

LEASE NO. _____

LEASE BETWEEN

THE CITY OF NEW YORK
DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES
1 CENTRE STREET, 20TH FLOOR NORTH
NEW YORK, NEW YORK 10007

&

7 WORLD TRADE COMPANY, L.P.

Premises: 7 World Trade Center (Block 84, Lot 36),
Borough of Manhattan
Approximately 45,815 square feet of space
to be used by the
Mayor's Office of Emergency Management

DRAFT # 23
August 7 27, 1997
4219.1016

Richard Ramon

12/8/97
Jason Cutler
Here are my comments to
the first 28 pages of the lease.
The inserts to Art. 6 have not been
reviewed by the Design staff.
Get this to the landlord again.

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THE CITY OF NEW YORK
DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES
1 DIVISION OF REAL ESTATE SERVICES
CENTRE STREET, 20TH FLOOR NORTH
NEW YORK, NEW YORK 10007

AGREEMENT OF LEASE made the _____ day of _____, 1997,
between 7 WORLD TRADE COMPANY, L.P., a Delaware limited partnership, with an address
at, 521 Fifth Avenue, New York, New York 10175 hereinafter designated as **Landlord**, and THE
CITY OF NEW YORK, a municipal corporation, acting through the Department of Citywide
Administrative Services, with an address at 1 Centre Street, 20th Floor North, New York, New
York 10007, hereinafter designated as **Tenant**.

WITNESSETH:

WHEREAS, the parties hereto desire to enter into a lease of approximately 45,815
rentable square feet of office space; and

WHEREAS, the City Planning Commission has approved the leasing of the aforesaid
premises on _____, 1997, (Calendar No. _____) pursuant to §195 of the New York
City Charter, and the City Council did not disapprove the proposed leasing of the aforesaid
premises; and

WHEREAS, this Lease is subject to public hearing and Mayoral approval pursuant to
^{824(a)}
~~§1602(3)~~(a) of the New York City Charter, said hearing to be scheduled subsequent to the
execution by the Landlord of this Lease; and

WHEREAS, this Lease may be executed by the Deputy Commissioner of the

Department of Citywide Administrative Services after public hearing and Mayoral approval pursuant to ^{824(a)}§1602(3)(a) of the New York City Charter and after approval as to form by the Corporation Counsel of the City of New York; and

WHEREAS, the General Partner of Landlord has the authority to execute this Lease on behalf of Landlord.

NOW, THEREFORE, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord subject to public hearing and mayoral approval and subject to approval as to form by Corporation Counsel, the following described premises (hereinafter referred to as the “**Demised Premises**”): approximately 45,815 rentable square feet of office space on the 23rd floor of the building (hereinafter referred to as the “**Building**”) located at 7 World Trade Center (Block 84, Lot 36) in the Borough of Manhattan, on the certain premises and the air rights above the same demised to Landlord by the Underlying Lease (the “**Land**”).

The Demised Premises shall be used by the Mayor’s Office of Emergency Management for executive and general offices for its domestic and international activities, such uses and activities to be conducted in a manner consistent with a first-class office building and for no other purpose whatsoever or for such other similar purposes as the Commissioner of Citywide Administrative Services may determine, provided such other purposes are consistent with the aforesaid, in conformity with the Underlying Lease, no portion of the Demises Premises shall be used to deal with the public on an “off the street” basis and upon the terms and conditions hereinafter set forth. ~~The floor plans of the leased area shall be made a part of the Lease as Exhibit ____.~~ The square footage of the Demised Premises consists of the rentable square footage set forth above, said square footage is accurate and the City relies upon these representations has

been reviewed and verified by the Department of Citywide Administrative Services, Department of Real Estate Services (“DRES”).

ARTICLE 1

TERM

The term (“**Term**”) of this Lease for which the Demised Premises are hereby leased, shall commence on a date (herein called the “**Commencement Date**”) which shall be (i) the day on which Tenant’s Initial Work ~~in~~ (as defined in Article 6) in the general office portion of the Demised Premises has been Substantially Completed (as defined in said Article 6) or (ii) the day Tenant, or anyone claiming under or through Tenant, first occupies all or any portion of the Demises Premises and conducts business therein, whichever of (i) or (ii) occurs earlier, and shall end at noon on January 31, 2018, which ending date is hereinafter called the “**Expiration Date**”, or shall end on such earlier date upon which the Term may expire or be canceled or terminated pursuant to any of the conditions or covenants of this Lease or pursuant to law. Promptly following the Commencement Date the parties hereto (hereinafter sometimes referred to as the “parties”) shall enter into a supplementary agreement fixing the date of the Commencement Date but if the parties are unable to agree upon the Commencement Date within fifteen (15) days after Landlord’s written request to enter into such supplementary agreement, such date shall be determined by arbitration in the matter provided in Article ~~—6~~ (J) and as and when so determined the parties shall enter into such supplementary agreement.

ARTICLE 2

RENT

The "**rents**" reserved under this Lease, for the Term thereof, shall be and consist of:

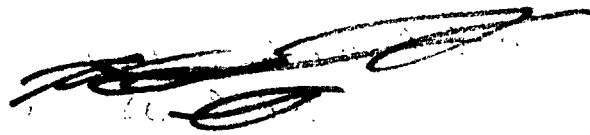
(a) "**Base Rent**" (or "fixed rent") at the following annual amounts:

(i) ONE MILLION TWO HUNDRED EIGHTY TWO THOUSAND EIGHT HUNDRED TWENTY and 00/100 (\$1,282,820.00) Dollars (\$106,901.67 per month) for the period commencing on the Rent Commencement Date and ending on the day next preceding the fifth (5th) anniversary of the Rent Commencement Date, both dates inclusive (the "**1st Rental Period**");

(ii) ONE MILLION SIX HUNDRED THREE THOUSAND FIVE HUNDRED TWENTY-FIVE and 00/100 (\$1,603,525.00) Dollars (\$133,627.08 per month) for the period commencing on the day next succeeding the expiration of the 1st Rental Period and ending on the day next preceding the tenth (10th) anniversary of the Rent Commencement Date, both dates inclusive (the "**2nd Rental Period**");

(iii) ONE MILLION SIX HUNDRED NINETY-FIVE THOUSAND ONE HUNDRED FIFTY-FIVE and 00/100 (\$1,695,155.00) Dollars (\$141,262.92 per month) for the period commencing on the day next succeeding the expiration of the 2nd Rental Period and ending on the day next preceding the fifteenth (15th) anniversary of the Rent Commencement Date, both dates inclusive (the "**3rd Rental Period**"); and

(iv) ONE MILLION NINE HUNDRED TWENTY-FOUR THOUSAND TWO HUNDRED THIRTY and 00/100 (\$1,924,230.00) Dollars (\$160,352.50 per month) for the period commencing on the day next succeeding the expiration of the 3rd Rental Period and ending on the Expiration Date (the "**4th Rental Period**"), which shall be payable in equal monthly installments at the end of each and every calendar month during the Term. The


term "**Rent Commencement Date**" shall mean the date occurring 271 days immediately

~~following the Commencement Date~~ ~~to be the Commencement Date~~ ~~it~~
following the Commencement Date January 1, 1999 and be applicable solely as to Base Rent, it
~~not occurred, the Commencement Date shall be the same as the Commencement~~
being agreed that additional rent and all other charges (including escalations under Article 4 and ~~Date~~)

electricity under Article 10) shall begin on the Commencement Date); and

(b) "**additional rent**" consisting of all such other sums of money as shall become due from and payable by Tenant to Landlord hereunder (for default in payment of which Landlord shall have the same remedies as for a default in payment of Base Rent), all to be paid to Landlord at its office, or such other place, or to such agent and at such place, as Landlord may designate by notice to Tenant, in lawful money of the United State of America, by check drawn on a bank or trust company which is a member of the New York Clearing House Association (or successor thereto).

Tenant shall pay the Base Rent and additional rent herein reserved promptly as and when the same shall become due and payable, without demand therefor and without any abatement, deduction or setoff whatsoever except as expressly provided in this Lease. If the Rent Commencement Date occurs on a day other than the first day of a calendar month, the Base Rent for such calendar month shall be prorated and the balance of the first month's fixed rent theretofore paid shall be credited against the next monthly installment of Base Rent.

All bills sent by Landlord to Tenant shall have clearly reflected thereon the property, address, and block and lot for which the bill is being sent. All bills must be legible and must contain the address to which the payment should be sent. The name, address, and telephone number of the Landlord's contact person for billing inquiries must be provided to Tenant in the manner designated in Article 21 hereof. The parties acknowledge that Pilot (hereinafter defined)

payable by Landlord to the Port Authority constitutes a component of Base Rent.

ARTICLE 3

OPTION TO TERMINATE

The Tenant shall have the right to terminate this Lease, in whole, without any penalty or liability to Tenant, except as provided in this Article, effective as of the end of the 2nd Rental Period, or at any time thereafter, upon eighteen (18) months prior written notice to the Landlord (the "Termination Notice"), in which event, this Lease shall terminate at the end of the 2nd Rental Period (or later date contained in the Termination Notice) as if such date were the Expiration Date, provided that (i) the Expiration Date shall fall on the last day of a calendar month and (ii) ~~within ninety (90) days after the delivery of Tenant's Termination Notice under~~ *prior to the Expiration Date in the Termination Notice* this Article 3, Tenant shall pay to Landlord an amount equal to the unamortized portion of the ✓ brokerage commission (as of the Expiration Date in the ^Ttermination Notice) paid by Landlord to the Broker (as defined in Article 29). Landlord shall provide Tenant with a statement of such commission within 15 days following receipt of the Termination Notice. Time shall be of the essence with respect to the giving of such notice and payment by Tenant.

ARTICLE 4

TAX AND OPERATING EXPENSE ESCALATIONS

Landlord and Tenant agree that in addition to the annual base rental provided for in the preceding paragraphs of this Lease, additional rent shall be payable, consisting of Real Estate Tax Escalations or Pilot Escalations and Operating Expense Escalations as those terms are hereinafter defined. Landlord and Tenant agree Tenant's pro-rata share of Real Estate Tax Escalations, Pilot

Escalations, and Operating Expense Escalations accurately reflects the ratio of Tenant's rentable square footage to the total rentable square footage in the Building.

A. 1. BASE YEAR OPERATING EXPENSES

"Base Year Operating Expenses" shall be defined as all reasonable costs and expenses (and taxes thereon), without duplication, paid or incurred by Landlord in [see A.2. 1.4, i.e. the Operating Expense Base Year,] in the reasonable exercise of Landlord's business judgment with respect to following:

I. Items included in Operating Expenses

- (1) Labor costs for the services of the following classes of employees performing services required in connection with the operation, cleaning, safety, security, repair and maintenance of the Real Property (including, without limitation, all Building equipment):
 - (i) the Building manager who works full time on the Building.
 - (ii) engineers, mechanics, electricians, plumbers, porters and janitors engaged on a full or part-time basis in the actual operation, repair and maintenance of any part of the Real Property, including but not limited to cleaning and the heating, air conditioning, ventilating, plumbing, electrical, elevator and all systems of the Real Property, provided that in the case of such part-time employees only the costs attributable to the Real Property shall be included.
- (2)
 - (i) The competitive cost of materials and supplies used in the operation, cleaning, safety, security, repair and maintenance of the Real Property including, but not limited to, painting and removal of graffiti.
 - (ii) The competitive cost of independent contractors performing services required for the operation, repair, cleaning, safety, security and maintenance of the Real Property including extermination services once each month.

- (3) The annual amortization (on a straight-line basis over a depreciable life in accordance with generally accepted accounting principles consistently applied, with interest calculated at an annual rate of two (2) percentage points above the then current Base Rate at the time of Landlord's having made such expenditure) of expenditures incurred by Landlord after the Commencement Date for any equipment, device or capital improvement which is required by law or insurance requirements or which is reasonably designed as a cost-saving measure (and the annual amortization in respect of which bears a reasonable relationship to the amount of actual savings) in the operation or maintenance of the Real Property or the Building equipment (including, without limitation, the Building electrical equipment (including, without limitation, the Building electrical transformers). The term "Base Rate" as used in the Lease shall mean the rate of interest publicly announced from time to time by Citibank, N.A., or its successor, as its "base rate" (or such other term as may be used by Citibank, N.A., from time to time, for the rate presently referred to as its "base rate").
- (4) Management fees provided that said management fee shall be no higher than that which is ordinary and customary for first class office buildings in Manhattan in the real estate management industry in Manhattan.
- (5) The costs of electricity and all other utilities for the common areas of the Building, including taxes thereon.
- (6) "All Risk" fire insurance, including rent insurance. *excluding*
- (7) Business Improvement District assessment ("BID").

II. Items Excluded from Operating Expenses

- (1) The cost of correcting defects in the construction of the Building or in the Building equipment, except that conditions (not occasioned by construction defects) resulting from ordinary wear and tear shall not be deemed defects for the purpose of this category;
- (2) Cost of any repair made by Landlord to remedy damage caused by or resulting from the negligence of Landlord, its agents, servants or employees;
- (3) Labor costs in respect to executives of Landlord not assigned to the Building as part of the normal Building operation staff;

- (4) Taxes, Pilot and Real Estate Taxes as defined below;
- (5) Legal, accounting or other professional fees (including without limitation, brokerage, and finder's and advertising fees incurred to attract, Lease to, or procure new tenants) other than legal (but not litigation fees) and auditing fees reasonably incurred in connection with the maintenance and operation of the Real Property or in connection with the preparation of statements required pursuant to this Article or similar lease escalation provisions in other leases for space in the Building.
- (6) Any public liability insurance premium;
- (7) Interest for late payments of water and sewer rents;
- (8) The cost of any items for which Landlord is reimbursed by insurance or which are reimbursable by insurance;
- (9) The cost of extraordinary services provided for other tenants within the premises respectively demised to such tenants;
- (10) The costs attributable to the correction or remedying of any act or omission of any tenant in the Building where such tenant is liable for the correction or remedying of any such act or omission under its lease with Landlord;
- (11) Any cost (of electricity or any other item) for which Landlord is reimbursed by any tenant of the Building;
- (12) The cost of repair or rebuilding caused by fire or other casualty or condemnation;
- (13) The cost of any alterations to prepare space for occupancy of any tenant in the Building;
- (14) Expenses resulting from any violations by Landlord of the terms of this Lease or any other lease in the Building;
- (15) Refinancing costs and mortgage interest and amortization payments;
- (16) Any item otherwise indicated in this Lease to be performed at Landlord's sole cost and expense; and
- (17) Any item otherwise indicated in this Lease to be performed by Landlord

but paid for by Tenant as additional rent or otherwise.

The intent of the parties is that Tenant shall pay its proportionate share of increases in Base Year Operating Expenses (i.e. Operating Expense Escalations) based on the Building being not less than ninety-five percent (95%) occupied. Accordingly, in determining the amount of Base Year Operating Expenses, if less than ninety-five percent (95%) of the Building rentable area shall have been occupied by tenant(s) at any time during any such Operating Expense Base Year, Base Year Operating Expenses shall be increased by an amount equal to expenses which would have been incurred in the Building under an operating clause such as this one had such occupancy been ninety-five percent (95%) throughout such Operating Expense Base Year.

Landlord shall be required to disclose and notify Tenant of any significant related party transactions the cost of which are included in the Base Year Operating Expenses. When such transactions occur prices of same must be in line with normal industry practice in New York City. Failure to notify Tenant of such related party transactions shall result in a disallowance of such costs not in line with normal industry practice in New York City that would otherwise be part of the Base Year Operating Expenses. If such related party transactions occurred and were disclosed but it is found by the Tenant that the cost thereof was excessive, then such charges shall be disallowed to the extent they exceed normal industry prices in New York City.

Within one-hundred twenty (120) days after the expiration of the Operating Expense Base Year, Landlord shall furnish to Tenant a schedule of Operating Expenses for said Operating Expense Base Year. Such schedule of Base Year Operating Expenses must be prepared in a format no less detailed than that shown in Exhibit hereto. *we must supply*

Such schedule of Base Year Operating Expenses must include a statement signed by the

chief executive, chief operating, or chief financial officer of Landlord that avers that there is complete and accurate documentation in Landlord's files to support each and every charge included in Base Year Operating Expenses.

Landlord must have supporting documents for each and every Base Year Operating Expense or it will be disallowed.

Such schedule of Base Year Operating Expenses must be accompanied by a report of Landlord's Certified Public Accountant, which report must be based upon an audit conducted in accordance with generally accepted auditing standards and state whether the schedules of Base Year Operating Expenses present fairly the Base Year Operating Expenses of Landlord, as defined in the Lease.

If Landlord fails to furnish any statements under this Article relating to Base Year Operating Expenses or Operating Expense Escalations under A.2. below within 180 days after the date due, Tenant may, upon thirty (30) days' written notice, withhold all Additional Rent due and owing to Landlord for Operating Expense Escalations under A.2. below, until Landlord furnishes the foregoing statements. Tenant's liability for Operating Expense Escalations due pursuant to this Article and/or Landlord's liability for refunding any overpayment shall survive the expiration of the Term hereof.

Pending any audit by the Tenant or Comptroller of the Operating Expense Base Year, Tenant shall pay Operating Expense Escalations pursuant to the foregoing provisions hereof for such year as billed by Landlord, provided, however, that Tenant shall have the right to withhold a disputed amount on account of Operating Expense Escalations until the dispute in question is resolved; and upon completion of such audit Tenant shall be allowed to deduct immediately

overcharges detected upon audit from any installment of rent then becoming due , or if at the end of the Lease term Tenant shall be entitled to a payment from Landlord for such amounts within thirty (30) days of Lease termination or expiration.

Tenant shall have the right to copy, examine and audit Landlord's Base Year Operating Statement.

A.2 LANDLORD'S STATEMENT OF OPERATING EXPENSE ESCALATIONS

Consumer Price Index Adjustments

1. Definitions

1.1 "Price Index" shall mean "The Consumer Price Index for U.S. City Average-All Urban Consumers (1982-84 equals 100), issued by the Bureau of Labor Statistics of the United States Department of Labor.

1.2 "Base Price Index" shall mean the Price Index for the month of January, 1998.

1.3 "Lease Year" shall mean each period of twelve (12) consecutive months, beginning on the first day of January of each calendar year, during the Term of this Lease.

1.4 "Operating Expenses Base Year" shall mean the calendar year 1998.

2. "Operating Expense Escalation" shall mean a sum payable by Tenant to Landlord each Lease Year computed by multiplying the sum representing the Base Year Operating Expenses as defined under Subsection A. 1 of this Article 4 by the percentage, if any, by which the average Price Index, as published for the month following the last month of the Lease Year in question, shall exceed the Base Price Index. Such sum shall be multiplied by 2.37

% which represents Tenant pro rata share of Operating Expenses for the Building. (See example for calculating CPI Index changes below.)

3. Such Operating Expense Escalation for every Lease Year which follows the Operating Expense Base Year shall be billed and paid as follows:

(a) Within five weeks after the beginning of any such Lease Year, Landlord shall deliver to Tenant a statement (hereinafter the "Estimate") showing the estimated amount of such Operating Expense Escalation payable for the then current Lease Year, which estimated amount shall be calculated by using the previous Lease Year's CPI factor according to 2. above. Tenant shall pay Landlord the same sum, in equal monthly installments (such monthly installment hereinafter referred to as the "Amount") in arrears on the last day of each and every month during such Lease Year. Such Estimate shall be on account of the Operating Expense Escalation accruing under this Subsection A.2, subparagraph 3 (b), below for the then current Lease Year.

(b) Within five (5) weeks after the end of the Lease Year, in which such Amounts were payable under Subparagraph 3 (a) above, Landlord shall deliver to Tenant a statement of the Operating Expense Escalation payable by Tenant for such Lease Year, computed in accordance with 2. above. Such statement shall indicate the balance payable by Tenant after crediting Tenant with the aggregate of the monthly Amount payments made under Subparagraph 3. (a) above for such Lease Year. The amount of such balance shall be paid by Tenant to Landlord within 45 days after delivery of such statement. If there is an overpayment by Tenant Landlord shall refund the overpayment to Tenant within 45 days after delivery of the aforesaid statement.

4. Landlord shall not be obliged to make any adjustments or recomputations,

retroactive or otherwise, by reason of any revision which may later be made in the figure of the Price Index first published for any month. The Price Index published for any Lease Year shall, for the purpose of this Subsection A.2., be deemed no lower than the Base Price Index.

5. If the Price index ceases to use the 1982-84 average equaling 100 as the basis of calculation, then the Price Index shall be appropriately adjusted to reflect the change in the Price Index from that in effect at the date of this Lease. If such Price Index shall no longer be published by said Bureau, then any substitute or successor index published by said Bureau or other governmental agency of the United States, and similarly adjusted as aforesaid, shall be used. If such Price Index (or a successor or substitute index similarly adjusted) is not available, a reliable governmental or other reputable publication selected by Landlord and Tenant jointly and evaluating the information theretofore used in determining the Price Index shall be used.

6. If any part of a year of the term of this Lease shall include any part of a Lease Year, Tenant's liability under this Subsection A.2. shall be apportioned so that Tenant shall pay only such part of the sums required to be paid under this Subsection A.2. that shall be included in the term of this Lease.

Example for calculating CPI Index changes.

Index point change	
CPI	
.....	118.5
Less CPI for previous period	
.....	113.8
Equals index point change	
.....	4.7
Percent Change	
Index point	

B. REAL ESTATE TAX ESCALATIONS

The term "Taxes" and "Real Estate Taxes" as used herein, shall mean the real estate taxes and assessments (excluding the BID and special assessments attributable to additions or capital improvements, other than replacements, to the Building which are not customary for a first-class office Building) on or with respect to the Building and the Land upon which it is located, assessed, levied, or imposed by any governmental authority having jurisdiction. Excluded (unless in substitution in whole or in part for Taxes and Real Estate Taxes) from the foregoing enumerations of Taxes and Real Estate Taxes will be (i) any income, franchise, inheritance, capital stock, excise, excess profits, occupancy or rent, gift, estate, payroll or stamp taxes or foreign ownership or control taxes or any ^{capital gains tax, deed tax, transfer tax and mortgage recording tax} ~~so-called "Gains Tax" imposed pursuant to Article 31-B of the New York State Tax Law (the "Gains Tax") and deed tax or transfer tax~~ imposed by ~~Article 29 of the New York State Tax Law, and any mortgage recording tax imposed by Article 11 of the New York State Tax Law,~~ ^{municipal, state or federal law} (ii) any expenses incurred by Landlord, or Landlord's estate, including payments to attorneys and appraisers, in contesting the Taxes and Real Estate Taxes by tax certiorari proceedings and such expenses and payments shall be the obligation of Landlord, and (iii) any Taxes resulting from an increase of the assessed value of the Building attributable to additions or capital improvements (other than replacements) to the Building unless such addition or capital improvement was made in whole or in part for the benefit of tenants generally. As of the date hereof, to the best of Landlord's knowledge, the only Taxes affecting the Building and/or the Land are the real estate taxes payable to the City of New York as Pilot.

Tenant covenants and agrees that for each lease year of the Term commencing with July

~~_____~~
~~_____~~
1, 1998, where the total annual Real Estate Taxes imposed or assessed upon the land and Building for such lease year is greater than the Tax base for the New York City fiscal year 1997/1998 (hereinafter referred to as the "**Real Estate Tax Base Year**"), Tenant shall pay to Landlord as additional rent, a sum equal to two point three seven percent (2.37%) of such increase, which represents Tenant's proportionate share of such increase. The amount of such additional rent payable for any lease year having a duration of less than twelve (12) months shall be prorated.

The Tax base for the Real Estate Tax Base Year shall be the annual Real Estate Taxes finally imposed or assessed on the Land and Building for the Real Estate Tax Base Year.

~~_____~~
~~_____~~
skt Appropriate credit shall be given for any refund obtained by reason of a reduction in the assessed valuation made by the assessors or the courts at any time during this Lease or at any time thereafter taking into account Landlord's costs in obtaining any such reduction. The original computations, as well as payments of additional rent, if any, under the provisions of this Article, shall be based on the original assessed valuation with adjustments to be made if and when the Tax refund, if any, has been paid to Landlord.

If the assessment of the land and Building shall be reduced for the Real Estate Tax Base Year as a result of protests or proceedings filed therefor, then the Tax base shall be amended to the amount actually collectible by the City of New York for the base fiscal tax year on the corrected assessment. Landlord shall use reasonable efforts to notify Tenant in writing each time a tax assessment is challenged. This paragraph shall also apply to the Base Pilot Square Foot Factor.

1. The term "**Pilot**" shall mean (i) such payments as the Port Authority has agreed to pay the City of New York under an agreement dated 1967 as it may have been or may be

hereafter supplemented or amended (the "**City Agreement**") and (ii) all payments in lieu of Real Estate Taxes or assessments which may be agreed upon between the Port Authority and any governmental authorities (Federal, State or City, or any political subdivision thereof) other than as provided in the City Agreement, but not any amounts in excess of those imposed under the City Agreement.

2. The term "**Pilot Square Foot Factor**" shall mean the annual per rentable square foot factor used in computing the Pilot under the City Agreement for the relevant Tax Year. If payments under the City Agreement become payable on a basis other than an annual amount per occupied rentable square foot (as defined in Section 5.1.7 of the Underlying Lease), then unless such payments are separately assessed and levied or allocated to the Real Property, the Port Authority will allocate such payments equitably on the basis of proration between the total number of square feet in the World Trade Center subject to such payments and the total number of square feet in the Building subject to such payments and Landlord will notify Tenant of such allocation, in which event, the "**Pilot Square Foot Factor**" shall equal the payments so allocated to the Building divided by the Building Area, i.e., 1,936,000 square feet.

3. The term "**Base Pilot Square Foot Factor**" shall mean the Pilot Square Foot Factor applicable to the period July 1, 1997 through June 30, 1998 (as finally determined).

4. The term "**Pilot Rate Multiple**" shall mean the number of rentable square feet allocated to the Demised Premises for purposes of Section 6.8 of the Underlying Lease, such number of rentable square feet to be determined pursuant to Section 5.1.7 of the Underlying Lease.

5. The term "**Tax Year**" shall mean the twelve (12) month period commencing

July 1 of each year, or such other period of twelve (12) months as may be duly adopted as the fiscal year for real estate tax purposes in the City of New York.

6. (A) Tenant shall pay as additional rent for each Tax Year, all or any portion of which shall be within the Term a sum ("**Tenant's Pilot Payment**") computed by multiplying the Pilot Rate Multiple by the excess of the Pilot Square Foot Factor for such Tax Year over the Base Pilot Square Foot Factor. Tenant's Pilot Payment for each Tax Year shall be due and payable by Tenant within ^{sufficient time?} twenty (20) days after receipt of a demand from Landlord, based upon the most recent Landlord's Statement. If there shall be any increase or decrease in Pilot for any Tax Year, whether during or after such Tax Year, Landlord shall furnish a revised Landlord's Statement for such Tax Year. If a Landlord's Statement is furnished to Tenant after the commencement of a Tax Year in respect of which such Landlord's Statement is rendered, Tenant shall, within ^{20?} fifteen (15) days after receipt of such statement, pay to Landlord the amount of any underpayment of Tenant's Pilot Payment with respect to such Tax Year or in the event of any overpayment, Landlord shall ^{credit or} pay to Tenant the amount of Tenant's overpayment. [#] If at any time after the date hereof, Taxes or Pilot are required to be paid (either to the appropriate taxing authorities or to the Ground Lessor or as escrow payments to the holder of any superior mortgage or the lessor of any superior lease, in full or in monthly, quarterly or other installments on any date or dates other than as presently required, then upon notice thereof from Landlord, Tenant's Pilot Payment and Tenant's Tax Payment shall be correspondingly accelerated or revised so that said Tenant's Pilot Payment and Tenant's Tax Payment are due at least thirty (30) days prior to the date payments are due to the taxing authorities or the Ground Lessor or the superior mortgagee.

* within fifteen (15) days after Landlord has knowledge of such overpayment 18

(B) Only Landlord shall have the right to institute tax reduction or other proceedings to reduce the Taxes or the assessed valuation of the Real Property. Nothing herein shall obligate Landlord to file any application or institute any such proceeding.

(C) If a Tax Year begins prior to the Commencement Date or ends after the Expiration Date or sooner termination of this Lease (other than pursuant to Article 30), Tenant's Pilot Payment and Tenant's Tax Payment with respect to such Tax Year shall be apportioned in the ratio of the number of days in such Tax Year occurring within the Term to the total number of days in such Tax Year. If the Commencement Date shall occur on a date other than June 1 or December 1, and there shall be a Tenant's Pilot Payment and Tenant's Tax Payment payable with respect to the period commencing on the Commencement Date, such Tenant's Pilot Payment or Tenant's Tax Payment shall not become due until Landlord shall have furnished a Landlord's Statement with respect thereto and in no event until after the Commencement Date.

(D) Landlord will use reasonable efforts to obtain a waiver by the Port Authority for payment of Tenant's Pilot Payment from Tenant named herein. In the event any such waiver is obtained Tenant shall receive the benefit thereof during such period of waiver. In the event the Pilot component of the basic annual rental payable by Landlord under the Underlying Lease for the Demised Premises Premises shall be waived by the Port Authority for Tenant and not be payable by Landlord to the Port Authority for the Demised Premises, the Base Rent (on a per square foot basis) shall be reduced by the amount (and duration) of such waiver by the Port Authority, ^{*} Landlord makes no representation to Tenant that any of the provisions of this Paragraph (D) shall be effective and the failure to obtain same shall have no effect on this Lease.

In the event Real Estate Taxes shall become payable for the Real Property, said reduction in Base

** including all such amounts ^{already} paid by Tenant to Landlord for the period of time included in such waiver ¹⁹*
~~on or before the date of the Port Authority's~~
~~waiver~~

Rent shall immediately cease and the Base Rent shall be fully restored to the rentals set forth in Article 2.

E. **RIGHT TO AUDIT**

Tenant and its authorized representative shall have the right to examine, copy and audit any and all books and records of Landlord, pertinent to the escalations under this Article including but not limited to original invoices, originals of executed contracts, original cancelled checks, general ledgers and books of original entry, for the purpose of verifying the accuracy of any statement furnished by Landlord to Tenant. All statements are subject to audit by the occupying agency or its representative and post-audit by the Office of the Comptroller. Landlord shall be required to retain the books and records required herein, at its main office or such other location within New York City as it may designate, for six (6) years after the period to which they relate.

Upon Tenant's request, Landlord shall notify Tenant of (i) any protest filed by any other tenant regarding any amounts billed pursuant to this Article and of (ii) any audits, resolution of audits, claims for refund of overpayments, settlements of overpayments, refunds of overpayments, and litigation and arbitration proceedings for recovery of overpayments, where such audits and other actions result in a determination that overcharges have occurred under this Article.

ARTICLE 5

LANDLORD'S INTEREST IN PREMISES

Landlord warrants and represents that it is the owner of the leasehold estate demised

under the Underlying Lease and is empowered and authorized to lease said premises as provided herein.

For inserts ① through ⑥,
see attachment after
page 28.

ARTICLE 6

LAYOUT AND FINISH

based upon the
preliminary plans and
scope of work ("Preliminary
Plans")

(A) Landlord ^{shall} ~~has prepared~~ a final plan or final set of plans (which said final plan or final set of plans, as the case may be, is hereinafter called the "Plans") which are annexed hereto as Exhibit (or listed on said Exhibit) ^{The Final Plans shall be ①} sufficient for the construction and finishing of the Demised Premises. The ^{preliminary} Plans have been approved by Tenant. Tenant hereby approves (i)

Swanke, Hayden, Connell, Ltd. as the architects (the "Architect") and ^{their Scope of Services dated} ~~the fees of the Architect and (ii)~~ ET as subconsultant ("Consultant") for technical support and the fees of the Consultant. ~~The fees of the Architect (including the cost of preparation of the Plans) and the Consultant shall be included in the Work Cost (hereinafter defined).~~

In accordance with the ^{Final} Plans, Landlord, at Landlord's ^{initial} expense, subject to the Cap

Landlord's Maximum Contribution (as hereinafter defined in Paragraph (I) of this Article) and except as otherwise expressly specified in this Lease, will cause its designated contractor to make and complete in and to the Demised Premises the work and installations (herein called "Tenant's Initial Work") specified in the Plans.

② →

(B) The term "Work Cost" as used in this Article shall mean the actual cost to Landlord of furnishing and installing ~~such part of~~ Tenant's Initial Work. ~~Landlord shall require its general contractor to obtain not less than three (3) bids from each major trade ("Sub-List")~~

~~(excluding trades affecting Building systems). Notwithstanding the preceding, the as shown on~~
~~the Plans.~~ ^{Final and (3)} The parties agree that all bidding has been completed and Tenant has approved a
 Work Cost of \$ _____, ~~which sum includes all costs (hard and soft) to complete~~
~~Tenant's Initial Work shown on the Plans.~~ (4) + (5) + (6)

(C) In all instances where Tenant is required to supply information or authorizations with regard to Tenant's Initial Work, Tenant shall supply the same within three (3) business days after written request therefor by Landlord, except in such unusual case where more than three (3) business days shall be reasonably necessary due to the nature of such request but, Tenant shall promptly commence and diligently proceed to supply the same to Landlord.

(D) Except as provided in this Article, Landlord shall not be required to spend any money or to do any work to prepare the Demised Premises for Tenant's occupancy. The specification of Tenant's Initial Work represents the limit of Landlord's responsibilities in connection with the preparation of the Demised Premises and except as so provided, Tenant shall take the Demised Premises "as-is". Any other improvements, alterations or additions shall be performed by Tenant, but subject to all of the terms, conditions and covenants of this Lease.

(E) Landlord ~~has made and~~ makes no representation of the date on which it will complete Substantially Complete (hereinafter defined) Tenant's Initial Work, and Landlord shall be under no penalty or liability to Tenant whatsoever by reason of any delay in such performance and this Lease shall not be affected thereby, except as set forth in the last sentence of this Paragraph (E) and Paragraph (L). In no event shall the Expiration Date be postponed beyond January 31, 2018. Landlord agrees that it will use reasonable efforts to obtain contracts for the performance of the work required to be performed by it and to arrange to have all such

Timeframe for remainder of floor? → *and the remainder of the Demised Premises within _____ months,*

work commenced without delay and prosecuted without unnecessary interruption until completion. Notwithstanding the preceding, Landlord shall use its best efforts (at no additional expense) to ~~substantially complete~~ Substantially Complete the general office portion of Tenant's Initial Work within ~~(days after all required approvals have been obtained by the Architect from the Port Authority for the performance of Tenant's Initial Work~~ three (3) months *approval of the Bids* after full execution and unconditional delivery of this Lease by Landlord and Tenant (the "Target Date"). In the event (a) the general office portion of Tenant's Initial Work shall not be *for the remainder of the floor* Substantially Completed (as hereinafter defined) on or prior to the Target Date, not due to a Tenant delay (as set forth in this Article) or fault of Tenant to perform its obligations under this Lease, and (b) Tenant shall not have taken possession of any portion of the Demised Premises, then, the Rent Commencement Date shall be adjourned one (1) day for each one (1) day after the Target Date that the general office portion of Tenant's Initial Work shall have failed to have been so ~~substantially completed~~ Substantially Completed.

F. Tenant shall be permitted to enter into the Demised Premises for installation of its machinery, furniture, equipment and fixtures and performance of its work, all as permitted by this Lease prior to the Commencement Date at its sole risk, provided that such entry and work do not interfere in any way with Landlord's performance of the work to be done by Landlord. At any time during such period of prior entry, if Landlord notifies Tenant that Tenant's entry or work is interfering with or delaying Landlord's performance of Tenant's Initial Work, Tenant shall forthwith discontinue any further work and shall remove from the Demised Premises and shall cause its workmen or contractors to remove therefrom, any equipment, materials or installations which are the subject of Landlord's notice.

(G) Subject to the provisions of this Article 6 hereof and Article 11, all work performed by Landlord, including the Building air conditioning installation, shall, upon installation, become Landlord's property and shall be surrendered at the expiration or sooner termination of the Term of this lease, in good condition, reasonable wear and tear excepted.

(H) (a) For the purposes of this Article, Tenant's Initial Work of the general office portion of the Demised Premises shall be deemed to be Substantially Completed when (i) all ^{and the remainder of the floor} ~~major construction is completed~~ work is completed excepting minor details of construction or decoration which do not materially adversely affect Tenant's use of the general office portion of the Demised Premises, including necessary sign-offs of The Port Authority, (or when all ~~major construction~~ work (except as aforesaid) would have been completed but for delays caused by Tenant as provided in this Paragraph (H) or otherwise), ~~although minor items are not substantially completed~~ and (ii) ^{and (iii)} a certified air balancing report approved by Landlord's engineer as being in conformance with the Plans has been delivered to the Tenant. ~~Such unfinished work shall include, but not be limited to, any incomplected construction or improvements which do not materially interfere with Tenant's use and occupancy of the Demised Premises. Tenant shall promptly submit to Landlord a "punch-list" of such minor unfinished work which punch-list items, after reasonable approval~~ undisputed by Landlord, will be diligently completed. Tenant shall periodically inspect Tenant's Initial Work and make any objections thereto, if called for, without delay, so as to mitigate changes, delays and costs. Landlord shall give Tenant ~~not less than 3 business days~~ notice ("Landlord's Completion Notice") of Substantial Completion on or ⁽ⁱⁱ⁾ after the date of Substantial Completion, which notice shall include the items under (i) (Port Authority sign-offs) and (ii) above. ⁽ⁱⁱⁱ⁾ Tenant shall certify or deny certification of Substantial

the next business day follow

Completion ("Certification") to Landlord within ~~three (3) business~~ days after receipt of Landlord's Completion Notice. Failure by Tenant to respond within said ~~three (3) business~~ day period, shall be deemed Certification by Tenant. If ~~the City~~ Tenant shall deny Certification, Tenant shall state in writing in reasonable detail the reasons for such denial but, in any event, ^{Substantial Completion} the Commencement Date shall be deemed to have occurred on the date set forth in Landlord's Completion Notice, ~~(open for discussion)~~ [→] {subject to the right of the City Tenant to have such issue resolved by Arbitration as provided in Paragraph J of this Article.}

(b) Tenant specifically acknowledges and agrees that the Work Cost ~~will~~ may increase and there ~~will~~ may be delay in completion of Tenant's Initial Work by reason of (i) ~~Tenant's failure or unreasonable delay to consult with Landlord to enable Landlord to prepare plans or specifications;~~ (ii) subject to Paragraph (C) hereof, unreasonable delay or failure by Tenant in supplying information, approving estimates or giving authorizations; ~~(iii) Tenant's making changes or additions in the plans or specifications or materials originally approved;~~ ~~(iv)~~ (ii) interference by Tenant or Tenant's contractors with the performance of Tenant's Initial Work; ~~(v) delay or failure of any special or additional new materials selected by Tenant;~~ ~~(vi) additional work requested by Tenant (without regard to any time periods granted to Tenant hereunder for the approval of estimates and/or revisions of Tenant's Plans);~~ (vii) after notice to Tenant; (iii) additional work or changes or new materials requested by Tenant, it being agreed that Landlord's response to Tenant's request for additional work or changes or new materials shall include the cost thereof and estimated resulting delay time; or (iv) any resubmissions or revisions of Tenant's Plans (without regard to any time periods granted to Tenant hereunder for making such resubmissions or revisions); ~~or (viii) work, materials,~~

~~components and other items specified by Tenant which are not Building standard, and/or are not readily available to Landlord or Landlord's designated contractor, or require special manufacturing, fabrication or installation, or require additional time to obtain or install thereby delaying the date that Tenant's Initial Work would otherwise be substantially completed, including but not limited to, special wall coverings, light fixtures, entrance doors, woodwork, glass, stairways, door hardware, floor coverings and security and communications devices. Landlord shall not be responsible for any of the delays set forth in this Article, and, at, At Landlord's option, the term Term of this Lease shall commence three (3) business days after on the date on which Tenant's Initial Work of the general office portion of the Demised Premises would have been substantially completed Substantially Completed if not for the occurrence of any such~~

delays. *Tenant should get notice of such increased costs or delays, should be given time to cure & should be subject to arbitration (Section 57.)*

(I) Notwithstanding anything contained to the contrary in this Lease, the total cost of

Tenant's Initial Work which Landlord shall provide Tenant without charge and for installations *architectural services pursuant to the Scope of Services referred to in Section (A)* performed prior to the Commencement Date shall be ~~TWO MILLION SIXTY-ONE THOUSAND~~

~~SIX HUNDRED SEVENTY-FIVE and 00/100 (\$2,061,675.00) DOLLARS (the~~

"Cap") (\$45 p.s.f. less architectural fees) (\$) DOLLARS (the "Landlord's

Maximum Contribution"). If the Work Cost shall exceed the Cap Landlord's Maximum

Contribution, Tenant may accept Landlord's detailed estimate of such excess cost (including any

resulting delay) only by countersigning and delivering same to Landlord within three (3) days

after Landlord's rendition of such estimate. If the Work Cost shall exceed \$,

Tenant shall Landlord's Maximum Contribution, any amount up to a maximum of

\$ (the "Cap") will be paid by Tenant. If the Work Cost exceeds the Cap,

Tenant shall promptly meet with Landlord to resolve the overage. Payment by Tenant of such excess cost cost in excess of Landlord's Maximum Contribution shall be made within 45 days after Substantial Completion, *and receipt of an invoice from Landlord.* Any payment by Tenant after said 45 days shall be made together with interest of at 2 points over the Base Rate from date of Substantial Completion to date of payment (s) of payment. Said payment by Tenant may exclude the undisputed value of punch list items, which amount shall be paid promptly by Tenant after completion by Landlord.

→ ~~(J is open for discussion)~~ ~~[(J)]~~ Any dispute regarding the determination of Substantial Completion of Tenant's Initial Work and/or the Commencement Date shall be resolved by arbitration, in the manner by the rules and before the American Arbitration Association (or any successor organization) in New York County. The party desiring arbitration shall appoint as arbitrator on its behalf, a person having at least 10 years relevant experience and give notice written notice to the other party who shall, within 15 days thereafter, a second person having at least 10 years relevant experience and give written notice thereof to the first party. The arbitrators so appointed, shall within 15 days following the appointment of the second arbitrator appoint a third disinterested person having no less than 10 years relevant experience.

Said arbitrators shall, as promptly as possible (but in any event within 30 days following the appointment of the third arbitrator) determine the dispute by a majority of the arbitrators, whose decision shall be binding and conclusive upon the parties hereto. Each party shall bear its own fees and expenses of (i) its own attorneys and other experts and the arbitrator that it selected and (ii) be responsible for one-half the fees and expenses of the third arbitrator.

The arbitrators shall have no power to vary or modify any of the provisions of

this Lease, and their powers and jurisdiction are limited accordingly. The decision of the arbitrators shall be binding upon the parties, and may be entered as a judgment in any court having jurisdiction thereover.

(K) If Tenant shall fail to make timely payment of any sums payable to Landlord pursuant this Article, then, in addition to all other rights and remedies afforded Landlord in the event of such non-payment, Landlord may, without notice to Tenant, discontinue the performance of Tenant's Initial Work, including any additional work (or any items thereof) until such time as Tenant makes payment to Landlord of all such past due sums and provides Landlord with adequate assurance of the timely payment of all additional sums which may or shall be payable by Tenant pursuant to this Article. Any delay resulting from the discontinuance of Tenant's Initial Work and/or additional work (if any) pursuant to this Paragraph shall be deemed a delay caused by Tenant.

(L) Notwithstanding the foregoing provisions of this Lease, in the event that Landlord fails to deliver possession of the Demised Premises prior to _____ **December 31, 1999** ~~through~~ **no Tenant delay as provided in Paragraph H** or fault of Tenant to perform its obligations under this Lease) and subject to force majeure, Tenant shall have the right to terminate this Lease within the following ten (10) days by giving notice thereof to Landlord. Upon receipt of such notice by Landlord, all liability between the parties hereto shall be extinguished. The foregoing right of termination shall be Tenant's exclusive remedy with respect to the failure to deliver possession.

ARTICLE 6

ALTERATIONS AND IMPROVEMENTS

(A) ~~Landlord agrees, prior to the Substantial Completion Date, (as defined below),~~
to make alterations and improvements (the "Work") based on preliminary plans and a scope of work (the "Preliminary Plans") prepared by DRES and approved by the occupying Agency and attached hereto as Exhibit __ and made a part hereof. The Work consists of alterations and improvements that Landlord shall perform at its own cost and expense (the "Landlord's Work") and alterations and improvements, the cost for which Tenant shall reimburse Landlord, in whole or in part, as hereinafter described (the "Tenant Work").

Within ten (10) business days from the execution and delivery of this Lease by Tenant to Landlord, Landlord shall solicit and deliver bids from three (3) architects for the cost of preparing the Final Plans (as hereinafter defined) for the Work in its entirety and broken down into Landlord's Work and Tenant's Work cost components. The bids shall set forth the cost and the itemization of the selected architect's (hereinafter "Architect") work as described below. Within five (5) business days thereafter, DRES shall submit to Landlord either written (a) approval of one of the three (3) bids or (b) disapproval of all bids and the reasons therefor. In case of disapproval of all three bids, DRES shall meet with Landlord within five (5) business days thereafter to attempt to resolve its objections failing which, Tenant may upon thirty (30) days written notice to Landlord terminate this Lease.

Landlord shall cause its Architect to prepare architectural and engineering plans and specifications (the "Final Plans"). The Final Plans must (i) be engineering and architecturally

(1) complete; (ii) be coordinated with existing building conditions and facilities; (iii) conform to all

NYC codes and all other applicable requirements (including but not limited to terms and conditions in the professional services requirement document prepared by DRES, i.e. "Guide for Design Consultant"; (iv) clearly distinguish Landlord's Work from Tenant's Work; (v) be coordinated and based on the Preliminary Plans; and (vi) incorporate and elaborate on the Phasing Plan, in order to create a complete set of construction documents. The Final Plans must be filed by Landlord with the Building and Fire Departments and all other governmental authorities having jurisdiction.

2

Within thirty five (35) days from DRES's written approval of Landlord's Architect, Landlord shall cause said Architect to arrange for preparation of initial Final Plans and delivery of same to DRES and the Buildings, Fire Department and other regulatory agencies which require said submission. DRES will review and either approve or disapprove the Final Plans. In the event DRES shall not approve such Final Plans it shall indicate in writing the corrections required before such approval can be furnished. Thereafter, Landlord shall resubmit revised Final Plans within ten (10) business days and DRES shall approve or disapprove such revised drawings and indicate whatever corrections it requires within ten (10) business days after its receipt thereof; following which Landlord shall within five (5) business days of his receipt of corrections required by DRES fully complete the revision of the Final Plans based on the requested corrections and furnish DRES with a complete set thereof for its approval.

4

Within ten (10) days after DRES's approval of the Final Plans, and prior to the commencement of the Work, Landlord shall submit to DRES Building Department administrative approvals with respect to Final Plans and completed DRES ^(attached hereto as Exhibit) supplied cost estimate forms. The cost estimate forms shall be completed by the bidders approved by DRES and Landlord and shall indicate in detail the proposed cost of Tenant's ^{Initial} Work ~~(hereinafter referred to as the "Tenant Work~~

~~Cost~~) after Landlord, (i) shall have obtained three (3) competitive bids, proof of which will be supplied to DRES, by three (3) general contractors pre-approved by DRES, of which Landlord or an affiliated entity may be one; and (ii) shall have selected the lowest, responsible bidder.

The proposed Tenant Work Cost shall consist of all costs and expenses (excluding construction loan interest and related financing costs) charged to Landlord for:

- (3)
- (a) ~~the DRES-approved Architect's fees for the services required for~~ Tenant's Work requested by DRES, which are set forth above and any additional Architects fees' for major modifications or increases in the scope of the architect's services to the extent requested and authorized in writing signed by DRES,
 - ~~(b)~~ the filing fees for the submission of same to the appropriate governmental authorities for approval;
 - (b) ~~(c)~~ the performance of all items of Tenant's Work in accordance with the Final Plans; and
 - (c) ~~(d)~~ one (1) general contractor's general conditions fee and one (1) contractor's over-head and profit to the extent indicated in contractor's bid only; Landlord shall not be entitled to be paid an administrative or management fee for the performance of Tenant's Work. There shall be no double payment by Tenant of any items included in the Tenant's Work Cost, including any components of overhead and profit and general contractors' fees.

~~Tenants Work Cost shall not include the preparation of plans and specifications and "as built"~~ drawings relating to the Landlord's Work or the expeditors' fees and filing fees for the submission of same to the appropriate governmental authorities for approval relative to the Landlord's Work.

[The total Tenant Work Cost shall not exceed _____

(\$).

The Landlord shall pay the first _____ (\$ _____) of this sum. If the total Tenant Work Cost is less than _____ (\$ _____), then Tenant shall receive a _____

credit against the rent equal to the amount the total Tenant Work Cost is less than _____ (\$ _____). If the Tenant Work Cost exceeds _____ (\$ _____), any balance up to a maximum of _____ (\$ _____) will be paid by Tenant. If the Tenant Work Cost exceeds (\$ _____) DRES shall promptly meet with Landlord to resolve the overage.]

Notwithstanding the foregoing, the Tenant Work Cost may be further modified at a later date by Tenant requesting changes beyond the Final Plans, provided that with respect to such changes Tenant and Landlord shall have agreed as to nature, amount and cost thereof.

⑤ DRES may, within fifteen (15) business days of its receipt of Landlord's notice of the Tenant Work Cost, approve or disapprove of the Tenant Work Cost. If DRES disapproves, it will meet with Landlord within five (5) business days to determine an agreed upon cost. As part of that process DRES will meet with the lowest bidder to resolve any discrepancies in unit prices and quantities. In the event Landlord and DCAS are unable to resolve their differences and agree upon the Tenant's Work cost items, Landlord shall solicit bids from at least three (3) new general contractors designated by DCAS in which case the procedures and time frames with respect to the bids shall apply to such additional bids and bidders. Within five (5) business days from approval of the Tenant's Work Cost and prior to commencing construction, Landlord will submit a copy of the Building Permit to DRES.

Landlord hereby warrants and represents that it has the financial capability and/or adequate financing to complete the Work in the time frames set forth herein. In that connection, within seven (7) days of Tenant's approval of the Tenant's Work Cost, Landlord shall deliver to Tenant (a) a binding commitment for construction financing from an institutional lender in an amount sufficient to complete the Work or (b) such other evidence and assurances satisfactory to Tenant of Landlord's financial capability to complete the Work. Landlord's misrepresentation

days following the Substantial Completion as certified by DRES, without interest. Otherwise interest shall be computed from the date of Substantial Completion until repayment in full of Tenant's share of the Work Cost. Landlord must submit as-built drawings to DRES as a precondition for initial payment. In the event this Lease is terminated pursuant to Article 3 hereof, Tenant shall reimburse the Landlord for the remaining portion of Tenant's share of the Tenant's Work Cost in one lump sum within ninety (90) days following the effective date of termination.]

6 The ^{Work Cost} cost of alterations and improvements shall be subject to audit by the Department of Citywide Administrative Services and/or its authorized representative. Such costs may, in the discretion of the Comptroller of the City of New York, also be post-audited by the Comptroller.

(B) ~~In the event Landlord (i) fails to commence construction of the Work within~~ ten (10) business days after its receipt of Tenant's approval of the Tenant's Work Cost estimate and/or pursue completion of same diligently and in continuous manner, and/or (ii) fails to meet any applicable time frames under Subsection (A) above, then Tenant shall give Landlord written notice (hereinafter referred to as "Delay Notice") advising Landlord of its failure to so commence and/or perform. If Landlord fails to commence the work or perform its obligations under Subsection (A) above within ten (10) days from the date of said notice, Tenant, in addition to any other remedy it may have, at its option may: (i) as agent of the Landlord commence performance of the work and deduct the cost thereof from the rent to become due and payable pursuant to Article 2 hereof and/or Tenant's share of Tenant's Work Cost; or (ii) terminate this Lease on ten (10) days written notice to Landlord. Tenant, however, shall not be required to exercise either of the foregoing rights. If Tenant elects not to terminate the Lease, and regardless of whether or not ~~Tenant provides written Delay Notice to Landlord, or elects to perform the Work as Landlord's~~

ARTICLE 7

CERTIFICATE OF OCCUPANCY; COMPLIANCE WITH LAWS

Landlord agrees to deliver to the Department of Citywide Administrative Services a Certificate of Occupancy or other sufficient indicia of legality for use of the premises for the purposes set forth in this Lease and same shall be a prerequisite to the official assumption of occupancy by Tenant.

Tenant's Initial Work shall include all permits necessary to legalize the Demised Premises, the alterations and improvements specified herein and to comply with all requirements, rules, laws, regulations and orders of Federal, State and local authorities and of any board of fire underwriters having jurisdiction over the Demised Premises or the Real Property, including, without limitation, as of ^{OK as to} ~~date of substantial completion~~ Substantial Completion, the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq. ("ADA"). With respect to the ADA and regulations promulgated during the Term, Landlord shall comply with and perform the Landlord's obligations, if any, imposed upon owners of office buildings as a class including all common areas that service the Demised Premises in and around the Building. Tenant shall comply with and perform all obligations arising from Tenant's specific manner of use of the Demised Premises and any alterations performed by Tenant. Subject to Landlord's right to contest, Landlord shall remove all violations which may be placed against the Demised Premises, except those violations caused by Tenant's acts, omissions or breach of the terms of this Lease.

ARTICLE 8

REAL ESTATE TAXES, ASSESSMENTS, WATER RATES,

SEWER RENTS, ARREARS

(A) If Landlord shall become the fee owner of the Real Property, Landlord shall pay all real estate taxes, assessments, water rates and sewer rents (if any) levied against said Building and Land for the tax lot where the Demised Premises is located or that may be liens thereon. Upon request, Landlord shall provide Tenant with receipted bills, payment receipts or other back-up information reasonably satisfactory to Tenant evidencing Landlord's payment thereof within five (5) business days after Tenant shall give notice to Landlord requesting such evidence of payment.

(B) Additionally, if Landlord ~~as fee owner, is in any other arrears on the Land, Building and/or Demised Premises, including but not limited to rents, mortgage payments and other payments or obligations payable to the City of New York, then Tenant may~~ ^{OMIT} ^{include bracketed language} is in arrears in payment to the Port Authority of Pilot for the Demised Premises, then Tenant may upon five (5) days notice to Landlord, apply any rent due or that may become due and payable under this Lease to the payment of such arrears and as long as such arrears are unpaid, no action or proceeding may be maintained by Landlord against Tenant for nonpayment of rent.

** including payments referred to in the previous paragraph immediate*

ARTICLE 9

LANDLORD'S SERVICES

(A) Landlord, at Landlord's expense, shall furnish heat to the peripheral heat units in the Demised Premises and ventilation and condenser water to the Building air conditioning

equipment located on the floor of the Demised Premises ("HVAC"), through the Building systems, for reasonably comfortable occupancy of the Demised Premises, from 8:00 A.M. to 6:00 P.M. ("business hours") on business days. If Tenant shall install supplemental air conditioning in the Demised Premises requiring condenser water, solely to the extent the building risers and tower have available capacity, Landlord shall furnish condenser water therefor and Tenant shall pay Landlord's then established reasonable charges in connection therewith as additional rent within five (5) business days after demand. The term "business days", as used in this Lease, shall mean all days except Saturdays, Sundays and the days observed by the Federal or the New York State or City governments as legal holidays and such other days as shall be designated as holidays by the applicable operating engineers union contract or building service employees union contract. Landlord and Tenant shall operate the HVAC equipment in accordance with their design criteria; provided, however, that Landlord may reduce such level of operation in accordance with a recognized energy or water conservation program, guidelines, regulations or recommendations promulgated by any Federal, State, City or other governmental or quasi-governmental bureau, board, department, agency, office, commission or other subdivision thereof or the American Society of Heating, Refrigeration and Air-Conditioning Engineers, Inc. or any successor thereto or other organization serving a similar function. The air conditioning equipment within and servicing the Demised Premises shall be operated by Tenant and maintained, repaired and replaced by Landlord at Tenant's sole cost and expense and upon expiration of the Term, shall be surrendered to Landlord in working order and repair. At all times during the Term, Landlord acting for Tenant and at Tenant's expense, shall contract with the air conditioning contractor designated by Landlord for the performance of such maintenance

31 all a/c or just supplemental a/c?

and repairs. The electricity used to operate the HVAC equipment shall be connected at Tenant's expense to Tenant's electric meter and shall be paid by Tenant as provided in Article 10 hereof. Landlord will, during business hours of business days, at its expense, operate and maintain the Building condenser water tower and the riser(s) to each floor of the Demised Premises, subject to recoupment under Article 4. If Tenant shall require Building condenser water "after hours" (as hereinafter defined), Landlord shall furnish such after hours service upon reasonable advance notice from Tenant's designated representative, and Tenant shall pay Landlord's then established reasonable charges (currently \$_____ \$17.30 per hour) within 5 business days after demand.

(B) If Tenant shall require heating service at any time other than during business hours on business days ("after hours"), Landlord shall furnish the same upon advance notice from Tenant, given prior to 2:00 P.M. on any business day on which Tenant requires such after hours heat or if Tenant shall desire heat on a day other than a business day, Landlord shall furnish the same upon advance notice from Tenant given prior to 2:00 P.M. on the last business day prior to such non-business day, and Tenant shall pay Landlord's cost therefor as additional rent within five (5) business days after demand. In the event of a Tenant emergency, Landlord shall use its best efforts to furnish such after hours heat upon shorter notice from Tenant, it being agreed that all costs incurred by Landlord for such ^{after hours} emergency heat shall be paid by Tenant to Landlord within five (5) business days after demand accompanied by a reasonably detailed statement. If any other tenant shall request and receive heat after hours at the same time as Tenant, only an equitably prorated portion of the charge therefor shall be allocated to Tenant.

(C) Landlord shall not be responsible if the normal operation of the Building HVAC

system shall fail to provide service in accordance with the requirements of this Lease in any portions of the Demised Premises (a) which shall have an electrical demand in excess of 3-1/2 watts per rentable square foot of the Demised Premises for all purposes (including lighting and power) or which shall have a human occupancy factor in excess of one person per 100 rentable square feet of the Demised Premises, or (b) because of any arrangement of partitioning or the making of any other Tenant's alterations or the installation and operation of machines and equipment. In the event Landlord has consented to such Tenant's alterations, or machines and equipment, Landlord, at Tenant's expense, shall make such changes in the HVAC system, including the ductwork, as Tenant may require, but only with Landlord's prior consent and in accordance with the terms of Article 11. Tenant shall cooperate fully with Landlord at all times and abide by all regulations and requirements which Landlord may reasonably prescribe for the proper functioning and protection of the HVAC system.

(D) Commencing on the date Tenant shall occupy the Demised Premises for the conduct of business. Landlord, at its expense, shall provide public elevator service, passenger and freight, by elevators serving the floor on which the Demised Premises are situated during regular hours of business days, and shall have at least one passenger elevator subject to call at all other times (i.e. 24 hours per day, 7 days per week), subject however to Landlord's right to stop or interrupt such elevator service pursuant to the provisions of Paragraph (H) hereof.

(E) Landlord, at its expense, shall cause the Demised Premises to be cleaned in accordance with the cleaning specifications annexed hereto as ~~Exhibit~~ Exhibit 1. Tenant shall pay to Landlord on within 20 business days after written demand the costs incurred by Landlord for (a) extra cleaning work in the Demised Premises required because of ~~(H)(i)~~ (i) misuse or neglect on the

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If Tenant shall contract with an independent reputable, first-class contractor for the cleaning of the Demised premises, (x) such contract shall contain a provision (1) that the contractor involved will not knowingly employ or permit the use of any labor or otherwise take any action which would result in a strike, work stoppage or other labor disruption involving personnel providing cleaning, janitorial and rubbish removal services elsewhere in the Building pursuant to arrangements made by Landlord, (2) that the contractor involved will comply with Landlord's reasonable Building security requirements and (3) providing that if any such strike, work stoppage or labor disruption shall occur or such contractor shall fail to comply with Landlord's reasonable Building security requirements, Tenant may terminate such contract, (y) Tenant shall use reasonable efforts to cause that such provisions be observed by such contractor and (z) in the event that any such strike, work stoppage or other labor disruption shall occur by reason of the labor employed or used by such contractor or by reason of any action taken by such contractor or such contractor shall fail to comply with Landlord's reasonable Building security requirements, Tenant, upon the request of Landlord, shall either resolve such strike or other labor disruption or terminate its contract with such contractor.

(F) Landlord, at its expense, shall furnish adequate water to the Demised Premises for drinking, lavatory and cleaning purposes. If Tenant uses water for any other purpose Landlord, at Tenant's expense, shall install meters to measure Tenant's consumption of water for such other purposes. Tenant shall pay for the quantities of water shown on such meters, at Landlord's cost thereof, on the rendition of Landlord's bills therefor. Heating of water for lavatory and cleaning purposes shall be performed by equipment located on each floor of the Demised Premises. Said equipment shall be maintained and repaired by Landlord, at Tenant's

expense, by the contractor designated by Landlord. The electricity used to operate said equipment shall be connected at Tenant's expense to Tenant's electric meter and shall be paid by Tenant as provided in Article 10.

(G) Landlord, at its expense, and on Tenant's request, shall maintain the original listings on the Building directory of the names of Tenant, and the names of any of their officers and employees, provided that the names so listed shall not take up more than Tenant's Proportionate Share of the lines on the Building directory. In the event Tenant shall require additional or substitute listings on the Building directory, Landlord shall, to the extent space for such additional or substitute listing is available, maintain such listings and Tenant shall pay to Landlord an amount equal to Landlord's reasonable charge for such listings.

(H) Landlord reserves the right, without any liability to Tenant, except as otherwise expressly provided in this Lease, to stop service of any of the heating, ventilating, air conditioning, electric, sanitary, elevator or other Building systems serving the Demised Premises, or the rendition of any of the other services required of Landlord under this Lease, whenever and for so long as may be necessary, by reason of accidents, emergencies, strikes or the making of repairs or changes which Landlord is required by this Lease or by law to make or in good faith deems necessary, by reason of difficulty in securing proper supplies of fuel, steam, water, electricity, labor or supplies, or by reason of any other cause beyond Landlord's reasonable control. Landlord will use its best efforts, at no additional cost to Landlord, to avoid material interference with Tenant's use of the Demised Premises during such times Tenant is dealing with an emergency situation, notwithstanding anything to the contrary, after notice by Tenant to Landlord.

ARTICLE 10

ELECTRICITY

(A) (a) The Building will be equipped with risers, feeders and wiring so as to furnish electric service (connected load) to the Demised Premises of 6 watts per rentable square foot of the Demised Premises for lighting and power, excluding power to service the Building air conditioning equipment and hot water heater located on the floor of the Demised Premises. Additionally, a meter system (or other measuring devices) will be furnished and installed by Landlord, at Landlord's cost, to measure the amount of "Usage" solely to the Demised Premises. Where more than one meter measures the amount of Usage, Usage through each meter shall be billed in the aggregate with coincidental demand in accordance with the provisions of this Article 10;

(b) Any additional risers, feeders or other equipment or service proper or necessary to supply Tenant's electrical requirements above the service set forth in subdivision (a), will, upon written request of Tenant, be installed by Landlord, at the sole cost and expense of Tenant, if in Landlord's sole judgment, the same are necessary and will not cause permanent damage or injury to the Building or the Demised Premises or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations, repairs or expense or interfere with or disturb tenants or occupants. If, in Landlord's sole judgment, Landlord shall consent to the installation of such riser or risers, in addition to such installation, Landlord will also at Tenant's sole cost and expense, install all other equipment proper and necessary in connection therewith subject to the aforesaid terms and conditions.

^ This Article 10 :

(B) For purposes of Paragraphs (B) and (C):

(excluding electricity used by Tenant pursuant to Paragraph (H) of this Article 10.)

(a) **"Usage"** shall mean Tenant's actual usage of electricity in the Demised Premises as measured by the aforesaid metering system for each calendar month or such other period as Landlord shall determine during the Term and shall include the quantity and peak demand (kilowatt hours and kilowatts) and all applicable taxes, surcharges, demand charges, energy charges, fuel adjustment charges, time of day charges and other adjustments made from time to time by the public utility company (or successor thereto) supplying electric current to the Building or any governmental authority having jurisdiction;

(b) **"Landlord's Rate"** shall mean the service classification (including all applicable taxes, surcharges, demand charges, energy charges, fuel adjustment charges, time of day charges and other sums payable in respect thereof) pursuant to which Landlord purchases electric current for the Building from the public utility company (or successor thereto) supplying electric current to the Building and including the voltage stepdown cost incurred by Landlord to reduce the voltage supplied to the Building as distributed to Tenant; and

(c) **"Tenant's Cost"** shall mean the product of (i) Usage multiplied by (ii) Landlord's Rate.

(C) Landlord shall, from time to time but not more often than monthly, furnish Tenant with an invoice indicating the period during which the Usage was measured and the amount of Tenant's Cost payable by Tenant to Landlord for such period. Within five (5) days after receipt of each such invoice, Tenant shall pay the amount of Tenant's Cost set forth thereon to Landlord as additional rent. In addition, if any tax is imposed upon Landlord by any municipal, state or federal agency or subdivision with respect to the purchase, sale or resale of electrical energy supplied to Tenant hereunder, Tenant covenants and agrees that, where

termination of this Lease.

(G) In the event the metering system installed for the measurement of electricity consumption in the Demised Premises or any alternative submetering system installed by Landlord at a later date, becomes prohibited from use or the metering system should fail to properly register or operate at any time during the Term for any reason whatsoever or if the metering system shall become operable subsequent to the date that Tenant, or anyone (including, without limitation, any contractors or other workmen) claiming under or through Tenant first enters the Demised Premises, then Landlord, at its expense, may cause an independent electrical engineer chosen by Landlord or an electrical consulting firm selected by Landlord (hereinafter referred to as the "**Electrical Consultant**") to survey and determine Usage in, and Tenant's Cost for, the Demised Premises from time to time, at least once per six (6) month period, and the Electrical Consultant shall make such determination using criteria generally accepted in the Metropolitan New York City area and Landlord's Rate in effect at the time, and shall include the quantity and peak demand, for all electricity consumed by Tenant. The determination made by the Electrical Consultant shall be binding on both Landlord and Tenant and such amount shall be deemed Tenant's Cost.

(H) Subject to all of the provisions of this Article, Landlord agrees (at no expense to Landlord) to reasonably cooperate with Tenant for Tenant to obtain electricity to the Demised Premises from the Power Authority State of New York ("PASNY"), provided and upon condition that:

1. (a) Tenant is not then in default under any of the terms, covenants or conditions of this Lease beyond the expiration of any applicable notice and cure periods

(b) Neither the exercise of the PASNY Electric Option nor the conversion to PASNY electric shall (i) adversely effect the use or occupancy of any other tenants in the Building, including, without limitation, the continued furnishing of electric current thereto, (ii) adversely effect the Building systems or structure, (iii) adversely effect the quantity or quality of electric current available to the remainder of the Building, or (iv) adversely effect the Certificate of Occupancy (or Certification of Completion from the Port Authority) or any permits for the Building.

(c) Tenant shall be responsible for obtaining, at its sole cost and expense, any permits, licenses and approvals necessary for receiving such PASNY electric current (including, without limitation, the Port Authority) and shall promptly deliver photocopies of same to Landlord.

(d) Tenant shall be responsible for any costs and expenses incurred directly or indirectly by Landlord in connection with the exercise of the PASNY Electric Option, the installation of the facilities and the maintenance and operation of same, including, without limitation, rental ^{required by the Port Authority} for any shaft space, or other space in the Building occupied by the facilities as the result of any modification or addition to the facilities currently providing electric service to the Demised Premises and any reasonable legal fees. Tenant hereby indemnifies and holds Landlord harmless from and against any loss, costs, claims, actions, obligations or other liability, ^{excluding} including attorneys' fees, incurred by Landlord in connection with Tenant's receiving electricity directly from PASNY pursuant to this Paragraph (H), the preparation of the Building therefor and the operation and maintenance of the facilities used in connection therewith.

(e) Tenant shall comply with all requirements of law (including, without limitation, zoning ordinances and the requirements of the Building Department of the City of New York (if applicable) and the Port Authority), and requirements and recommendations of the Board of Fire Underwriters, the Utility and any insurance authorities having jurisdiction.

(f) Tenant shall pay all costs for the furnishing of electric current, as provided in this Article, including ^{any applicable costs for} the generation and transmission of same to the Demised Premises.

(g) Upon installation, the facilities shall become the sole property of Landlord, except that upon the expiration or earlier termination of this Lease, Tenant, at Landlord's option exercised prior to the date which is six (6) months following the Expiration Date, shall be required to have all facilities removed and restore the Building to its condition prior to such installation and alteration, which removal and restoration shall be performed by Landlord at Tenant's expense.

ARTICLE 11

ALTERATIONS BY TENANT

Tenant may make non-structural interior alterations, decorations, installations, additions and improvements in and to the Demised Premises and may erect signs therein or thereon. Notwithstanding the foregoing, Tenant shall make no alterations, additions or improvements which (i) affect the mechanical, electrical or other systems of the Building, or (ii) are structural or (iii) affect the exterior or lobby or service areas of the Building, without Landlord's written

ARTICLE 12**END OF TERM**

Upon the expiration or other termination of the Term of this Lease, Tenant shall quit and surrender the Demised Premises in good order and condition with ordinary wear and tear, and damage by the elements, including fire or other casualty, excepted.

ARTICLE 13**REPAIRS**

Landlord shall make all interior, exterior and structural repairs, excluding such repairs necessitated by the willful acts or negligence of Tenant or its invitees, but including maintenance, repair or replacement of the roof, windows and window glass, Building plumbing, and electrical systems, common areas, removal of graffiti from the exterior and interior of the Building and/or the Demised Premises, and all repairs needed because of Landlord's negligence or because of defective materials or workmanship in the construction and/or improvement by Landlord of the Demised Premises or of the Building of which they are a part. Landlord shall repair and maintain any sidewalks, curbs and passageways adjoining and/or appurtenant to the Demised Premises in good, clean and orderly condition, free of dirt, rubbish, snow, ice and unlawful obstruction.

~~Landlord~~ Landlord is not responsible for making any repairs to Tenant's Initial Work, * Tenant's installations, alterations, additions or improvements, except if due to Landlord's willful acts or negligence.

In the event Landlord fails to fulfill its obligations, Tenant may, in addition to its other remedies, give written notice to Landlord specifying the repairs required by Tenant and Landlord

* modified by page 45A

¹ provided, however
Notwithstanding anything to the contrary in Article 12 hereof, Landlord shall be solely responsible for the performance and cost of all repairs resulting from defects of materials and workmanship in construction ~~and/or alterations and improvements of the Demised Premises~~ ^{for Tenant's Initial Work during the first three (3) years of the Term of this Lease.}

With respect to Tenant's repair obligations, upon completion of ~~the work~~ ^{Tenant's Initial Work}, Landlord shall assign to Tenant the beneficial interest in all warranties and guarantees received by Landlord from contractors and materialmen engaged in ^{its} ~~the~~ performance ~~of the work~~, as well as the right to enforce any contracts made with such contractors and materialmen. Landlord hereby appoints Tenant as its attorney-in-fact to institute suit in Landlord's name and for Tenant's benefit and agrees to cooperate fully with Tenant in the event that Tenant seeks to enforce its rights with respect to ^{said} ~~the~~ warranties and guarantees.

Page 45A

any taking provided for in this Article without deduction therefrom for any estate vested in Tenant by this Lease and Tenant shall receive no part of such award, except as hereinafter expressly provided in this Article. Tenant hereby expressly assigns to Landlord all of its right, title and interest in or to every such award. Notwithstanding anything herein to the contrary, Tenant may, at its sole cost and expense, make an independent claim with the condemning authority for Tenant's moving expenses, the value of Tenant's fixtures or Tenant's alterations which do not become part of the Building or property of the Landlord, provided however that Landlord's award is not thereby reduced or otherwise adversely affected.

or have LL review Final Plans prior to Lease execution to specify (with DCA's agreement) and Long Lead Work
ARTICLE 15

DESTRUCTION BY FIRE OR OTHER CASUALTY

(A) If the whole of the Demised Premises is totally destroyed or damaged by fire or other casualty, or destroyed or damaged to such an extent that they are unsuitable or untenable for use for the purpose for which they are leased, then from the date of such damage or destruction the rent shall cease until such time as Landlord fully repairs and restores the same to suitable and tenantable condition (excluding Long Lead Work) and Tenant/DRES certifies in writing that the entire Demised Premises have been reoccupied by Tenant, such Certification not to be unreasonably withheld, delayed or conditioned.

omit

Jeff

check with Richi Ranges See pg. 52.

~~Landlord may terminate this Lease by notice to Tenant within thirty (30) days from the date of such fire or other casualty, provided Landlord terminates more than 50% of the remaining leases in the Building. If no such notice is given, Landlord shall, subject to receipt of insurance proceeds, within forty-five (45) days after such fire or other casualty, commence and diligently~~

Long Lead Work items should be specifically identified.

(F) The time periods in this Article shall exclude Long Lead Work. The term "Long Lead Work" as used in this Lease shall mean any item of a repair to Tenant's Initial Work or Tenant's alterations to be made by Landlord pursuant to this Article 15 which item must be specifically manufactured or fabricated and is not a Building standard item commonly found in first class non-institutional office buildings in Manhattan, with the result that there will be a delay in its manufacture, fabrication, delivery or installation, notwithstanding that the order for same was given in due course, so that the item of repair in question delays the completion of the standard items of the repair even though the items of Long Lead Work in question are (1) ordered together with the other items required for the repair and (2) then installed or performed (after the manufacture or fabrication thereof) in order and sequence that such Long Lead Work and other items of repair are normally installed or performed in accordance with good construction practice.

Tenant shall notify Landlord of the completion of any Tenant's alterations, and Specialty Alterations and of the cost thereof, and shall maintain adequate records with respect to same to facilitate the adjustment of any insurance claims with respect thereto. In addition, as a condition to Landlord's obligation to provide and maintain insurance covering any Specialty Alterations and to repair and restore such Specialty Alterations pursuant to the provisions of this Article, Tenant shall provide Landlord with a schedule of Specialty Alterations after their completion and certificates of the costs thereof. Tenant shall reimburse Landlord, as additional rent hereunder, ten (10) business days after demand for the amount of any insurance premiums paid or payable by Landlord which are specifically attributable to the cost of insuring any such Specialty Alterations. Tenant shall cooperate with Landlord and Landlord's insurance companies in the adjustment of any claims for any damage to the Building or such Tenant's alterations or

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Specialty Alterations. The term "Specialty Alterations" as used in this Lease shall mean alterations, installations, improvements, additions or other physical changes (other than decorations) in or about the Demised Premises consisting of kitchens, executive bathrooms, raised computer floors, vaults and other alterations of a similar character.

(G) In the event of the termination of this Lease pursuant to the provisions of this Article, this Lease shall expire as fully and completely on the date fixed in such notice of termination as if that were the date definitely fixed for the expiration of the Term of this Lease, and Tenant shall vacate the Demised Premises and surrender the same to Landlord in the manner required by this Lease and applicable upon the end of the Term of this Lease. Any prepaid rents will be refunded to Tenant.

(H) No damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance arising from any repair or restoration of any portion of the Demised Premises or of the Building. No penalty shall accrue for reasonable delays which may arise by reason of adjustment of fire insurance on the part of Landlord, for reasonable delays on account of labor troubles, or for other delays beyond Landlord's control (as set forth in Article 22 hereof), except as expressly provided in this Lease.

(I) Landlord will not carry insurance of any kind on Tenant's property or Tenant's alterations, and, except as provided by law or by reason of its fault or its breach of any of its obligations hereunder, Landlord shall not be obligated to repair any damage thereto or replace the same.

(J) The provisions of this Article shall be considered an express agreement governing any case of damage or destruction of the Demised Premises by fire or other casualty,

and Section 227 of the Real Property Law of the State of New York, providing for such a contingency in the absence of an express agreement, and any other law of like import, now or hereafter in force, shall have no application in such case.

ARTICLE 16

NO EMPLOYEE OF CITY HAS ANY INTEREST IN LEASE

Landlord warrants and represents that no officer, agent, employee or representative of The City of New York has received any payment or other consideration for the making of this Lease and that no officer, agent, employee or representative of The City of New York has any interest, directly or indirectly, in this Lease or the proceeds thereof.

ARTICLE 17

QUIET ENJOYMENT

Landlord covenants that Tenant, paying the rent reserved herein, and performing all of the other terms, covenants and conditions on its part to be performed, shall and may peaceably and quietly have, hold and enjoy the Demised Premises for the use and purpose stated in this Lease.

ARTICLE 18

ACCESS BY DISABLED PERSONS

Landlord represents that the premises demised herein are suitable for access by disabled persons.

SIGNIFICANT RELATED PARTY TRANSACTIONS

Landlord shall be required to disclose and notify Tenant of any transactions with significant related parties, including subsidiaries and affiliates of Landlord, the costs of which are charged to Tenant as rent or additional rent, including, but not limited to, Base Year Operating Expenses (if CPI formula is used) overtime HVAC and Tenant repairs. For purposes of this Article, Landlord and Tenant agree that the Port Authority is not a related party of Landlord. Landlord shall provide Tenant with written notice of such transactions upon submission of invoices for Rent or at the end of the calendar year in which the transactions to be billed as Rent were performed by significant related parties. When such transactions occur, prices of same must be in line with normal industry practice in New York City. Upon 5 days notice to Landlord and Landlord's failure to notify Tenant of such related party transactions shall result in a disallowance of such costs that would otherwise be billed as rent. If such related party transactions occurred and were disclosed, but it is found by Tenant that the costs thereof exceed normal industry costs in an arms length third party transaction in New York City, then such excessive charges shall be disallowed. This Article ~~excludes management fees included in~~

Operating Expenses.

Both parties acknowledge that _____ receives a management fee of _____ for the building as of the date of the execution of this Lease.

ASBESTOS

If during the Term hereof, the removal or encapsulation of asbestos or asbestos-containing materials determined to be present **During the Term of this Lease, upon Tenant's discovery and notice to Landlord, Landlord shall monitor and manage and, where necessary**

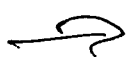
abate (i.e., repair, remove, enclose, encapsulate and/or replace) any asbestos containing materials, including, but not limited to, any such materials on boilers, pipes, ducts, tanks, spray-on or other insulation and any affected floor tiles, plaster and ceiling tiles in the Demised Premises ~~shall be required pursuant to any law, such removal or encapsulation shall be performed by Landlord to the extent required by such law,~~ at Landlord's expense; provided, however, that notwithstanding anything herein contained to the contrary, Tenant shall be solely responsible for the removal of any asbestos or asbestos-containing material, in accordance with then applicable laws installed or brought into the Building and/or the Demises Premises by or on behalf of Tenant or any party claiming through Tenant. Nothing contained in the preceding sentence shall be deemed to vest upon Tenant or any permitted occupant of the Demised Premises any right to install or bring into the Building or the Demised Premises any asbestos or asbestos-containing material.

ARTICLE 27

LANDLORD'S REPRESENTATIONS

Landlord hereby warrants that, to the best of its knowledge, it is not in default of any obligation to the City of New York, nor is Landlord, its officers, principals or stockholders a defendant in any action instituted by the City.

The partners or, if a corporate entity, officers and shareholders of the corporation, who currently own the leasehold estate of the Underlying Lease are as follows:



SPECIFY

Any misrepresentation by Landlord with regard to this warranty shall constitute a basis for rescission of this Lease.