Standard Metropolitan Statistical Area;

The Washington Standard Metropolitan Statistical Area includes the District of Columbia, the Virginia Cities of Alexandria, Falls Church, Manassas, Manassas Park, Fairfax, and Fredericksburg; the Virginia Counties of Fairfax, Arlington, Prince William, Loudoun, Stafford, Clarke, Warren, Fauquier, Culpeper, Spotsylvania, and King George; the Maryland Counties of Montgomery, Prince Georges, Charles, Frederick, and Calvert; and the West Virginia Counties of Berkeley and Jefferson.

- 3. The EMPLOYER enters into a special workforce development training or placement arrangement with DOES; or
 - 4. DOES certifies that insufficient numbers of District residents in the labor market possess the skills required by the positions created as a result of the contract.
- G. Willful breach of the First Source Employment Agreement by the EMPLOYER, or failure to submit the Contract Compliance Report, or deliberate submission of falsified data, may be enforced by the Contracting Officer through imposition of penalties, including monetary fines of 5% of the total amount of the direct and indirect labor costs of the contract.
- H Nonprofit organizations with 50 or less employees are exempted from the requirement that 51% of the new employees hired on the project be District residents.
- I. The EMPLOYER and DOES, or such other agent as DOES may designate, may mutually agree to modify this Agreement.
- J. The project may be terminated because of the EMPLOYER'S non-compliance with the provisions of this Agreement.
- IX. Is your firm a certified Local, Small, Disadvantaged Business Enterprise (LSDBE)?
 YES NO
 If yes, certification number: _____
- X. Do you have a registered Apprenticeship program with the D.C. Apprenticeship Council?
 YES NO
 If yes, D.C. Apprenticeship Council Registration Number: _____
- XI. Indicate whether your firm is a subcontractor on this project: YES NO
 If yes, name of prime contractor: _____

Dated this _____ day of _____ 20_____

Signature Dept. of Employment Services

Signature of Employer

Name of Company

Address

Telephone

E-mail

EMPLOYMENT PLAN

NAME OF FIRM _____

ADDRESS _____

TELEPHONE NUMBER _____ FEDERAL IDENTIFICATION NO. _____

CONTACT PERSON _____ TITLE _____

E-mail: _____ TYPE OF BUSINESS: _____

ORIGINATING DISTRICT AGENCY _____

CONTRACTING OFFICER: _____ TELEPHONE NUMBER: _____

TYPE OF PROJECT _____ FUNDING AMOUNT _____

PROJECTED START DATE _____ PROJECT DURATION _____

NEW JOB CREATION PROJECTIONS (Attach additional sheets, as needed.) Please indicate the new position(s) your firm will create as a result of this project.

	JOB TITLE	# OF JOBS F/T P/T	SALARY RANGE	UNION MEMBERSHIP REQUIRED NAME LOCAL#	PROJECTED HIRE DATE
A					
B					
C					
D					
E					
F					
G					
H					
I					
J					
K					

EXHIBIT J

Community Participation Plan



Development of the Engine House and Police Station

Community Participation Program

Our commitment to the community of Capitol Hill is strong. For this reason we have developed a plan that involves the community in all the different aspects of the development process. The plan includes two programs, the site visit and historic review program and the community participation program.

The site visit and historic review program, consists of working with students of nearby schools to make them familiar with the various occupations and skills within the development process, and to link the history of the building to the history of their community.

During the pre-construction phase, the program includes visits from the development team to the nearby schools, to make the students aware of the different trades and professionals involved in the development of a construction project. The pre-construction phase also includes a historic overview of the building. The purpose of this overview is to tie history of the building, to the history of Capitol Hill, and to the development of the City. This is an exciting program that will give the students ownership of the project, and will let them link the development of this important landmark to the history of their community.

During construction the students will visit the site during different phases of the construction. Students then can relate the actual work at the site with the history and overview presented during the preconstruction phase. During the course of construction students will be asked to select a project, and complete a project fashioned after the information gained during the site visits and preconstruction visits.

This program is coordinated and managed by our consultant, Hasson Cultural and Educational Services.

The community participation program includes meetings with members of the community, the ANC commissioner and community groups. The goal is to make them part of the development process from the conception to the completion of the project. The development team will conduct several meetings to obtain feedback and input on the different development activities and to provide updates about the project. The community participation will include direct involvement in all parts of the project, such as, the preparation and design of the traffic control plan, and input on exterior architectural features such the courtyard, and front of the building. Our plan also includes an introductory meeting with the construction team, to assure that the community is familiar with the construction personnel and with that there is always a familiar face at the site, ready to address any issues or answer any questions.

We believe that close collaboration with the community will be key to the success of the project.

EXHIBIT K

Form of District Note

PURCHASE MONEY PROMISSORY NOTE

U.S. \$168,229.00

_____, 20____
Washington, D.C.

FOR VALUE RECEIVED, ARGOS CH, LLC, a District of Columbia limited liability company, having an address at 631 D Street, NW, Suite 638, Washington, DC 20004 (hereinafter called "**Borrower**"), promises to pay to the order of **DISTRICT OF COLUMBIA**, a municipal corporation, acting by and through the Office of the Deputy Mayor for Planning and Economic Development, having an address at 1350 Pennsylvania Avenue, N.W., Suite 317, Washington, D.C. 20004 (hereinafter, together with all subsequent holders of this note, called "**Lender**," whether one or more), on or before _____, 20____ (the "**Maturity Date**") as hereinafter provided, the principal sum of ONE HUNDRED SIXTY-EIGHT THOUSAND TWO HUNDRED TWENTY-NINE AND 00/100 DOLLARS (\$168,229.00) (the "**Loan**"), together with simple interest on the unpaid balance of the Loan from time to time outstanding from and after the date hereof at the rate _____ percent (_____%) per annum (the "**Applicable Rate**").

This Purchase Money Promissory Note (this "**Note**" or "**note**"), including all outstanding principal and accrued and unpaid interest owed hereunder, is due and payable in full on the Maturity Date, if not sooner paid. Borrower may prepay the principal of this note in whole or in part at any time or times without penalty, but any amounts prepaid may not be reborrowed. Any partial prepayment shall be applied first to any accrued and unpaid interest and then to the outstanding principal balance of this note.

Interest shall begin to accrue as of the date of this note at the Applicable Rate and shall be due and payable to Lender on a quarterly basis in arrears based on a 360-day year and the actual number of days elapsed on the Maturity Date. The calculation of said payment amount shall be made by the Lender in the Lender's sole discretion and shall be binding on Borrower absent manifest error. Borrower's first payment of interest due hereunder shall be due and payable on _____, 20____, and Borrower's successive quarterly payments of interest due hereunder shall be due and payable every ninety (90) days thereafter

For purposes of determining the amount of indebtedness owed by Borrower to Lender under this note from time to time, all payments received by Lender in regard to this note or any other written agreement or other document executed in connection with, as evidence of, or securing payment of, this note (individually and collectively, the "**Security Documents**"), whether required installments, optional prepayments or otherwise, shall be applied first to any amounts that Lender has advanced to protect the security for this note or has otherwise advanced under any of the Security Documents; second to any accrued and unpaid charges, fees or expenses owing under this note, other than interest; third to any accrued and unpaid interest then due and payable under this note; and fourth to the outstanding principal balance of this note.

All amounts owing on this note shall be made payable to "DC Treasurer" and delivered to Lender at the address set forth above (or such other place designated by Lender) in

immediately available funds in lawful money of the United States of America that is legal tender for public and private debts at the time of payment. The making of any payment in other than immediately available funds (such as by check drawn by Borrower on a bank), which Lender, at its option, elects to accept, shall be subject to collection, and interest shall continue to accrue until the funds by which such payment is made are available to Lender for its use. If the date for any payment under this note shall fall on a Sunday or a public holiday under the laws of the District of Columbia or the United States of America on which Lender is not open for business, the same shall be deemed to fall on the next following business day of Lender, and such extension of time shall in each case be included in the computation of accrued interest due.

In the event any payment due to Lender under this note or any of the Security Documents is not paid when due (whether upon acceleration, at maturity or otherwise), the unpaid balance of such overdue payment shall continue to bear interest (including, to the extent permitted by law, interest on any overdue installment of interest) from the date on which such payment was due until paid at an annual rate of three percent (3.0%) above the Applicable Rate (the “**Default Rate**”), in lieu of bearing interest at the Applicable Rate.

In the event Borrower fails to make any payment as and when due under this note or any of the Security Documents and such failure continues for thirty (30) days after the date that Lender gives Borrower written notice of such failure (each an “**Event of Default**”) or upon the occurrence of any other "Event of Default" under any of the Security Documents, the entire unpaid balance of this note and any accrued but unpaid interest shall, at the option of Lender, immediately become due and payable.

Except as specifically provided in this note, Borrower and any endorsers or guarantors of this note severally waive presentment and demand for payment, notice of nonpayment, protest and notice of protest, notice of intent to accelerate maturity, notice of acceleration of maturity and notice and demand of any other kind, bringing of suit against another and diligence in taking any action to collect any amount owing under this note or in proceeding against any of the rights and properties securing payment of this note. Borrower and any endorsers or guarantors of this note agree that the due date for any payments may be extended by Lender from time to time without notice, and consent to the acceptance of further security or the release of any existing security for this note by Lender, all without in any manner affecting anyone’s liability under or with respect to this note.

Failure to exercise any of the foregoing options upon the happening of one or more of the foregoing events shall not constitute a waiver of the right to exercise the same or any other option at any subsequent time in respect to the same or any other event. The acceptance by Lender of any payment hereunder that is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing options at that time, or at any subsequent time, or nullify any prior exercise of any such option, without the express written consent of the Lender.

Borrower represents and warrants to Lender that the indebtedness represented by this note is for business, commercial, investment or similar purposes, and not primarily for personal, family or household purposes.

It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply with the applicable District of Columbia law governing the maximum rate or amount of interest payable on the indebtedness evidenced by this note and on any indebtedness represented by the Security Documents (or applicable United States federal law to the extent that it permits the Lender to contract for, charge, take, reserve or receive a greater amount of interest than under District of Columbia law). If the applicable law is ever judicially interpreted so as to render usurious any amount called for under this note or under any of the Security Documents, or contracted for, charged, taken, reserved or received with respect to such indebtedness, or if Lender's exercise of the option herein contained to accelerate the maturity of this note or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Borrower's and Lender's express intent that all excess amounts previously collected by Lender be credited against the outstanding principal balance of this note (or, if this note has been or would thereby be paid in full, refunded to Borrower), and the provisions of this note and each of the Security Documents immediately be deemed reformed and all future amounts collectible under this note be reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for under this note and under each of the Security Documents.

Notwithstanding anything to the contrary contained herein or in any of the Security Documents, it is not the intention of Lender to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of the indebtedness evidenced hereby and by the Security Documents shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate or amount of interest on account of such indebtedness does not exceed the usury ceiling from time to time in effect and applicable to such indebtedness for so long as debt is outstanding.

All notices hereunder shall be given to Borrower at the address set forth below Borrower's signature and to Lender at the address set forth above. Either party may change its address for notice hereunder to any other location within the United States of America by giving three (3) business days' prior notice thereof to the other party in accordance with this paragraph. All notices given hereunder shall be in writing and shall be considered properly given if mailed by first class United States Mail, postage prepaid, registered or certified with return receipt requested, or by delivering same in person to the intended addressee, or by telecopy. Any notice mailed as above provided shall be effective upon the earlier of receipt or three (3) business days after its deposit in the custody of the U.S. Postal Service; all other notices shall be effective upon receipt by the addressee.

Philip W. Gibbs ("**Guarantor**") hereby absolutely, irrevocably, and unconditionally guarantees to District the full, timely and complete performance of all of Borrower's agreements, obligations, and covenants set forth herein, including, without limitation, the payment of all amounts required of Borrower hereunder.

Lender shall have the full, and unfettered, right, from time to time, to assign, transfer and pledge this note, and Borrower agrees, upon request of Lender or the holder of this note from time to time, to re-execute this note or modify this note in a manner requested by Lender or such

holder, it being understood that the Security Documents shall at all times continue to secure the indebtedness evidenced hereby, or by such modified or amended note, whether in the original principal amount evidenced hereby or in such greater amount as Borrower and Lender, or such holder, shall agree.

This note shall be governed by the laws of the District of Columbia.

[Signatures on following page.]

IN WITNESS WHEREOF, this Purchase Money Promissory Note is executed as of the date first above written.

BORROWER:

ARGOS CH, LLC

By: _____

Name: _____

Title: _____

CITY OF WASHINGTON

ss.

DISTRICT OF COLUMBIA

I, _____, a Notary Public in and for the District of Columbia, DO HEREBY CERTIFY THAT _____ who is personally known to me (or proved by oaths of credible witnesses to be) the _____ for the _____ in the foregoing and annexed Purchase Money Promissory Note, bearing the date of the _____ personally appeared before me in said District of Columbia, and as _____ of the _____, acting on behalf of Owner, as aforesaid, acknowledged the same to be his free act and deed.

Given under my hand and seal this ___ day of _____.

Notary Public

My Commission Expires: _____

JOINDER OF GUARANTOR

For the purpose of evidencing his consent and agreement to be bound to the provisions in this Note applicable to the Guarantor, Philip W. Gibbs hereby executes this Joinder of Guarantor on and as of the date of the Note.

By: _____
Name: Phillip W. Gibbs, an individual
Soc. Sec. No.: _____
Address: _____

CITY OF WASHINGTON

ss.

DISTRICT OF COLUMBIA

I, _____, a Notary Public in and for the District of Columbia, DO HEREBY CERTIFY THAT _____ who is personally known to me (or proved by oaths of credible witnesses to be) the _____ for the _____ in the foregoing and annexed Purchase Money Promissory Note, bearing the date of the _____ personally appeared before me in said District of Columbia, and as _____ of the _____, acting on behalf of Owner, as aforesaid, acknowledged the same to be his free act and deed.

Given under my hand and seal this ___ day of _____.

Notary Public

My Commission Expires: _____

EXHIBIT L

Form of District Deed of Trust

PURCHASE MONEY DEED OF TRUST

By and among

ARGOS CH, LLC,

a District of Columbia limited liability company, as grantor
(Borrower)

to

_____, as trustee
(Trustee)

for the benefit of

DISTRICT OF COLUMBIA,

a municipal corporation acting by and through the
Office of the Deputy Mayor for Planning and Economic Development ,
as beneficiary
(Lender)

Dated: As of _____, 20__

Location: Lot 0830 in Square 1028 and Lot 0808 in Square 0936

PREPARED BY AND UPON
RECORDATION RETURN TO:

PURCHASE MONEY DEED OF TRUST (this “**Security Instrument**”) made as of the date set forth on the cover page hereof, by ARGOS CH, LLC, a District of Columbia limited liability company (“**Borrower**”) having its principal place of business at 631 D Street, NW, Suite 638, Washington, DC 20004, as grantor to _____, having an address at _____, as trustee (“**Trustee**”) for the benefit of **DISTRICT OF COLUMBIA**, a municipal corporation, acting by and through the Office of the Deputy Mayor for Planning and Economic Development, having an address at 1350 Pennsylvania Avenue, N.W., Suite 317, Washington, D.C. 20004 (“**Lender**”)

RECITALS:

This Security Instrument is given to secure a loan (the “**Loan**”) in the principal sum of ONE HUNDRED SIXTY-EIGHT THOUSAND TWO HUNDRED TWENTY-NINE and 00/100 Dollars (\$168,229.00) evidenced by that certain Purchase Money Promissory Note of even date herewith, made by Borrower in favor of Lender (such Purchase Money Promissory Note, together with all extensions, renewals, replacements, restatements or modifications thereof being hereinafter referred to as the “**Note**”);

Borrower desires to secure the payment of the Debt (as defined below), and the performance of all of its obligations, under the Note.

ARTICLE I - GRANTS OF SECURITY

Section 1.1 PROPERTY ENCUMBERED. Borrower does hereby irrevocably mortgage, grant, bargain, sell, pledge, assign, warrant, transfer, convey and grant a security interest to Trustee, its successors and assigns, for the benefit of Lender and its successors and assigns the following property, rights, interests and estates now owned, or hereafter acquired by Borrower (collectively, the “**Property**”):

(a) Land. The real property described in Exhibit A attached hereto and made a part hereof (the “**Land**”);

(b) Additional Land. All additional lands, estates and development rights hereafter acquired by Borrower for use in connection with the Land and the development of the Land and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise be expressly made subject to the lien of this Security Instrument;

(c) Improvements. The buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land (collectively, the “**Improvements**”);

(d) Easements. All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and the Improvements and the reversions and remainders, and all land lying in the bed of any street, road or avenue, opened or

proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, rights of dower, rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Borrower of, in and to the Land and the Improvements and every part and parcel thereof, with the appurtenances thereto;

Section 1.2 CONDITIONS TO GRANT. TO HAVE AND TO HOLD the above granted and described Property unto Trustee for and on behalf of Lender and to the use and benefit of Lender and Trustee and their successors and assigns, forever; IN TRUST WITH POWER OF SALE, to secure payment to Lender of the Debt at the time and in the manner provided for its payment in the Note and in this Security Instrument. PROVIDED, HOWEVER, these presents are upon the express condition that, if Borrower shall well and truly pay to Lender the Debt at the time and in the manner provided in the Note and this Security Instrument, shall well and truly perform the Other Obligations as set forth in this Security Instrument and shall well and truly abide by and comply with each and every covenant and condition set forth herein and in the Note, these presents and the estate hereby granted shall cease, terminate and be void; provided, however, that Borrower's obligation to indemnify and hold harmless Lender pursuant to the provisions hereof shall survive any such payment or release.

ARTICLE II - DEBT AND OBLIGATIONS SECURED

Section 2.1 DEBT. "Debt" shall mean the outstanding principal amount set forth in, and evidenced by the Note together with all interest accrued and unpaid thereon and all other sums due to Lender in respect of the loan under the Note and this Security Instrument. This Security Instrument and the grants, assignments and transfers made in Article 1 are given for the purpose of securing the Debt.

Section 2.2 OTHER OBLIGATIONS. This Security Instrument and the grants, assignments and transfers made in Article 1 are also given for the purpose of securing the performance of the following (the "Other Obligations"): (a) all other obligations of Borrower contained herein; and (b) each obligation of Borrower contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part of the Note.

Section 2.3 DEBT AND OTHER OBLIGATIONS. Borrower's obligations for the payment of the Debt and the performance of the Other Obligations shall be referred to collectively herein as the "Obligations."

Section 2.4 PAYMENT OF DEBT. Borrower will pay the Debt at the time and in the manner provided in the Note.

Section 2.5 INCORPORATION BY REFERENCE. All the covenants, conditions and agreements contained in the Note, are hereby made a part of this Security Instrument to the same extent and with the same force as if fully set forth herein.

ARTICLE III - PROPERTY COVENANTS

Borrower covenants and agrees that:

Section 3.1 INSURANCE. Borrower shall obtain and maintain, or cause to be maintained, in full force and effect at all times insurance with respect to Borrower and the Property.

Section 3.2 TAXES. Borrower shall pay all Taxes and Other Charges (each as defined herein) assessed or imposed against the Property or any part thereof. “**Taxes**” shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against the Property or part thereof. “**Other Charges**” shall mean all ground rents, maintenance charges, impositions other than Taxes, and any other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property, now or hereafter levied or assessed or imposed against the Property or any part thereof.

Section 3.3 LEASES. Borrower shall not enter in any leases for all or any portion of the Property.

Section 3.4 WARRANTY OF TITLE. Borrower has good, indefeasible, marketable and insurable fee simple title to the real property comprising part of the Property and good indefeasible and marketable title to the balance of the Property, free and clear of all liens whatsoever. Borrower shall forever warrant, defend and preserve the title and the validity and priority of the lien of this Security Instrument and shall forever warrant and defend the same to Lender against the claims of all Persons (as defined below) whomsoever. “**Person**” shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

Section 3.5 PAYMENT FOR LABOR AND MATERIALS. Borrower will promptly pay when due all bills and costs for labor, materials, and specifically fabricated materials incurred in connection with the Property contracted for by Borrower and never permit to exist beyond the due date thereof in respect of the Property or any part thereof any lien or security interest, even though inferior to the liens and the security interests hereof, and in any event never permit to be created or exist in respect of the Property or any part thereof any other or additional lien or security interest other than the liens or security interests hereof. Borrower represents to Borrower’s knowledge that there are no claims for payment for work, labor or materials affecting the Property which are or may become a lien prior to, or of equal priority with, the liens created by the Note and this Security Instrument.

ARTICLE IV - DUE ON SALE/ENCUMBRANCE

Section 4.1 NO SALE/ENCUMBRANCE. Except for that certain [Deed of Trust] between Borrower and _____ [insert name of Borrower’s Construction Lender] of even date herewith, which [Deed of Trust] is superior to this Security Agreement, Borrower shall not cause or permit a sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, grant of any options with respect to, or any other transfer or disposition (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether

or not for consideration or of record) of a legal or beneficial interest in the Property or any part thereof.

ARTICLE V - DEFAULT

Section 5.1 Event of Default. “**Default**” shall mean the occurrence of any event hereunder or under the Note which, but for the giving of notice or passage of time, or both, would be an Event of Default. The occurrence of any one or more of the following events shall constitute an “**Event of Default**”:

(a) if any portion of the Debt is not paid on or prior to the fifteenth (15th) day following the date Borrower receives written notice that the same is due or if the entire Debt is not paid on or before the maturity date;

(b) except as otherwise expressly provided in the Note, if any of the Taxes or Other Charges are not paid prior to the date that such Taxes or Other Charges would be delinquent;

(c) if the insurance policies required herein are not kept in full force and effect;

(d) if any representation or warranty of, or with respect to, Borrower made herein, or in the Note, or in any certificate, report, financial statement or other instrument or document furnished to Lender at the time of the closing of the Loan or during the term of the Loan shall have been false or misleading in any material respect when made;

(e) if (i) Borrower shall commence any case, proceeding or other action (A) under any creditors’ rights laws, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Borrower shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Borrower any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of ninety (90) days; or (iii) there shall be commenced against Borrower any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of any order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within ninety (90) days from the entry thereof; or (iv) Borrower shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) Borrower shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(f) if Borrower shall be in default beyond applicable notice and grace periods under any other mortgage, deed of trust, deed to secure debt or other security agreement covering any part of the Property;

(g) if the Property becomes subject to any mechanic's, materialman's or other lien, other than a lien for any taxes not then due and payable, and such lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) days;

(h) if any federal tax lien is filed against Borrower or the Property and same is not discharged of record (by payment, bonding or otherwise) within thirty (30) days after same is filed;

(i) if a judgment not covered by insurance is filed against the Borrower in excess of \$500,000.00 which is not vacated or discharged within 30 days after the date of filing thereof;

(j) if Borrower shall continue to be in default under any other term, covenant or condition of this Security Instrument or the Note for more than ten (10) days after notice from Lender in the case of any default which can be cured by the payment of a sum of money or for thirty (30) days after notice from Lender in the case of any other default, provided that if any such other default cannot reasonably be cured within such thirty (30) day period and Borrower shall have commenced to cure such default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of ninety (90) days.

ARTICLE VI - RIGHTS AND REMEDIES UPON DEFAULT

Section 6.1 REMEDIES. Upon the occurrence and during the continuance of any Event of Default, Borrower agrees that Lender may or acting by or through Trustee may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower and in and to the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Lender or Trustee may determine, in their sole discretion, without impairing or otherwise affecting the other rights and remedies of Lender or Trustee:

(a) declare the entire unpaid Debt to be immediately due and payable;

(b) institute proceedings, judicial or otherwise, for the complete foreclosure of this Security Instrument under any applicable provision of law, in which case the Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

(c) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Security Instrument for the portion of the Debt then due and payable, subject to the continuing lien and security interest of this Security Instrument for the balance of the Debt not then due, unimpaired and without loss of priority;

(d) sell for cash or upon credit the Property or any part thereof and all estate, claim, demand, right, title and interest of Borrower therein and rights of redemption thereof, pursuant to power of sale or otherwise, at one or more sales, as an entirety or in parcels, at such

time and place, upon such terms and after such notice thereof as may be required or permitted by law;

(e) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein or in the Note;

(f) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Security Instrument;

(g) apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without notice and without regard for the adequacy of the security for the Debt and without regard for the solvency of Borrower or any other Person liable for the payment of the Debt;

(h) the license granted to Borrower under Section 1.2 hereof shall automatically be revoked and Lender may enter into or upon the Property, either personally or by its agents, nominees or attorneys and dispossess Borrower and its agents and servants therefrom, without liability for trespass, damages or otherwise and exclude Borrower and its agents or servants wholly therefrom, and take possession of all books, records and accounts relating thereto and Borrower agrees to surrender possession of the Property and of such books, records and accounts to Lender upon demand, and thereupon Lender may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and conduct the business thereat; (ii) complete any construction on the Property in such manner and form as Lender deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Property; (iv) exercise all rights and powers of Borrower with respect to the Property, whether in the name of Borrower or otherwise, including, without limitation, the right to make, cancel, enforce or modify leases, obtain and evict tenants, and demand, sue for, collect and receive all rents of the Property and every part thereof; (v) require Borrower to pay monthly in advance to Lender, or any receiver appointed to collect the rents, the fair and reasonable rental value for the use and occupation of such part of the Property as may be occupied by Borrower; (vi) require Borrower to vacate and surrender possession of the Property to Lender or to such receiver and, in default thereof, Borrower may be evicted by summary proceedings or otherwise; and (vii) apply the receipts from the Property to the payment of the Debt, in such order, priority and proportions as Lender shall deem appropriate in its sole discretion after deducting therefrom all expenses (including reasonable attorneys' fees) incurred in connection with the aforesaid operations and all amounts necessary to pay the Taxes, Other Charges, insurance and other expenses in connection with the Property, as well as just and reasonable compensation for the services of Lender, its counsel, agents and employees;

(i) apply any sums then deposited or held in escrow or otherwise by or on behalf of Lender to the payment of the following items in any order in its uncontrolled discretion: (i) Taxes and Other Charges; (ii) insurance premiums; (iii) interest on the unpaid principal balance of the Note; (iv) amortization of the unpaid principal balance of the Note; (v) all other sums payable pursuant to the Note and this Security Instrument, including without limitation advances made by Lender pursuant to the terms of this Security Instrument;

(j) surrender the insurance policies maintained, collect the unearned insurance premiums for the insurance policies and apply such sums as a credit on the Debt in such priority and proportion as Lender in its discretion shall deem proper, and in connection therewith, Borrower hereby appoints Lender as agent and attorney-in-fact (which is coupled with an interest and is therefore irrevocable) for Borrower to collect such insurance premiums;

(k) apply the undisbursed balance of any net proceeds deficiency deposit, together with interest thereon, to the payment of the Debt in such order, priority and proportions as Lender shall deem to be appropriate in its discretion; or

(l) pursue such other remedies as Lender may have under applicable law.

In the event of a sale, by foreclosure, power of sale or otherwise, of less than all of Property, this Security Instrument shall continue as a lien and security interest on the remaining portion of the Property unimpaired and without loss of priority.

Section 6.2 APPLICATION OF PROCEEDS. The purchase money, proceeds and avails of any disposition of the Property, and or any part thereof, or any other sums collected by Lender pursuant to the Note and this Security Instrument, may be applied by Lender to the payment of the Debt in such priority and proportions as Lender in its discretion shall deem proper, subject to applicable law.

Section 6.3 RIGHT TO CURE DEFAULTS. Upon the occurrence and during the continuance of any Event of Default, Lender may, but without any obligation to do so and without notice to or demand on Borrower and without releasing Borrower from any obligation hereunder, make any payment or do any act required of Borrower hereunder in such manner and to such extent as Lender may deem necessary to protect the security hereof. Lender or Trustee is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property or to foreclose this Security Instrument or collect the Debt, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this Section, shall constitute a portion of the Debt and shall be due and payable to Lender upon demand. All such costs and expenses incurred by Lender or Trustee in remedying such event of default or such failed payment or act or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the default rate (as set forth in the Note), for the period after notice from Lender that such cost or expense was incurred to the date of payment to Lender. All such costs and expenses incurred by Lender together with interest thereon calculated at the default rate shall be deemed to constitute a portion of the Debt and be secured by this Security Instrument and shall be immediately due and payable upon demand by Lender therefor.

Section 6.4 ACTIONS AND PROCEEDINGS. Lender or Trustee has the right to appear in and defend any action or proceeding brought with respect to the Property and to bring any action or proceeding, in the name and on behalf of Borrower, which Lender, in its discretion, decides should be brought to protect its interest in the Property.

Section 6.5 RECOVERY OF SUMS REQUIRED TO BE PAID. Lender shall have the right from time to time to take action to recover any sum or sums which constitute a