AGREEMENT OF LEASE

between

ROOSEVELT ISLAND OPERATING CORPORATION,

Landlord,

and

MEPT OCTAGON LLC,

Tenant

Premises

Octagon Park Site
Roosevelt Island
County and State of New York

As of November 3rd, 2004

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THIS AGREEMENT is made as of the 3rd day of November, 2004, by and between ROOSEVELT ISLAND OPERATING CORPORATION ("Landlord" or "RIOC"), a body corporate and politic constituting a political subdivision of the State of New York and a public benefit corporation having an office at 591 Main Street, Roosevelt Island, New York 10044, and MEPT OCTAGON LLC, a Delaware limited liability company ("Tenant"), having an office at c/o Riggs Bank N.A., 808 17th Street, N.W., Washington, D.C. 20006.

W I T N E S S E T H :

It is hereby mutually covenanted and agreed by and between the parties hereto that this Lease (hereinafter defined) is made upon the agreements, terms, covenants and conditions hereinafter set forth.

ARTICLE 1

DEFINITIONS

The terms defined in this Article 1 shall, for all purposes of this Lease and all agreements supplemental hereto, have the meanings herein specified.

"Accounting Principles" shall mean generally accepted accounting principles (GAAP) consistently applied.

"Additional Mortgage Indebtedness" shall mean (i) if immediately prior to the execution and delivery thereof there is no Mortgage constituting a lien on Tenant's interest in the Lease, the principal amount of a Mortgage executed and delivered by Tenant, or (ii) if immediately prior to the execution and delivery thereof there is one or more Mortgages constituting a lien on Tenant's interest in the Lease, the amount by which the principal amount of a Mortgage (including a consolidated Mortgage) executed and delivered by Tenant exceeds the aggregate principal amount outstanding under all such existing Mortgages.

"Additional Rent" shall have the meaning provided in Section 3.02.

"Adjusted By Unit Size" shall mean that units with no bedrooms shall be treated as being occupied by a one person Household and units with one or more bedrooms shall be treated as being occupied by one and one half (1.5) persons per bedroom regardless of the actual number of persons occupying the unit.

"Adjusted for Inflation" shall mean adjusted by the inflation rate for an adjustment period commencing on the date of this Lease and ending on the date of the particular event or for such other period that may be provided. The adjustment shall equal the percentage increase, if any, in the Consumer Price Index during the adjustment period.

"Adjusted Rent" shall mean, for a Middle Income Unit, the Initial Rent as may be adjusted from time to time at the time of lease renewal for the Middle Income Tenant residing in such Middle Income Unit or vacancy in such Middle Income Unit.

"Affiliate" shall mean any (i) any Person that has, directly or indirectly, a beneficial ownership interest in Tenant or any Person in which Tenant, any partner or member of Tenant or any stockholder or partner of any Person that is a partner or member of Tenant, has a beneficial ownership interest or any Person which is owned, directly or indirectly by the same Person having an ownership interest in Tenant; and (ii) any individual who is a member of the immediate family (whether by birth or marriage) of an individual who is an Affiliate, which includes for purposes of this definition a spouse; a brother or sister of the whole or half blood of such individual or his spouse; a lineal descendant or ancestor (including an individual related by or through legal adoption) of any of the foregoing or a trust for the benefit of any of the foregoing. If the term "Affiliate" is used in reference to Becker Tenant, references to "Tenant" shall be deemed to mean "Becker Tenant".

"Annual Income" shall mean when referring to the income of a Middle Income Tenant, the current income of all individuals residing in the Household of such Middle Income Tenant calculated in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937, as amended (or, if such program is terminated, under such program as in effect immediately before such termination).

"Architect" shall mean Becker and Becker Associates, Inc., as the design architect and architect of record for the Project, and SLCE Architects ("SLCE"), as the production architect, and the architect providing construction oversight services and shop drawing review during construction of the Project, or their successors who shall have been approved by Landlord.

"Area Median Gross Income" shall mean the median income levels as modified by Household size for the New York metropolitan statistical area as determined from time to time

by the Secretary of HUD under Section 8 of the United States Housing Act of 1937, as amended (or, if such program is terminated, under such program as was in effect immediately before such termination).

"Assignment" shall have the meaning provided in Section 10.01(a).

"AVAC" shall have the meaning provided in Section 40.01(a).

"Basic Rent" shall have the meaning provided in Section 3.01.

"Basic Rent Payment Date" shall have the meaning provided in Section 3.01.

"Becker" shall mean Becker and Becker Associates, Inc., a Connecticut corporation.

"Becker Tenant" shall mean Octagon, L.P., a New York limited partnership, or its permitted successors or assigns.

"Bridge" shall mean the Roosevelt Island Bridge which connects Roosevelt Island to the Borough of Queens at 36th Avenue in Queens.

"Buildings" shall mean the two residential wings and the Octagon Tower comprising a portion of the "Project" (including footings and foundations), Equipment (hereinafter defined) incorporated into the Buildings, utilities and other improvements and appurtenances of every kind and description now located or hereafter erected, constructed, or placed upon the Land, and any and all alterations and replacements thereof, additions thereto and substitutions therefor.

"Business Days" shall mean any day which is not a Saturday, Sunday or a day observed as a holiday by either the State of New York or the federal government.

"Capital Improvement" shall have the meaning provided in Section 13.01(a).

"Certified Public Accountant" shall mean Reznick, Fedder and Silverman P.C., or any other public accounting firm with recognized expertise in housing (including governmental supervised housing) reasonably approved by Landlord.

"Commencement Date" shall mean the date on which this Lease is fully executed and delivered.

"Commencement of Construction" or "Construction Commencement Date" shall mean the later of (i) date of issuance of any permit by the New York City Department of Buildings for

the commencement of on-site construction of the Project, including any excavation or pile-driving, but not including test borings, test filings, surveys or similar pre-construction activities, or (ii) five (5) business days after the date of this Lease.

"Completed Units" shall mean Residential Units in the Buildings as to which there shall have been issued by the New York City Department of Buildings a temporary or permanent certificate of occupancy.

"Completion of the Buildings" shall mean the date upon which the Tenant and Landlord have been issued a Certificate of Substantial Completion from SLCE (or any approved successor), and the N.Y.C. Department of Buildings has issued a Temporary or Permanent Certificate of Occupancy for the Buildings, which date shall not be later than two (2) years and five (5) business days following the Construction Commencement Date, subject to Unavoidable Delays.

"Completion of the Infrastructure, Parking, Tennis Courts and Park Facilities" shall mean the date which is no later than two (2) years and five (5) business days following the Construction Commencement Date, subject to Unavoidable Delays.

"Completion of the Project" shall mean the date by which the later of Completion of the Buildings and Completion of the Infrastructure, Parking, Tennis Courts and Park Facilities has occurred.

"Constituent Documents" shall mean a Tenant's, Becker Tenant's (or any other Person who is a party to a proposed Transfer) organizational documents, including (a) the operating agreement, (b) the articles of incorporation, (c) partnership agreements, (d) any other agreements between the members or partners of such parties which relate to the Project, and (d) any modifications to the foregoing.

"Construction Agreements" shall mean, collectively for the Project, the Plans and Specifications, the Design Guidelines, the General Development Plan, the agreements for the construction, Capital Improvement, Restoration (as hereinafter defined), rehabilitation, alteration, repair or demolition performed pursuant to this Lease, all of which shall be assignable to, and shall be assigned to, Landlord as security subject to the rights of any Mortgagee.

"Construction Site" shall mean all or any portion of the Premises under construction at any time throughout the Term and all site and utility work on the Premises, and any area outside of the Premises that is reasonably adjacent to the area under construction, including, without limitation, the Park Facilities and Tennis Courts, and which Tenant has the right to use during construction under Section 37.01 or which is approved by Landlord.

"Constructive total taking" shall have the meaning provided in Section 9.01.

"Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, New York, New York - Northeastern New Jersey Area, All Items (1996 = 100). In the event the Consumer Price Index shall hereafter be converted to a different standard reference base or otherwise revised, the determination of the Consumer Price Index shall be made with the use of such conversion factor, formula or table for converting the Consumer Price Index as may be published by the Bureau of Labor Statistics or, if said Bureau shall not publish the same, then with the use of such conversion factor, formula or table as may be published by Prentice Hall, Inc., or, failing such publication, by any other nationally recognized publisher of similar statistical information. In the event the Consumer Price Index shall cease to be published, then, for the purposes of this Lease, there shall be substituted for the Consumer Price Index such other index as Landlord and Tenant shall agree upon, and, if they are unable to agree within ninety (90) days after the Consumer Price Index ceases to be published, such matter shall be determined by arbitration in accordance with Section 35 hereof.

"Control" (including "controlled by", "controlling" and "under common control with") shall mean ownership of not less that 50% of each class of the authorized and outstanding stock of a corporation and ownership of the legal and equitable interest in a partnership or other entity entitled to at least 51% of the distributions and profits of such partnership or other entity; provided however, that for purposes of the foregoing there shall be excluded (x) preferred stock in a corporation or (y) legal or equitable interests in a partnership or other entity that meet both of the following criteria: (i) such interests are nonvoting (except as required by applicable law or in the event of nonpayment of dividends or distributions), and (ii) such interests pay dividends or distributions only on a nonparticipating basis at a fixed or floating rate.

"Default" shall mean any condition or event which constitutes or would, after notice or lapse of time, or both, constitute an Event of Default.

"Deficiency" shall have the meaning provided in Section 24.03(b)(ii).

"Depositary" shall mean an Institutional Lender (as hereinafter defined) which is not an Affiliate of Tenant, Landlord, or Becker Tenant (or any Person with an ownership interest in any such party) designated by First Mortgagee and approved by Landlord and Tenant, or, if there is no Mortgage, designated by Landlord and approved by Tenant, in either case, such approval not be unreasonably withheld, to serve as Depositary pursuant to this Lease, provided all funds held by such Depositary pursuant to this lease shall be held in New York City.

"Design Guidelines" shall mean the design guidelines together with the plans and specifications attached hereto, and made a part hereof, as Exhibit "H".

"Developer" shall mean Octagon Development, LLC.

"Development Schedule" shall mean the construction progress schedule for each portion of the Project attached hereto, and made a part hereof, as Exhibit F.

"Development Services Agreement" shall mean the Development Services Agreement dated as of the date of this Lease between Tenant and Developer, as same may be modified or amended from time to time.

"DHCR" shall mean the New York State Division of Housing and Community Renewal or any successor agency thereto.

"Due Date" shall mean, with respect to an Imposition (as hereinafter defined), the last date on which such Imposition can be paid without any fine, penalty, interest or cost being added thereto or imposed by law for the non-payment thereof.

"Environmental Laws" shall mean any applicable federal, state or local statute, regulation or ordinance or any judicial or administrative decree or decision, whether now existing or hereinafter enacted, promulgated or issued, with respect to any Hazardous Materials, drinking water, groundwater, wetlands, landfills, open dumps, storage tanks, underground storage tanks, solid waste, waste water, storm water runoff, waste emissions or wells, including, without limiting the generality of the foregoing, the following statutes, and regulations, orders, decrees,

permits, licenses and deed restrictions now or hereafter promulgated thereunder, and amendments and successors to such statutes and regulations as may be enacted and promulgated from time to time: Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §9601 et seq., as amended by the Superfund Amendments and Reauthorization Act; the New York State Environmental Conservation Law, Chapter 43-B, Consolidated Laws of New York; the New York State Navigation Law, Article 12, §170-§204, Oil Spill Prevention, Control and Compensation; the Hazardous Material Transportation Act, 42 U.S.C. §1801 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., the Occupational Safety and Health Act, 29 U.S.C. §651 et seq., the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. §11001 et seq., the Clean Air Act, 42 U.S.C. §7401 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. §136 et seq.); the Safe Drinking Water Act (21 U.S.C. §349, 42 U.S.C. §201 and §300f et seq.); and the National Environmental Policy Act (42 U.S.C. §4321 et seq.) and the New York State Brownfields Cleanup Program.

"Equipment" shall mean all fixtures incorporated in the Premises, including, without limitation, (i) all machinery, engines, dynamos, boilers, heating and lighting equipment, pumps, tanks, motors, air conditioning compressors, ventilating and communications apparatus, other heating, ventilating and air conditioning equipment, elevators, escalators, incinerators, garbage compactors, antennas, computers, sensors, security systems, and (ii) laundry equipment and refrigerators, stoves, ranges, dishwashers and other major kitchen appliances except to the extent any of the foregoing shall be owned by Tenants, concessionaires or contractors engaged in maintaining same. Equipment shall not include any fixture or equipment owned by any utility, telecommunications, broadband, or other communications provider.

"Event of Default" shall have the meaning provided in Section 24.01.

"Event of Default Notice" shall have the meaning provided in Section 33.03(a).

"Excess Insurance or Condemnation Proceeds" shall mean the sum of all insurance proceeds or condemnation awards received by Tenant with respect to any particular casualty or taking (which, for the purposes of this definition, shall include all awards received in contemplation of a condemnation and all consideration received in connection with any deed in lieu of condemnation) less: (i) Tenant's reasonable expenses in procuring such awards, and (ii)

the cost to Tenant of any Restoration which Tenant shall have been obligated to perform under this Lease or the Master Lease as a result of such casualty or taking.

"Expiration Date" shall mean the 18th day of December, 2068 (which is five days prior to the expiration of the Master Lease) or on such earlier date upon which this Lease may be terminated as provided herein. The Expiration Date may be extended in accordance with the provisions of Article 42.

"Financing" shall mean any Mortgage which constitutes a lien on Tenant's interest hereunder, including the First Mortgage, Initial Mortgage and any consolidated mortgage(s); it shall also mean any "Refinancing."

"First Mortgage" shall mean any Mortgage senior in lien to all other Mortgages.

"First Mortgagee" shall mean the holder of the First Mortgage.

"General Development Plan" shall mean the General Development Plan for Roosevelt Island set forth in Schedule 2 to the Master Lease, prepared by Philip Johnson and John Burgee and providing a program for the construction of subsidized, middle income and market rate housing, commercial space and public facilities on Roosevelt Island, as such plan has been amended on June 17, 2003, and as may be hereafter amended from time to time.

"Governmental Authority (Authorities)" shall mean the United States of America, the State of New York, New York City and any agency, department, corporation, commission, board, bureau, instrumentality or political subdivision of any of the foregoing, now existing or hereafter created, having or exercising jurisdiction over the Premises or any portion thereof.

"Hazardous Materials" means each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance which is defined, determined or identified as hazardous or toxic under any Environmental Law (including, but not limited to petroleum and petroleum by-products).

"Household" shall mean all of the occupants of a Middle Income Unit whether or not legally related.

"HUD" shall mean the United States Department of Housing and Urban Development and any successor agency.

"Impact Fee" shall have the meaning provided in Section 3.01.

"Imposition" or "Impositions" shall have the meaning provided in Section 4.01(b).

"Infrastructure" shall mean the sitework for the Project, the connection to Landlord's AVAC Refuse Collection System, the installation of utilities and sewers, environmental abatement, and the landscaping and planting.

"Initial Mortgage" shall mean the first Mortgage to constitute a lien on Tenant's interest in the Buildings following their Substantial Completion.

"Initial Rent" shall mean, with respect to a Middle Income Unit, the monthly rent initially payable by the first Middle Income Tenant to occupy such Middle Income Unit.

"Institutional Lender" shall mean:

(a) any federal, state or municipal agency or public benefit corporation or public authority advancing or insuring mortgage loans or making payments which, in any manner, assist in the financing, development, operation and maintenance of improvements, or

(b) a savings bank, a savings and loan association, a commercial bank or trust company (whether acting individually or in a fiduciary capacity), the Federal Home Loan Mortgage Corporation, Fannie Mae, an insurance company organized and existing under the laws of the United States or any state thereof, a religious, educational or eleemosynary institution, an employee's welfare, benefit, pension or retirement fund, a commercial credit corporation such as General Electric Credit Corporation, a corporation or other entity which is wholly owned by any other Institutional Lender or any combination of Institutional Lenders and no other; provided, however, that each of the entities described in (b) above shall qualify as an Institutional Lender only if it shall (i) be subject to (x) the jurisdiction of the courts of the State of New York and (y) the supervision of the Comptroller of the Currency of the United States, the Insurance Department, Banking Department or Comptroller of the State of New York, the Board of Regents of the University of the State of New York, or the Comptroller of New York City and (ii) each such entity, or combination of such entities, shall have individual or combined assets, as the case may be, of not less than Five Hundred Million ($500,000,000) Dollars, which amount shall be Adjusted for Inflation as of the tenth (10th) anniversary of the Commencement Date and on each tenth anniversary of that date thereafter during the Term.

"Involuntary Rate" shall mean the Prime Rate plus five percent (5%) per annum, but in no event in excess of the maximum permissible interest rate then in effect in the State of New York.

"Island Services" shall have the meaning provided in Section 40.01.

"Issuer" shall mean the issuer of a Letter of Credit (hereinafter defined).

"Land" shall mean the parcels of land described in Exhibit A, together with all easements, appurtenances and other rights pertaining to such parcels of land, whether presently existing or hereafter created, as such description may be amended pursuant to the provisions of Article 37.

"Landlord" on the date as of which this Lease is made shall mean RIOC, but thereafter "Landlord" shall mean only the tenant under the Master Lease at the time in question.

"Landlord's Lien" shall have the meaning provided in Section 42.06(c).

"Lease" shall mean this Agreement of Lease, including all Exhibits hereto and all amendments, modifications and supplements thereof.

"Lease Year" shall mean each succeeding twelve-month period beginning on the Commencement Date.

"Legended" shall mean the requirement provided in Section 31.04.

"Liabilities" shall have the meaning provided in Section 42.09(e).

"Major Subletting" shall have the meaning provided in Section 10.01(a).

"Master Landlord" shall mean the landlord under the Master Lease at the time in question.

"Master Lease" shall mean the Agreement of Lease of Roosevelt Island by and among New York City, UDC, and UDC's subsidiary, Welfare Island Development Corporation, also known as Roosevelt Island Development Corporation, dated December 23, 1969, as heretofore and hereafter amended, modified or supplemented, and as assigned to RIOC on July 21, 1988, a copy of which Master Lease is annexed hereto as Exhibit C.

"Material Specifications" shall mean the site plans and elevations as more particularly set forth in Article 11.

"MEPT Lease" shall mean the sublease of the entire Premises dated as of the date of this Lease by and between Tenant, as landlord, and Becker Tenant, as tenant, including all exhibits and attachments thereto and all amendments, modifications and supplements thereof.

"Middle Income Tenant" shall mean the individual(s) who execute(s) the lease for a Middle Income Unit, and whose Annual Income, as certified and verified prior to initial occupancy, does not exceed one hundred fifty percent (150%) of Area Median Gross Income.

"Middle Income Unit" shall mean any residential unit in the Project that is occupied by a tenant who qualified under this Lease as a Middle Income Tenant prior to initial occupancy by such tenant, or a unit reserved for rental to a Middle Income Tenant and designated by Tenant, or Becker Tenant, as a Middle Income Unit at the time of initial rent-up of the Project.

"Minimum Price Threshold" shall mean Project Costs as defined in the Development Services Agreement to and through the later of thirty-six (36) months following the Commencement Date or Final Completion, plus any Project Costs for warranty work under this Lease. Tenant shall promptly provide Landlord with a certified statement of Project Costs within thirty (30) days after the applicable date specified in the preceding sentence. If Landlord disputes whether the Project Costs submitted by Tenant were properly calculated or conform with the definition of Project Costs as defined in the DSA, it shall notify Tenant within sixty days after receipt of Tenant's statement. In such case, Landlord or its accountant or other designated representative may inspect Tenant's books and records in order to verify the statement. If the parties cannot agree on the statement, then either party may submit the dispute to arbitration within one hundred twenty (120) days after Landlord's receipt of Tenant's statement of Project Costs. Upon final determination of the initial Minimum Price Threshold (and any adjustment to the Minimum Price Threshold upon the occurrence of a Transaction), the parties shall enter into a signed agreement confirming the initial or adjusted Minimum Price Threshold, as the case may be. In the case of a Transaction by Tenant, 65% of the Minimum Price Threshold shall be allocated to Tenant ("Tenant's MPT"), and in the case of a Transaction by the Becker Tenant, 35% of the Minimum Price Threshold shall be allocated to Becker Tenant ("Becker Tenant's MPT"; Tenant's MPT and Becker Tenant's MPT are referred to as the

"Combined MPT"). If either Tenant or Becker Tenant (but not both) enters into an Assignment, Financing, Refinancing, Transfer or Syndication with respect to their respective interests, then, in calculating the Transaction Payment, if any, which may be payable in connection with such Transaction, either Tenant's MPT, or Becker Tenant's MPT shall be used, depending on which party is entering into the Transaction. If Tenant and Becker Tenant simultaneously enter into an Assignment, Refinancing or Transfer or Syndication pertaining to their combined interest in the Premises, then the combined MPT shall be used in calculating the Transaction Payment. If the Transaction is a Major Subletting or Excess Insurance or Condemnation Proceeds, the Combined MPT shall be used to calculate the Transaction Payment. If Tenant acquires Becker Tenant's interest in the MEPT Lease, thereby terminating the MEPT Lease, Tenant may thereafter use the Combined MPT in calculating Transaction Payments. If a party pays a Transaction Payment in connection with a Transaction, the Minimum Price Threshold for the next succeeding Transaction shall be increased by an amount equal to five (5) times the amount of the Transaction Payment paid in connection with the immediately preceding Transaction, the intent of the parties being to "step up" the Minimum Price Threshold to reflect the parties' investment in the Project. Accordingly, if Tenant acquires Becker Tenant's interest in the MEPT Lease, the new Minimum Price Threshold shall equal the Combined MPT plus an amount equal to five (5) times the Transaction Payment paid in connection with such Transaction.

"Mortgage" shall mean any mortgage, including a consolidated mortgage, which constitutes a lien on Tenant's interest in this Lease and the leasehold estate created hereby, provided such mortgage is held by any Person (as hereinafter defined) other than a Prohibited Person (as hereinafter defined).

"Mortgagee" shall mean the holder of any Mortgage.

"Mortgage Recording Tax" shall mean the tax imposed under Article 11 of the New York Tax Law, or any successor statute, and the rules and regulations promulgated thereunder.

"New York City" shall mean The City of New York, a municipal corporation of the State of New York.

"Option Agreement" shall mean the Option Agreement dated as of April 16, 2002 by and between Landlord, as Owner, and Becker, as Optionee, as amended by amendments dated

December 16, 2002, April 16, 2003, January 14, 2004, February 13, 2004, June 15, 2004 and June 22, 2004, said Option having been exercised by letter dated June 30, 2004, as well as the Extension Agreement dated August 27, 2004 and the Second Extension Agreement dated September 30, 2004 (the Optionee having assigned its right, title and interest in and to the Option Agreement to Tenant with the consent of Landlord pursuant to Assignment of Option Agreement dated as of the date of this Lease).

"Payment in Lieu of Mortgage Tax" shall mean the payment described in Section 3.02(b) hereof.

"Person" shall mean and include an individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any Federal, State, County or municipal government, bureau, department or agency thereof, and any other entity.

"Plans and Specifications" shall mean drawings and specifications listed in Exhibit J.

"Pre-Existing Structure" shall mean such portion of the Premises (if any), other than the Land, as existing as of the Commencement Date.

"Premises" shall mean the Land, Buildings, Parking, the Octagon Tower (as hereinafter defined) and all easements appurtenant thereto, whether presently existing or hereafter granted, for the benefit of the Premises, except that for purposes of, and in connection with, Tenant's obligations to construct the Project (including, but not limited to, compliance with all construction-related preconditions and requirements, insurance requirements and environmental clean-up obligations set forth herein), "Premises" shall be defined to include the Tennis Courts and Park Facilities.

"Present Value Fee" shall have the meaning provided in Section 3.01.

"Prime Rate" shall mean the rate announced from time to time by Citibank, N.A. or its successors at its principal office as its "base rate." Any interest payable under the Lease with reference to the Prime Rate shall be adjusted on a daily basis, based upon the Prime Rate in effect at the time in question, and shall be calculated on the basis of a 360-day year of twelve thirty-day months.

"Prohibited Person" shall mean any Person or government, on the date of the Transaction or Transfer in question, to the Actual Knowledge of the party entering into the Transaction or Transfer, after having exercised due diligence:

(a) (i) that is in default or in breach of its obligations under any material written agreement with Landlord (including, but not limited to, any ground lease, any loan agreement or mortgage, or regulatory agreement), or (ii) that directly or indirectly controls, is controlled by, or is under common control with a Person that is in default or in breach of its obligations under any material written agreement with Landlord, unless this default or breach has been waived in writing by Landlord, as the case may be, or

(b) (i) that has been convicted in a criminal proceeding of a felony or any other crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or (ii) that directly or indirectly controls, is controlled by, or is under common control with a Person that has been convicted in a criminal proceeding of a felony or any other crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure. The determination as to whether any Person is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure or directly or indirectly controls, is controlled by, or is under common control with a Person that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure shall be within the sole discretion of Landlord, or

(c) is controlled directly or indirectly (rather than only regulated) by a government, the effects of the activities of which (at the time thereof) are regulated or controlled pursuant to regulations of the United States Treasury Department or executive orders of the President of the United States of America issued pursuant to the Trading with the Enemy Act of 1917, as amended.

If Tenant inquires in writing whether any Person is a Prohibited Person, Landlord shall respond to such request within thirty (30) days after Landlord's receipt thereof. If Tenant does not have Actual Knowledge that a Person is a Prohibited Person, Tenant's "exercise of due diligence" and obligation for making such determination shall be limited to (i) the inquiry of Landlord described above and (ii) the procedure described in Section 10.1(c) of this Lease.

"Actual Knowledge" for the purposes of this definition shall mean the actual knowledge of Tenant's chief executive officer, chief financial officer, managing member, manager or any principal having an equity interest in Tenant or any entity comprising Tenant; provided that, so long as MEPT Octagon LLC is the Tenant hereunder, "Actual Knowledge" shall mean the actual knowledge of the asset manager of the Investment Advisor to Tenant, and so long as the MEPT Lease is in effect, shall also mean the actual knowledge of Bruce Becker.

"Project" shall mean the construction and completion of (i) approximately 500 Residential Units (80% market rate/20% Middle Income Units (said restrictions being for a period of 15 years from the date of Substantial Completion of the Buildings) in two residential wings attached to the Octagon Tower, the wings containing approximately 454,800 square feet, with thirteen (13) stories above a lower level, including apartments, common areas, and ancillary spaces (the "Buildings") including a day care center for approximately fifty-eight (58) children, (ii) the Infrastructure, (iii) an underground parking garage for approximately 135 parking spaces and 23 surface spaces, all to be contained within the Premises, (iv) six (6) tennis courts open to the public ("Tennis Courts"), which Tennis Courts shall be located on the land as more particularly described on Exhibit R annexed hereto and made a part hereof, (v) a public ecological park, a playground, and a picnic area (the "Park Facilities"), which Park Facilities shall be located on the land as more particularly described on Exhibit S annexed hereto and made a part hereof, (vi) the preservation and reconstruction of the Octagon Tower as an historic structure, containing a gallery, common areas, residential amenity spaces, fitness center and offices (the "Octagon Tower"), all of which are more particularly described in the Plans and Specifications annexed as Exhibit J.

"Punch List Items" shall mean cosmetic and other minor details of construction or mechanical adjustment, and other minor items of the work performed by Tenant, as to which, with respect to the Buildings, the failure to complete shall not materially interfere with a Tenant's ability to occupy the Buildings for their intended use, or preclude the New York City Department of Buildings from issuing a Temporary Certificate of Occupancy.

"Qualifying Capital Improvement" shall mean a capital improvement to the Building which (i) must be capitalized under the Accounting Principles and (ii) constitutes a non-routine addition, enhancement or upgrade to the Building and its systems, provided, however, that

Qualifying Capital Improvements shall not include restorations, replacements or renewals of structures, items, equipment or facilities that are replaced or renewed in the ordinary course of the operation and maintenance of a multi-family residential building or in connection with Restoration following a casualty or condemnation, to the extent that the capital improvements are of a similar type and quality as the structures, items, equipment or facilities so replaced or renewed, and provided further that Tenant submits to Landlord all supporting cost documentation certified as to cost with respect to the capital improvement and Landlord approves the same as a Qualifying Capital Improvement, which approval shall not be unreasonably withheld, conditioned or delayed.

"Refinancing" shall mean any Mortgage, including any consolidated Mortgage, other than the Initial Mortgage; it shall also mean any increase in the Initial Mortgage.

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, storing, escaping, leaching, dumping, discarding, burying, abandoning, or disposing into the environment.

"Rental" shall have the meaning provided in Section 3.07.

"Rent-Up Date" shall have the meaning provided in Section 3.01.

"Replacement Letter of Credit" shall have the meaning provided in Section 43.01.

"Requirements" shall have the meaning provided in Section 14.01.

"Residential Units" shall mean the market rate and low income apartment units in the Project..

"Restoration" shall have the meaning provided in Section 8.01.

"Restore" shall have the meaning provided in Section 8.02.

"Restricted Corporation" shall have the meaning provided in Section 10.01(a).

"Restricted Interest" shall have the meaning provided in Section 10.01(a).

"Restricted Partnership" shall have the meaning provided in Section 10.01(a).

"Restricted Stock" shall have the meaning provided in Section 10.01(a).

"RIOC" shall mean Roosevelt Island Operating Corporation.

"RIOC Act" shall mean Chapter 899 of the 1984 Laws of the State of New York, as may be amended from time to time.

"Roosevelt Island" shall mean the premises demised under the Master Lease.

"Rules and Regulations" shall mean the rules and regulations, from time to time in effect, issued by Landlord or Landlord's agents and which are applicable generally to Roosevelt Island and applied in a non-discriminating manner and do not conflict with this Lease.

"Streets" shall have the meaning provided in Article 37.

"Subleases" shall have the meaning provided in Section 10.03.

"Substantial Completion of the Buildings" shall mean (i) substantial completion of all work on the Project except for Punch List Items, (ii) the delivery to Landlord of true copies of the Temporary Certificates of Occupancy for the Buildings, and (iii) the delivery to Landlord of a statement in writing from SLCE that the construction of the Project has been completed substantially in accordance with the Plans and Specifications.

"Subtenants" shall have the meaning provided in Section 10.04.

"Syndication" or "Syndicate" shall mean (A) if Tenant is a partnership or limited liability company, the admission of additional partners or members to Tenant (including the issuance of additional limited partnership or membership interests in Tenant or any change in partners or members in Tenant to effect a syndication for federal and/or state tax credits or accelerated depreciation), or (B) if Tenant is a corporation, the issuance or sale of additional shares of stock or of treasury shares (including any change in shares or shareholders to effect a syndication for federal and/or state tax credits or depreciation).

"Tenant", on the date as of which this Lease is made, shall mean MEPT Octagon LLC, and thereafter "Tenant" shall mean the holder of the leasehold interest created under this Lease.

"Term" shall mean the term of this Lease as set forth in Article 2.

"Title Matters" shall mean the various matters mentioned in Article 2 hereof and set forth in Exhibit B hereto.

"Transaction" shall mean a Transfer, Assignment, Refinancing or Financing, Syndication (including a syndication utilizing federal and/or state tax credits) or Major Subletting.

"Transaction Payment" shall mean an amount equal to 20% of:

(i) in the event of a Financing or Refinancing of Tenant's (or Becker Tenant's, as the case may be) leasehold interest, the amount, if any, by which Transaction Proceeds exceed the sum of (1) with respect to an Initial Mortgage by a party, the Minimum Price Threshold for each party, or with respect to any subsequent Financing by Tenant or Becker Tenant, the greater of (x) the aggregate principal amount outstanding under all existing Mortgages which were outstanding on such parties' leasehold interest on the day immediately prior to the date of the Refinancing, or (y) the appropriate Minimum Price Threshold, and (2) such portion of the Transaction Proceeds that will be and is in fact used for Qualifying Capital Improvements within eighteen (18) months after the date of the Financing or Refinancing;

(ii) in the event of a Financing or Refinancing of both Tenant's and Becker Tenant's leasehold interest (or a Financing following expiration or termination of the MEPT Lease), the amount, if any, by which Transaction Proceeds exceed the sum of (1) with respect to an Initial Mortgage, the Combined MPT, or with respect to any subsequent Financing, the greater of (x) the aggregate principal amount outstanding under all existing Mortgages which were outstanding on either or both Tenant's and Becker Tenant's leasehold interest on the day immediately prior to the date of the Refinancing, or (y) the Combined MPT, and (2) such portion of the Transaction Proceeds that will be and is in fact used for Qualifying Capital Improvements within eighteen (18) months after the date of the Financing or Refinancing.

(iii) in the event of a Transfer or Syndication, the amount, if any, by which Transaction Proceeds exceed the product obtained by multiplying (A) the Minimum Price Threshold, times (B) the percentage of the beneficial ownership of equity interests in Tenant (or the Becker Tenant) involved in said Transfer or Syndication. For purposes of this definition, beneficial ownership of equity interests shall be pro-rated to reflect partial ownership interests (for example, if a Transfer involves the beneficial ownership of a 75% interest in a Person possessing beneficial ownership of a 40% interest in Tenant, said Transfer shall be deemed to involve a 30% equity interest in Tenant hereunder). Notwithstanding the foregoing, no Transaction Payments shall be payable in connection

with (a) any Transfer by Tenant to Becker Tenant (or an Affiliate of Becker) pursuant to Section 15.1 or 15.3 of the MEPT Lease, or (b) any Transfer or Syndication by any limited partner of Becker Tenant so long as such limited partner's principal economic interest in Becker Tenant is the allocation of federal and/or state tax credits or depreciation;

(iv) in the event of an Assignment, the amount, if any, by which Transaction Proceeds exceed the product obtained by multiplying (A) the Minimum Price Threshold, times (B) a fraction, the numerator of which is the total number of Usable Square Feet in all Units involved in the Assignment, and the denominator of which is the total number of Usable Square Feet in the Buildings;

(v) in the event of a Major Subletting, the amount, if any, by which Transaction Proceeds exceed the product obtained by multiplying (A) the Minimum Price Threshold times (B) a fraction, the numerator of which is the total number of Usable Square Feet in all Units involved in the Major Subletting, and the denominator of which is the total number of Usable Square Feet in the Building; or

(vi) in the event of Excess Insurance or Condemnation Proceeds, the amount, if any, by which Excess Insurance or Condemnation Proceeds exceeds the product obtained by multiplying (A) the Minimum Price Threshold times (B) a fraction, the numerator of which is the total number of Usable Square Feet of that portion of the Project involved in the casualty or condemnation for which the Excess Insurance or Condemnation Proceeds are being paid; provided, however, that there shall be no Transaction Payment with respect to Excess Insurance or Condemnation Proceeds received in connection with a temporary taking.

Except to the extent specifically excluded herein or in Article 10, Transaction Payments shall be imposed on Transactions entered into by Tenant and/or Becker Tenant, or their Affiliates.

"Transaction Proceeds" shall mean:

(i) in the case of a Transfer, Assignment, Syndication or Financing or Refinancing, the aggregate consideration paid in connection with such Transaction

(limited, in the case of a Financing or Refinancing covering multiple properties, to the portion of such proceeds fairly allocated to the Buildings), including but not limited to: (a) cash, (b) the principal amount of any note (excluding interest) or other instrument evidencing the obligation to make future payments for the interest transferred, provided, however, that in the event such note or other instrument bears interest at a rate in excess of the fair market rate for similar notes or other instruments, Transaction Proceeds shall include the net present value of the payments to be made under such note or other instrument, discounted to present value using the fair market interest rate for similar notes or other instruments (and if the parties do not agree on the fair market rate for similar notes or other instruments, then either party may submit such issue for determination by arbitration pursuant to Article 35), (c) the principal amount of any existing note or other debt instrument to which a transaction is subject, (d) in the event of a Financing or Refinancing, the sum of the principal amounts of all previous Financings which remain outstanding and shall not be satisfied (for purposes hereof, "satisfaction" shall include an assignment in lieu of satisfaction) with the proceeds of the present Financing, and (e) the fair market value of any other property paid in connection with such Transaction, less the amount of Tenant's reasonable, customary and out-of-pocket expenses incurred in completing the Transaction or such portion of the expenses as are allocable to the Buildings if the Transaction covers multiple properties).

(ii) in the case of a Major Subletting, the sum of (A) the aggregate consideration paid by the Subtenant under the applicable sublease in consideration of Tenant's entering into such sublease, and (B) the net present value of any periodic rental thereunder or other payments made for the use and occupancy of the Buildings, discounted to present value using a discount rate equal to the bid side yield on the most recently issued U.S. Treasury security that (a) has a maturity equal to the term of the Major Subletting, or (b) in the event no such security exists, has a maturity which most closely precedes the expiration of the term of the Major Subletting, less the amount of Tenant's reasonable, customary and out-of-pocket expenses incurred in completing the Major Subletting.

(iii) If any Transaction is not an arm's-length bona fide Transaction to an unrelated third party, the Transaction Proceeds received therefrom shall be deemed to be the greater of (i) the actual aggregate consideration paid and (ii) the fair market value of the Transaction at the time of such Transaction (and either party may submit the issue of fair market value to arbitration pursuant to Article 35 if the parties do not agree on such fair market value).

"Transfer" shall have the meaning provided in Section 10.01(a)

"UDC" shall mean New York State Urban Development Corporation (now known as the Empire State Development Corporation), its successors and assigns.

"Unavoidable Delays" shall mean (i) with respect to Tenant, delays incurred by Tenant due to (A) strikes, lockouts, work stoppages, slowdowns or other labor disputes, acts of God, inability to obtain labor or materials due to causes beyond Tenant's reasonable control (Tenant's failure or refusal to make payments shall not be considered beyond Tenant's control), laws, orders, actions or governmental restrictions of any governmental, quasi-governmental, judicial or military authority (other than any Rules and Regulations which Tenant is bound to observe pursuant to the terms of this Lease and other than any delays of the type described in Section 11.10(e)), the wrongful failure of Landlord to comply with the provisions of Section 11.01 or to grant any consent or approval to Tenant, as determined pursuant to Section 31.02, delays resulting from Landlord's construction activities, enemy or terrorist action, civil commotion, fire, casualty or other similar causes beyond the reasonable control of Tenant (but not including Tenant's insolvency or financial condition), (B) the failure of any utility company to provide and maintain utilities, services, water, sewer lines or power transmission lines to the Premises which are required for the construction of the Buildings or for other obligations of Tenant, (C) any unforeseeable subsurface condition at a construction site which shall prevent or require a redesign or change in the construction of, or affect the completion schedule for, the Buildings, or (D) the failure of any construction manager, contractor, subcontractor or supplier to furnish labor, services, materials or equipment on the dates agreed to if such failure is caused by any of the reasons enumerated in clauses (i)(A) - (C) above and Tenant is not reasonably able to obtain substitute labor, services, materials or equipment on the agreed-upon dates, and (ii) with respect to Landlord, delays incurred by Landlord due to strikes, lockouts, work stoppages, slowdowns

or other labor disputes, acts of God, inability to obtain labor or materials due to causes beyond Landlord's reasonable control (Landlord's failure or refusal to make payments shall not be considered beyond Landlord's reasonable control), laws, orders, actions or governmental restrictions of any governmental, quasi-governmental, judicial or military authority (other than any governmental restrictions which Landlord is bound to observe pursuant to the terms of this Lease), enemy or terrorist action, civil commotion, fire, casualty or other similar causes beyond the reasonable control of Landlord (but not including Landlord's insolvency or financial condition); in each case provided such party shall have notified the other party not later than fourteen (14) days after such party knows or should have known of the occurrence of same and the effects of which a prudent Person in the position of the party asserting such delay could not have reasonably prevented, provided further, however, that if such notice is given later than fourteen (14) days after such party knows or should have known of the occurrence, then if such party subsequently gives such notice then such occurrence will nevertheless be deemed an Unavoidable Delay but only effective from and after the date such notice is actually given.

"Unit" shall mean each dwelling unit within the Buildings.

"Usable Square Feet" shall mean: (i) the actual area within the demised walls of each Unit, measured in square feet or, (ii) with respect to multiple Units, the sum of the actual area within the demised walls of each applicable Unit, measured in square feet.

"Zoning Resolution" shall mean the Zoning Resolution of the City of New York.

"Zoning Waiver" shall mean the exercise by Landlord of its authority to determine that, to the extent that certain portions of the Premises do not affect health and safety standards but are at variance with the Zoning Resolution, such portions of the Premises shall not be required to be in compliance with the Zoning Resolution.

ARTICLE 2

PREMISES AND TERM OF LEASE

Landlord hereby demises and leases to Tenant, and Tenant hereby lets, hires and takes from Landlord the Premises comprised of (a) all that certain plot, piece or parcel of land located in the Borough of Manhattan, County of New York, State of New York, more particularly described in Exhibit A hereto and denominated "Legal Description of Land" thereon, together

with all easements and other rights pertaining thereto, whether presently existing or hereafter created, and (b) the Buildings thereon, together with all easements and other rights pertaining thereto, whether presently existing or hereafter created, reserving unto Landlord those reservations set forth in Exhibits A and B hereto and subject to those easements and other matters set forth in Exhibit B hereto (the "Title Matters"). The "Legal Description of Land" may be amended in accordance with the provisions of Article 37 of this Lease.

TO HAVE AND TO HOLD unto Tenant, its successors and assigns, for a term of years (the "Term") which shall commence on the Commencement Date and shall expire on the Expiration Date.

ARTICLE 3

RENTAL

Section 3.01. Basic Rent. Tenant shall pay to Landlord the following rental payments:

(i) a one time lump sum payment of Three Million Six Hundred Thirty Three Thousand and 00/100 Dollars ($3,633,000.00) ("Basic Rent"), which shall be due and payable as follows: (a) Nine Hundred Eight Thousand Two Hundred Fifty and 00/000 Dollars ($908,250.00) upon the Commencement Date, and (b) Two Million Seven Hundred Twenty-Four Thousand Seven Hundred Fifty and 00/100 Dollars ($2,724,750.00) on the date which is thirty-six (36) months from the Commencement Date.

(ii) a one time lump sum payment of Four Million Nine Hundred Thousand and 00/100 Dollars ($4,900,000.00) (the "Impact Fee"), which shall be due and payable as follows: (a) One Million Two Hundred Twenty-Five Thousand and 00/100 Dollars ($1,225,000.00) upon the Commencement Date, and (b) Three Million Six Hundred Seventy-Five Thousand and 00/100 ($3,675,000.00) on the date which is thirty-six (36) months from the Commencement Date.

(iii) a one time lump sum payment of Two Hundred Fifty Thousand and 00/100 Dollars ($250,000.00) (the "Present Value Fee"), which shall be due and payable upon the Commencement Date.

(iv) the sum of Nine Hundred Ninety Five Thousand and 00/100 Dollars ($995,000.00) (the "Project Management Fee"), less the sum of (a) $150,000, representing the Advance Payment (as defined in Paragraph 7 of the Option Agreement) paid by Becker pursuant to the Option Agreement, and (b) One Hundred Seventy-Four Thousand and 00/100 Dollars ($174,000.00), representing the aggregate amount of Additional Option Fees as defined in the First and Second Amendments to the Option Agreement, and representing that portion of the Final Extension Period Option Fees for which Optionee was entitled to receive a credit pursuant to the Third, Fourth and Fifth Amendments to the Option Agreement (collectively referred to herein as the "Deferred Option Fees"), resulting in a Project Management Fee of $671,000, which shall be due and payable as of the Commencement Date.

(v) the sum of One Hundred Seventy-Four Thousand and 00/100 Dollars ($174,000.00), representing the Deferred Option Fees, payable in twenty-four (24) equal monthly installments of Seven Thousand Two Hundred Fifty and 00/100 Dollars ($7,250.00) each, commencing on the first anniversary of the Rent-Up Date (as defined in paragraph (vi) below) and continuing each month thereafter for each of the following twenty-three (23) consecutive calendar months.

(vi) commencing on the date ninety percent (90%) of the Residential Units are rented (the "Rent-Up Date"), (a) so long as Landlord provides public safety services on Roosevelt Island, a monthly payment for each Completed Unit to cover certain of the costs to Landlord to provide public safety, officers and equipment to the Buildings for external patrols as set forth in subparagraph (1) herein (the "Monthly Public Safety Payments"), and (b) so long as Landlord provides bus service (by minibus or otherwise) to the Buildings and such bus service is of a similar nature to that provided by Landlord to other residents of Roosevelt Island, a payment for bus services rendered to Tenant in the annual amount of One Hundred Thousand and 00/100 Dollars ($100,000.00) payable in equal monthly installments of Eight Thousand Three Hundred Thirty Three and 33/100 Dollars ($8,333.33) (the "Monthly Bus Payments").

(1) The initial Monthly Public Safety Payment shall be calculated at $20.00 per Completed Unit per month, subject to an annual cumulative escalator of 2% commencing on the

first anniversary of the Rent-Up Date, and increasing on the anniversary of such date in each subsequent year during the term hereof, which shall be paid to Landlord, in advance, on the first day of each month.

(2) The Monthly Bus Payments shall be subject to an annual cumulative escalator of 2% commencing on the first anniversary of the Rent-Up Date and increasing on the anniversary of such date in each subsequent year of the term hereof, which shall be paid to Landlord, in advance, on the first day of each month.

Section 3.02. Additional Rent. Tenant shall pay to Landlord, the sums referred to below (collectively, the "Additional Rent"):

(a) Transaction Payments. In the event of an Assignment, Transfer, Financing or Refinancing, Syndication or Major Subletting, or the receipt of Excess Condemnation or Insurance Proceeds, Tenant shall notify Landlord of same and shall pay to Landlord the Transaction Payment, if any is due and payable under this Lease, as Additional Rent hereunder with respect to such Transaction in accordance with this Agreement.

(b) Payment in Lieu of Mortgage Recording Tax. (i) Tenant shall give Landlord at least six months' prior written notice if Tenant intends to obtain a Mortgage that would not be exempt from the imposition of a mortgage recording tax. Landlord may seek to obtain an advisory opinion from the New York State Department of Taxation and Finance that exempts Mortgages on the Premises from the payment of a mortgage recording tax (the "Tax Exemption Opinion"), and, if Landlord obtains a Tax Exemption Opinion, Tenant shall not obtain any Mortgage for the Premises unless Landlord is named as a co-lender on such Mortgage; and (ii) if Tenant obtains a Mortgage which is exempt from the payment of Mortgage Recording Tax by reason of Landlord's status as a Mortgagee or Landlord having obtained a Tax Exemption Opinion, or otherwise as a result of the involvement of Landlord or its successor in the Premises or based on an exemption for properties on Roosevelt Island, the Tenant shall pay to Landlord at the Mortgage closing, the entire amount of the Mortgage Recording Tax which would have been payable with respect to the Additional Mortgage Indebtedness if the applicable Mortgage had not been so exempt (such payment is referred to herein as the "Payment in Lieu of Mortgage Tax). The Payment in Lieu of Mortgage Tax shall be paid by Tenant to Landlord as provided in this Lease. If an exemption is provided only from a portion of the Mortgage Recording Tax on the

basis of any of the factors set forth in clauses (i) and (ii) of subparagraph (b), the Payment in Lieu of Mortgage Tax shall equal (i) the product of the Additional Mortgage indebtedness and the then applicable tax rate of the Mortgage Recording Tax, less (ii) the amount of Mortgage Recording Tax payable in connection with the recording of such Mortgage. Landlord shall not seek a Payment in Lieu of Mortgage Tax in connection with the funds being paid by Tenant under the Development Services Agreement or MEPT Lease for the construction of the Project, but such Payment shall be payable to Landlord with respect to all subsequent Financings to the extent the Mortgage securing any subsequent Financing is exempt in whole or in part from the payment of Mortgage Recording Tax for reasons set forth in this paragraph (b).

(c) Payment in Lieu of Sales Tax ("PILOST"). Tenant shall pay Landlord the sum of Two Million and 00/100 Dollars ($2,000,000.00) ("Payment in Lieu of Sales Tax," or "PILOST"), payable in twenty-four (24) equal monthly installments of Eighty-Three Thousand Three Hundred Thirty-Three and 33/100 Dollars ($83,333.33) each, commencing on the Commencement Date, and continuing each month thereafter for each of the following twenty-three (23) consecutive calendar months, provided Landlord maintains and Tenant is eligible to utilize, Landlord's exemption from sales tax.

(d) Telecommunications Receipts. Tenant shall pay to Landlord as Additional Rent hereunder, on a monthly basis within thirty (30) days after the end of each calendar month, an amount equal to five percent (5%) of all amounts received by Tenant (or any Affiliate of Tenant, or any other entity formed by Tenant (by itself or with others) to provide Permitted Telecommunications Services (as hereinafter defined) to occupants of the Buildings) during the Term in excess of the actual, out-of pocket cost (including applicable taxes) incurred by Tenant (or any Affiliate of Tenant, or any other entity in which Tenant is a party, by itself or with others) in connection with the procurement of such services, which deduction shall not include any cost or expense that is not reasonably and customarily incurred by a provider of such services to occupants of residential housing at such time. Each such payment shall be accompanied by a report, in form and substance reasonably satisfactory to Landlord and certified by the managing member of Tenant, and accompanied by such supporting information as Landlord may reasonably request, setting forth in reasonable detail the amounts and sources of such receipts and costs.

Section 3.03. [Intentionally Omitted]

Section 3.04. Currency. Rental shall be paid in currency which at the time of payment is legal tender for public and private debts in the United States of America, without notice or demand (except as otherwise specifically provided for herein), and shall be payable at the office of Landlord as set forth above or at such other place as Landlord shall direct by notice to Tenant. Any check tendered in payment of Rental shall be drawn on a bank that is a member of the New York Clearing House.

Section 3.05. Net Lease. It is the purpose and intention of Landlord and Tenant, and Landlord and Tenant agree, that Rental shall be absolutely net to Landlord without any abatement, deduction, counterclaim, set-off or offset whatsoever, except as otherwise specifically provided in this Lease, so that this Lease shall yield, net to Landlord, the Rental required to be paid by Tenant under this Lease during the Term and that Tenant shall pay all costs, expenses and charges of every kind and nature relating to the Premises, which may arise or become due or payable during or after (but attributable to a period falling within) the Term, and that Landlord shall be indemnified by Tenant against, and held harmless by Tenant from, the same, including, but not limited to, reasonable attorney's fees and disbursements.

Section 3.06. Discharge of Certain Liens. Notwithstanding the foregoing, if, at any time during the Term, Landlord shall fail to discharge a lien placed upon the Premises which Landlord is obligated to discharge as a matter of law and under the terms of this Lease, and such failure shall subject Tenant to an obligation to discharge such lien or subject Tenant to criminal penalties or forfeiture of its interest under this Lease, then Tenant may pay such lien and set off the amount so paid against Rental thereafter payable (provided that if the next three months of Rental is insufficient to offset such payment, Landlord shall promptly make such payment to Tenant), provided Landlord shall have received notice of such lien from Tenant, shall have been obligated to discharge such lien, and thereafter shall have been given a reasonable opportunity to pay or contest such lien but shall have failed to do so.

Section 3.07. Rental. All of the amounts payable by Tenant pursuant to this Lease, including, without limitation, Basic Rent, Additional Rent, Impact Fee, Present Value Fee, PILOST Payments, the Project Management Fee, Deferred Option Fees, Monthly Public Safety Payments, Monthly Bus Payments, Impositions, Transaction Payments, Payments in Lieu of Mortgage Recording Tax, payments made to Landlord pursuant to Article 40, and any other sums, costs, expenses or deposits which Tenant in any of the other provisions of this Lease assumes or agrees to pay and/or deposit, shall constitute

rental under this Lease (collectively, "Rental"), and, in the event of Tenant's failure to pay Rental, Landlord (in addition to all other rights and remedies provided herein) shall have all of the rights and remedies provided for by law in the case of nonpayment of rent. All Rental shall be paid when due, without notice, demand, abatement or deduction at the address for Landlord set forth above. If any installment of Rental is unpaid more than five (5) days after the date on which it is due, Tenant shall immediately pay for each and every late payment, interest at the Involuntary Rate, computed from the date on which such installment became due and payable to the date of payment of such installment, which late charges shall be liquidated damages for Tenant's failure to make prompt payment.

ARTICLE 4

IMPOSITIONS

Section 4.01. Payment of Impositions.

(a) Obligation to Pay Impositions. Tenant shall pay, as provided in Section 4.01(c), all Impositions that at any time are assessed, levied, confirmed, or imposed upon, or with respect to (i) the Premises, or (ii) the sidewalks or streets in front of or adjoining the Premises, or (iii) any vault, bridge, passageway or space in, over or under such sidewalk or street, or (iv) any other appurtenances of the Premises, or (v) any personal property or other facility used and owned or leased by Tenant in the operation thereof, or (vi) the Rental (or any portion thereof) payable by Tenant hereunder, or (vii) any document to which Tenant is a party creating or transferring an interest or estate in the Premises, or (viii) the use and occupancy of the Premises, or (ix) this transaction.

(b) Definition.

"Imposition" or "Impositions" shall mean:

(i) any special assessments imposed by any special assessment district (other than those imposed by RIOC in a discriminatory manner),

(ii) personal property taxes,

(iii) occupancy and rent taxes imposed upon tenants generally,

(iv) water, water meter and sewer rents, rates and charges,

(v) excises,

(vi) license and permit fees,

(vii) any New York City imposed service charges with respect to police protection, fire protection, street and highway construction, maintenance and lighting, sanitation and water supply,

(viii) any fines, penalties and other similar governmental charges applicable to the foregoing, together with any interest or costs with respect thereto (other than those imposed by RIOC in a discriminatory manner),

(ix) any other governmental fees, or charges, together with any fines and penalties or costs with respect thereto (other than those imposed by RIOC in a discriminatory manner), and

(x) such additional assessments as may be imposed by RIOC from time to time during the term of this Lease in connection with the provision of public services or facilities on Roosevelt Island (other than those imposed by RIOC in a discriminatory manner), provided that, (A) no such additional assessments shall be imposed for services for which Landlord already receives Monthly Public Safety Payments (under Section 3.01), Monthly Bus Payments (under Section 3.01), Island Services payments (under Section 40.01), AVAC service payments (under Section 40.04) or any other payments provided for under this Lease, and (B) in no event shall RIOC impose duplicative charges or assessments for the same service.

(c) Payments of Impositions. Subject to the provisions of Section 4.05 hereof, each Imposition or installment thereof shall be paid not later than the Due Date thereof. However, if by law, any Imposition may be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may exercise the option to pay the Imposition in such installments and shall be responsible for the payment of such installments with interest.

Section 4.02. Evidence of Payment. Tenant, upon request of Landlord, shall furnish to Landlord, within thirty (30) days after the date when an Imposition is due and payable under this Lease (except that Tenant shall have sixty (60) days in respect of water charges and sewer rents), or as soon thereafter as available, official receipts of the appropriate taxing authority imposing the Imposition, or other proof reasonably satisfactory to Landlord, evidencing the payment thereof.

Section 4.03. Nothing contained in this Lease shall require Tenant to pay municipal, state or federal income, gross receipts, excise rental, inheritance, estate, succession, excess profit or revenue taxes, transfer or gift taxes imposed upon Landlord, or any capital levy, transfer or corporate franchise tax imposed upon Landlord or any other tax, assessment, charge or levy upon the Rental under this Lease imposed upon Landlord.

Section 4.04. Apportionment of Imposition. Any Imposition, relating to a fiscal period of the taxing authority, a part of which period is included within the Term and a part of which is included in a period of time after the Expiration Date shall be apportioned between Landlord and Tenant as of the Expiration Date (unless the Expiration Date has occurred as a result of an Event of Default, in which case Tenant is not entitled to repayment for any Imposition paid by Tenant) so that Tenant shall pay that portion of such Imposition which that part of such fiscal period included in the period before the Expiration Date bears to the fiscal period of the taxing authority.

Section 4.05. Right to Contest Impositions.

(a) Tenant, or any Mortgagee if it shall be acting as attorney-in-fact for Tenant, shall have the right at Tenant's or such Mortgagee's own expense to contest the amount or validity, in whole or in part, of any Imposition (or the assessed valuation of the Premises) by appropriate proceedings diligently conducted in good faith, in which event, notwithstanding the provisions of Section 4.01 hereof, payment of such Imposition shall be postponed if and only as long as:

(i) neither the Premises nor any part thereof, would by reason of such postponement or deferment be, in the reasonable judgment of Landlord, in danger of being forfeited or lost;

(ii) Tenant or such Mortgagee, as the case may be, shall have deposited with Landlord or Depositary a bond issued by a bonding company reasonably acceptable to Landlord or cash or other security reasonably acceptable to Landlord in the amount so contested and unpaid which would be payable by Tenant pursuant to Sections 4.01 and 4.04 hereof, together with all interest and penalties in connection therewith and all charges that may or might be assessed against or become a charge on the Premises or any part thereof in such proceedings (provided, however, no such deposit by Tenant shall be

required in the event Tenant is the Commissioner and no such deposit by the Mortgagee shall be required in the event the Mortgagee is the Commissioner); and

(iii) Landlord is, in Landlord's reasonable judgment, in no danger of being subjected to criminal liability or penalty or civil liability or penalty in excess of the amount for which Tenant has furnished security as provided in Section 4.05(a)(ii) and (b) hereof by reason of nonpayment thereof.

Any dispute under this Section 4.05(a) shall be resolved by Arbitration in accordance with Article 35.

(b) Upon the termination of such proceedings, Tenant shall pay the amount of such Imposition or part thereof as finally determined in such proceedings which would be payable by Tenant pursuant to Sections 4.01 and 4.04 hereof, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees (including, but not limited to, reasonable attorneys' fees and disbursements), interest, penalties or other liabilities in connection therewith, and upon such payment, Landlord or Depositary shall return, without interest, any security deposited with it with respect to such Imposition as aforesaid; provided, however, that Landlord or Depositary, at Tenant's or such Mortgagee's request, or upon Tenant's and such Mortgagee's failure to so request in a timely manner, at Landlord's request, shall disburse any moneys on deposit directly to the imposing authority to whom such Imposition is payable. If at any time during the continuance of such proceedings Landlord in its reasonable judgment shall deem the amount of security deposited as aforesaid insufficient, Tenant or any Mortgagee, as the case may be, within twenty (20) days after demand, shall provide an additional bond or make an additional deposit of such additional sums or other acceptable security as Landlord may reasonably request, and upon failure of Tenant or any Mortgagee, as the case may be, to do so, the security theretofore deposited, together with any interest thereon, may be applied by Landlord to the payment, removal and discharge of such Imposition which would be payable by Tenant pursuant to Sections 4.01 and 4.04 hereof and the interest and penalties in connection therewith and any costs, fees (including, but not limited to, reasonable attorneys' fees and disbursements) or other liability accruing in any such proceedings, and the balance, if any, shall be returned to Tenant or any Mortgagee, as the case may be, or the deficiency, if any, which would be payable by Tenant pursuant to Sections 4.01 and 4.04 hereof shall be paid by Tenant or

any Mortgagee, as the case may be, to Landlord within ten (10) days after demand. Nothing contained in this Section 4.05 or elsewhere in this Lease shall be deemed to limit Tenant's obligation to make the deposits provided for in Article 5 hereof.

Section 4.06. Landlord Participation in Contest Proceedings. Landlord shall not be required to join in any proceedings referred to in Section 4.05 hereof unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Landlord, in which event, Landlord shall join and cooperate in such proceedings or permit the same to be brought in its name but shall not be liable for the payment of any costs or expenses in connection with any such proceedings and Tenant shall reimburse Landlord, within twenty (20) days after demand for any and all costs or expenses which Landlord may reasonably sustain or incur in connection with any such proceedings. In the event Tenant institutes a proceeding referred to in Section 4.05 hereof and no law, rule or regulation in effect at the time required that such proceeding be brought by and/or in the name of Landlord, Landlord nevertheless shall cooperate with Tenant in such proceeding; provided that Tenant shall, at Landlord's election, either directly pay Landlord's reasonable third-party costs and expenses incurred in connection with such proceeding or promptly reimburse Landlord for such reasonable third-party costs and expenses which reimbursement shall be deemed to be Rental. If the provisions of such law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of Master Landlord, Landlord shall use its best efforts to cause Master Landlord to join and cooperate in such proceedings or permit the same to be brought in the name of Master Landlord, provided Master Landlord shall not be liable for the payment of any costs or expenses in connection with any such proceedings and Tenant shall reimburse Master Landlord for any and all costs and expenses which Master Landlord may reasonably sustain or incur in connection with any such proceedings provided, however, if Landlord is Master Landlord, Landlord shall so join and cooperate in such proceedings or permit the same to be brought in its name.

Section 4.07. Evidence of Non-Payment. Any certificate, advice or bill of the appropriate official designated by law to make or issue the same or to receive payment of any Imposition, of non-payment of such Imposition, shall be prima facie evidence that such Imposition is due and unpaid at the time of the making or issuance of such certificate, advice or bill, at the time or date stated therein.

ARTICLE 5

DEPOSITS FOR IMPOSITIONS AND INSURANCE PREMIUMS

Section 5.01. Deposits.

(a) Tenant's Obligation to Make Deposits. Upon Landlord's demand, made at any time after Tenant shall have failed to pay when due any Impositions or insurance premiums for insurance required to be maintained by Tenant in accordance with Article 7 of this Lease, which failure continues for twenty (20) days after notice to Tenant, Tenant shall deposit with Depositary on the first day of each month during the remainder of the Term, subject to the provisions of Section 5.01(e), an amount equal to (i) in the case of Impositions, one-twelfth (1/12) of the amount of annual Impositions as reasonably estimated by Landlord, and (ii) in the case of insurance premiums, one-twelfth (1/12) of the annual premiums for the insurance coverage required to be carried or caused to be carried by Tenant pursuant to the provisions of Article 7 hereof. If, at any time, the monies so deposited by Tenant shall be insufficient to pay in full the next installment of Impositions or insurance premiums, Tenant shall, within twenty (20) days after demand by Landlord, deposit the amount of the insufficiency with Depositary.

(b) Depositary's Obligations. Depositary shall place all monies deposited pursuant to the provisions of Section 5.01(a) hereof in a special interest-bearing account in the name of Landlord in obligations of the United States Government maturing in not more than 90 days and certificates of deposit maturing in not more than 90 days issued by commercial banks organized under the laws of the United States or any political subdivision thereof having capital and surplus in excess of $50,000,000 or, subject to applicable law or regulation, any money market fund to the extent insured by the Federal Deposit Insurance Corporation; provided, however, Depositary shall have the right at any time prior to the maturity date or dates of such obligations or certificates to liquidate such obligations or certificates as required to make payments therefrom as provided in this Article 5. The deposited amounts shall be used by Depositary to pay the Impositions and insurance premiums for which such amounts were deposited. Subject to the provisions of Section 4.05, Depositary shall apply the amounts deposited and the interest earned thereon to pay (i) such Impositions not later than the last day on which any such Imposition may be paid without penalty or interest, and (ii) such premiums not later than the last day on which such premiums may be paid without penalty, interest or cancellation of the subject policies.

Upon any termination of this Lease, at the request and direction of Landlord, Depositary shall apply these deposits to the payment of any of Tenant's obligations under this Lease remaining unpaid after the giving of written notice to Tenant and the expiration of any applicable grace period, and, after such obligations have been fully satisfied, the Depositary shall remit to Tenant any remaining balance (including interest, if any, then held by the Depositary).

(c) Increase of Deposits. If the amount of any Imposition or insurance premium is increased, Tenant shall, within twenty (20) days of receipt of notice of such increase, increase the amount of such deposits so that sufficient moneys for the payment of such Imposition or insurance premium shall always be available to pay such Imposition or insurance premium at least thirty (30) days before the Imposition or insurance premium becomes due and payable.

(d) Determination of Sufficiency of Deposits. For the purpose of determining whether Depositary has on hand sufficient moneys to pay an Imposition or insurance premium, deposits for each category of Imposition or insurance premium shall be treated separately. Depositary may, but shall not be obligated to, use moneys deposited for the payment of a category of Imposition or an insurance premium not yet due and payable for the payment of any other category of Imposition or another insurance premium that is due and payable.

(e) Return of Deposits. Provided Tenant shall have timely paid all amounts required to be paid by Tenant pursuant to this Section 5.01 for a period of twelve (12) consecutive months following Landlord's demand, then, at any time after the expiration of such twelve (12) month period, upon demand by Tenant and provided no Default or Event of Default then exists, Landlord shall cause Depositary to return to Tenant all unexpended moneys then held by Depositary pursuant to the provisions of this Section 5.01. Thereafter, Tenant shall not be required to make any deposits required by this Article unless and until a subsequent failure by Tenant to pay, when due, any Imposition or insurance premiums occurs and Landlord has demanded of Tenant to make such deposits.

(f) Deposits with First Mortgagee. In the event that an Institutional Lender which is a First Mortgagee shall require Tenant to deposit funds to insure payment of Impositions or insurance premiums, any amounts so deposited by Tenant shall be credited against the amounts which Tenant would otherwise be required to deposit under this Article 5.

Section 5.02. Effect of Sale or Transfer of Premises by Landlord. In the event of Landlord's sale or transfer of the Premises, Depositary shall continue to hold any moneys deposited with it pursuant to the provisions of Sections 5.01(a) and (c) hereof and shall transfer them to a special account established in the name of the Person who acquires the Premises and becomes Landlord.

Section 5.03. Depositary Fees. Tenant shall pay any and all charges of Depositary (other than Landlord acting as Depositary) in connection with any services rendered by Depositary pursuant to the provisions of this Lease. If Landlord acts as Depositary, Landlord shall be entitled to reimburse itself from the amounts deposited with it Landlord's reasonable out-of-pocket expenses, if any, incurred by it in acting as Depositary.

ARTICLE 6

LATE CHARGES

In the event that any payment of Rental or any portion thereof shall become overdue for thirty (30) days beyond the date on which it is due and payable as in this Lease provided, a late charge equal to the Involuntary Rate (computed on a 360 day year) on the sums so overdue from the date on which payment was originally due shall become immediately due and payable to Landlord as liquidated damages for Tenant's failure to make prompt payment and said late charges shall be payable by Tenant, within twenty (20) days after demand. No failure by Landlord to insist upon the strict performance by Tenant of Tenant's obligations to pay late charges shall constitute a waiver by Landlord of its right to enforce the provisions of this Article 6 in any instance thereafter occurring. The provisions of this Article 6 shall not be construed in any way to extend the grace periods or notice periods provided in Article 24 of this Lease.

ARTICLE 7

INSURANCE

Section 7.01. Construction Insurance Requirements.

The insurance requirements applicable to the Construction Manager and design consultants are set forth in Section 11.03.

Section 7.02. General Insurance Requirements.

(a) From and after the Commencement Date, Tenant, at its sole cost and expense, at all times during the remaining Term shall, in accordance with the procedures set forth in the Insurance Requirements, maintain the insurance coverage set forth in Exhibit Q to this lease. In addition, all insurance required to be maintained by Tenant hereunder shall comply with the insurance requirements set forth in Exhibit I. Tenant shall deliver to Landlord a certificate of insurance signed by authorized insurance company personnel, or an original policy or duplicate thereof with evidence reasonably satisfactory to Landlord that the required insurance has been obtained and is in full force and effect as of the Commencement Date.

(b) In addition to the coverage set forth in Exhibit Q, Tenant shall provide and keep in force such other insurance in such amounts as may from time to time reasonably be required by Landlord against such other insurable hazards as at the time are commonly insured against in the case of premises similarly situated and required of other multi-family residential building tenants on Roosevelt Island of a similar nature to the Premises.

ARTICLE 8

USE OF INSURANCE PROCEEDS

Section 8.01. Notice. If all or any part of any of the Premises shall be destroyed or damaged in whole or in part by fire or other casualty (including any casualty for which insurance was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Tenant shall give to Landlord immediate notice thereof, except that no notice shall be required if the estimated cost of repairs, alterations, restorations, replacements and rebuilding (collectively, "Restoration") shall be less than Two Hundred Thousand Dollars ($200,000) Adjusted for Inflation (from the date hereof to the date of such event).

Section 8.02. Obligation to Restore. Tenant, at its sole cost and expense, whether or not the damage or destruction referred to in Section 8.01 shall have been insured, and whether or not insurance proceeds, if any, shall be sufficient for the Restoration , shall promptly repair, alter, restore, replace and rebuild (collectively, "Restore") the same, in accordance with Article 8 of the Master Lease and all requirements of the Design Guidelines. All insurance proceeds shall be held by the Depositary and made available to Tenant for restoration.

Section 8.03. Payment of Transaction Payment. Upon completion of any Restoration pursuant to this Article 8, Tenant shall pay to Landlord the Transaction Payment due with respect to the Excess Insurance or Condemnation Proceeds, if any.

Section 8.04. Non-Effects of Casualty. Except as otherwise provided in Section 8.05, this Lease shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rental payable hereunder, by reason of damage to or total, substantial or partial destruction of any of the Premises or any part thereof or by reason of the untenantability of the same or any part thereof, for or due to any reason or cause whatsoever, and Tenant, notwithstanding any law or statute present or future, waives any and all rights to quit or surrender any part of the Premises therefor. Except as expressly provided in Section 8.05, Tenant expressly agrees that its obligations hereunder, including the payment of Rental by Tenant hereunder, shall continue as though the Premises had not been damaged or destroyed and without abatement, suspension, diminution or reduction of any kind by reason of such damage or destruction. The existence of any present or future law notwithstanding, except as expressly provided in Section 8.05, Tenant waives all rights to quit or surrender all or any part of the Premises by reason of any casualty whatsoever to the Premises. It is the intention of Landlord and Tenant that the foregoing is an "express agreement to the contrary" as provided in Section 227 of the Real Property Law of the State of New York. Nothing in this Section 8.04 shall be deemed to reduce or limit Tenant's rights under Article 34 hereof.

Section 8.05. Tenant's Limited Right to Early Termination. Notwithstanding anything to the contrary in this Article 8, if (a) the Buildings suffer a casualty the cost of restoration of which, in Landlord's reasonable opinion, exceeds seventy-five percent (75%) of the insurable value of the Buildings at the time of the occurrence (which determination shall be made within sixty (60) days of the occurrence), (b) the date of such casualty is after December 18, 2063, (c) the net insurance proceeds (plus any cash deposited by Tenant with Landlord to supplement the insurance proceeds available for Restoration costs) is sufficient, in Landlord's reasonable opinion, to pay 100% of the cost of such Restoration, and (d) no Event of Default then exists, then Tenant may terminate this Lease by at least ninety (90) days' prior written notice to Landlord ("Tenant's Termination Notice"), which notice shall be given no more than ninety (90) days after the date of such casualty; provided that (x) Tenant shall assign to Landlord all rights to property insurance, and (y) Tenant deposits with Landlord (in addition to any cash deposited with Landlord pursuant to clause (c) above) cash or a Letter of Credit in an amount equal

to ten percent (10%) of Landlord's reasonable estimate of the cost of Restoration, such cash or Letter of Credit to be utilized by Landlord in the event of any overruns and, to the extent not so utilized, shall be returned to Tenant not later than thirty (30) days after the first to occur of (i) completion of the Restoration, (ii) a determination by Landlord that it will not perform or cause to be performed a Restoration, or (iii) the third (3rd) anniversary of the deposit with Landlord of the cash or Letter of Credit. Upon such a termination, Tenant shall be released from any further liability under the Lease which might otherwise accrue from and after the date set forth in Tenant's Termination Notice. If Landlord fails within sixty (60) days after the later of (A) the occurrence of a casualty or (B) the date Tenant submits to Landlord all of such information that Landlord reasonably requests with respect to the casualty, insurable value, cost of Restoration and related matters, to make a determination of whether or not the cost of Restoration exceeds seventy-five percent (75%) of the insurable value of the Buildings at the time of the occurrence, Tenant may, subject to the other provisions of this Section, terminate this Lease as provided above; subject, however, to Landlord's right to contest that the estimated cost of Restoration does not exceed seventy-five percent (75%) of such insurable value. In the event of such contest by Landlord, this Lease shall not be terminated pending resolution of any arbitration instituted to resolve such dispute, and Tenant shall remain liable for the performance of all obligations under this Lease, other than the Restoration obligation pending resolution of the arbitration. If Tenant prevails in such arbitration, this Lease shall be deemed terminated as of the date set forth in Tenant's Termination Notice and Landlord shall promptly refund to Tenant all payments paid to Landlord pursuant to this Lease from and after such termination date. If Landlord prevails in such arbitration, Tenant shall proceed to restore the Premises as required by this Lease.

Section 8.06. Payment of Insurance Proceeds. Subject to the provisions of any Mortgage encumbering the Premises, the proceeds under all policies required by any provision of this Lease insuring against damage to the Premises by fire or other casualty shall be payable to Depositary and made available to Tenant for Restoration, except that if the total cost of repair or restoration is less than five percent (5%) of the insurable value of the Premises at the time of the occurrence, then such proceeds shall be payable in trust directly to Tenant for application to the cost of Restoration.

Section 8.07. Adjustments with Insurers. All property insurance policies as required by this Lease shall provide that all adjustments with the insurers for claims that equal or exceed ten percent (10%) of the insurable value of the Premises at the time of the occurrence shall be made with Tenant and

the First Mortgagee, if any, which is named as such on policy, subject to Landlord's consent (and Landlord shall respond to a request for consent to a settlement within thirty (30) days after receipt of the request). If Landlord does not respond within such thirty (30) day period, Tenant may send Landlord a second request for consent, and if Landlord does not respond within ten (10) days after receipt of such second request, Landlord's consent shall be deemed given. If Landlord denies consent, it shall notify Tenant of its reasons therefor. So long as no Event of Default is continuing, Landlord shall approve any settlement of an insurance claim under a property insurance policy where the amount of the proposed settlement is not less than the cost of restoration, as reasonably determined by the First Mortgagee (or if there is no First Mortgagee, then as is reasonably determined by Tenant so long as Tenant is MEPT Octagon LLC, or by Landlord if Tenant is other than MEPT Octagon LLC). Any adjustments for claims with the insurers involving sums of less than ten percent (10%) of the insurable value of the Premises at the time of the occurrence shall be made with Tenant without Landlord's consent.

Section 8.08. Arbitration. Any dispute under this Article 8 shall be resolved by arbitration pursuant to Article 35.

ARTICLE 9

CONDEMNATION

Section 9.01. Total Taking or Constructive Total Taking.

(i) In the event that the Master Lease shall be terminated as a result of a total taking or a constructive total taking of the premises demised under the Master Lease, pursuant to Article 13 of the Master Lease, this Lease shall terminate on the date of such taking, regardless of whether such taking shall affect the Premises, and the Rental and other charges payable by Tenant hereunder shall be apportioned and paid to the date of such taking, provided, however, that there shall be no adjustment, apportionment or refund of any of the Rental Payments which became due and payable prior to the date of such taking, or Lease termination. For purposes of this Article 9, a "constructive total taking" shall mean a taking of such scope that the portion of the premises demised under the Master Lease (or the Premises, as the case may be) not so taken is insufficient to permit the Restoration of the improvements thereon so as to constitute a complete,

rentable building or buildings, capable of producing a proportionately fair and reasonable net annual income proportional to the number of square feet not so taken; and

(ii) In the event of a total taking or a constructive total taking of the Premises which does not result in a termination of the Master Lease, this Lease shall terminate on the date of such taking, and the Rental and other charges payable by Tenant hereunder shall be apportioned and paid to the date of such taking, provided, however, that there shall be no adjustment, apportionment or refund of any of the Rental Payments which became due and payable prior to the date of such taking, or Lease termination.

(iii) A "constructive total taking" under the Master Lease with respect to the Premises shall constitute a "constructive total taking" hereunder, but a "constructive total taking" shall not be deemed to have occurred, and the provisions of Section 9.02 of this Lease shall apply, if Landlord's obligation under Section 13 of the Master Lease to restore, repair, replace or rebuild and/or Landlord's obligation to pay rent or other charges pursuant to the Master Lease with respect to the remaining portion of the Premises remains in effect after the effective date of the taking.

Section 9.02. Less than a Total Taking. In the event that there shall be a taking less than a constructive total taking or a temporary taking of all or a part of the Premises, and the Master Lease shall not have been terminated, this Lease shall terminate as to the portion taken, but shall continue in full force and effect as to the balance thereof. Tenant shall be obligated to Restore the portion of the Premises affected by such taking in accordance with the Design Guidelines and Master Lease. Tenant's obligation to pay Rental hereunder shall be pro rated in proportion to that portion of the Premises which remains after such taking, provided, however, that there shall be no adjustment, apportionment or refund of any of the Rental Payments which became due and payable prior to the date of such taking, or Lease termination.

Section 9.03. Condemnation Proceeds. Tenant shall receive: (i) all Condemnation Proceeds (as such term is defined in the Master Lease) distributed to Landlord, as tenant under the Master Lease, with respect to the portion of the Buildings affected by the taking in accordance with Article 13 of the Master Lease, less Landlord's reasonable expenses in obtaining such Condemnation Proceeds (which expenses shall be ratably allocated by Landlord among all portions of the premises demised under the Master

Lease so taken), and (ii) all Condemnation Proceeds to which Tenant might otherwise be entitled as Tenant hereunder or as sublessee under the Master Lease.

Section 9.04. Excess Insurance/Condemnation Proceeds. Upon Tenant's receipt of Excess Insurance or Condemnation Proceeds, Tenant shall pay to Landlord the Transaction Payment with respect thereto, if any.

Section 9.05. Other Compensable Government Action. Subject to the provisions of the Master Lease, in case of any governmental action not resulting in the taking or condemnation of any portion of the Premises but creating a right to compensation therefor, such as the changing of the grade of any street upon which the Premises abut, this Lease shall continue in full force and effect without reduction or abatement of Rental and the award shall be paid to Landlord, except that Tenant shall be entitled to that portion of the compensation allocable to the amount by which the value of the Buildings has been diminished.

Section 9.06. Trade Fixtures. Notwithstanding anything to the contrary contained in this Article 9, in the event of any permanent or temporary taking of all or any part of the Buildings, Tenant and its Subtenants shall have the exclusive right to assert claims for any trade fixtures and personal property so taken which were the property of Tenant or its Subtenants or other occupants (but not including any Equipment) and for relocation expenses of Tenant or its Subtenants or other occupants, and all awards and damages in respect thereof shall belong to Tenant and its Subtenants; provided, however, that if there shall be no separate award for such trade fixtures or personal property so taken, but amounts therefor are stipulated by the court to be included within an award, then any claims of Tenant and its Subtenants against such awards or damages shall be subordinate to Landlord's claims under this Article 9.

Section 9.07. Fee Interest. If Landlord acquires the fee interest in the Premises, the fee title to the Premises and the leasehold estate of the Landlord created under the Master Lease shall not merge, but shall remain separate and distinct. In such case, Landlord shall always be entitled to receive such portion of the Condemnation Proceeds, with interest thereon, as shall represent compensation for the value of the land of the Premises then considered as vacant and unimproved land subject to this Lease as of the day of the taking, plus consequential damages, if any, to the portion of the land constituting the Premises not so taken.

Section 9.08. Arbitration. Any dispute under this Article 9 shall be resolved by Arbitration pursuant to Article 35.

ARTICLE 10

ASSIGNMENT, SUBLETTING, TRANSFERS, ETC.

Section 10.01. Transfers.

(a) Except as otherwise permitted herein, prior to Substantial Completion of the Project, Tenant shall not, voluntarily or by operation of law or otherwise, without the prior written consent of Landlord, which consent may be granted or withheld by Landlord in its sole discretion:

(i) assign or transfer its interest in this Lease or any of Tenant's rights or obligations hereunder, by Tenant's action, by operation of law or otherwise (hereinafter, an "Assignment");

(ii) except as set forth herein, sublet, or permit the subletting of the Premises, or any portion thereof, nor enter into any franchise, concession, license or other occupancy agreement, or grant any franchise, concession, license or other occupancy rights with respect to the Premises or any portion thereof (collectively, a "Subletting") (a Subletting, in one or more transactions of any portion of the Building consisting of more than five percent (5%) of the Completed Units in the aggregate to any one Person or Affiliate of such Person within a twelve (12) month period shall be referred to herein as a "Major Subletting");

(iii) assign, transfer or otherwise dispose of any direct or indirect ownership interest in Tenant, or any Affiliate of Tenant, whether by transfers of stock, partnership interests, interests in a limited liability company or otherwise (such interests being collectively defined as "Interests") to a Person or Affiliate of such Persons, whether in a single transaction or a series of related or unrelated transactions. For purposes of this Article, "beneficial ownership" shall mean the right to enjoy any of the benefits of ownership, economic, or otherwise, of an equity interest in Tenant;

(iv) enter into a voting trust or similar agreement with respect to the Interests of

Tenant or any Affiliate, reclassify the Interests of Tenant or any Affiliate, merge or consolidate Tenant or any Affiliate with another Person (the transactions in (iii) and (iv) being collectively referred to as a "Transfer");

(v) syndicate, admit or cause to be admitted additional Persons (other than limited partners whose principal economic interest in Tenant or Becker Tenant is the allocation of federal and/or state tax credits or depreciation) to Tenant or Becker Tenant or any Affiliate of Tenant or Becker Tenant, including a syndication formed for the purpose of utilizing federal and/or state tax credits (a "Syndication"; an Assignment, Major Subletting, Transfer, Syndication, Financing or Refinancing (as defined in Article One) are hereinafter collectively referred to as a "Transaction").

(b) Notwithstanding the foregoing, a "Transfer" shall not include

(i) the transfer shares of stock by Persons other than those deemed "insiders" within the meaning of the Securities Exchange Act of 1934, as amended, which transfer of shares is effected through the "over-the-counter market" or through any recognized stock exchange;

(ii) a transfer of Interests by will or intestacy; or

(iii) a transfer of Interests to a Person which is wholly owned, directly or indirectly, by the transferor, or in the case of an individual transferor, to a person who is described in clause (ii) of the definition of "Affiliate".

(c) From and after Substantial Completion of the Project, Landlord's consent shall be required for a Transaction, provided, however, that Landlord shall be obligated to consent to a Transaction if Tenant has otherwise complied with the provisions of this Article 10.

(d) All Transactions made pursuant to this Article 10, except for Subleases (as hereinafter defined) of single residential units, shall be subject to the following conditions:

(i) No Event of Default shall have occurred and be then continuing hereunder, unless such Default is cured no later than the effective date of the proposed Transaction;

(ii) Tenant shall pay to Landlord the Transaction Payment, if any, which may be due and payable in connection with such Transaction;

(iii) No Transaction shall be consummated with a Person (or an individual having an ownership interest in such Person, unless the Person in such case is a publicly traded company) which is a Prohibited Person, provided, however, that Tenant's obligation to determine whether a Person is a Prohibited Person shall be to make inquiry of Landlord as provided herein and to cause the proposed transferee to submit to the Inspector General of New York City (or any Person designated by New York City) an application and information required by such Person to determine whether the Person is a Prohibited Person (formerly, this was known as New York City's "Vendex" system). Notwithstanding the foregoing, Tenant's submission of such inquiry shall not preclude the Landlord from determining independently that a Person is a Prohibited Person;

(iv) Tenant shall otherwise have complied with the provisions of this Article 10.

(e) In each instance wherein Tenant desires to effect a Transaction (other than a collateral assignment of this Lease or pledge or other security instrument granted to an Institutional Lender), and as a condition to the effectiveness thereof, Tenant shall, prior to the effective date of such Transaction: (1) give Landlord at least thirty (30) days' prior written notice of the proposed Transaction, (2) pay to Landlord any Transaction Payments with respect thereto, if applicable, such payment to be made as of the earlier of (i) the effective date of the Transaction, or (ii) the date Tenant receives the Transaction Proceeds, and (3) submit to Landlord the following documents and information (which documents may be unexecuted but shall, in all other respects, be in substantially final form) and such other information and documents it may reasonably require if the proposed Transaction is subject to the consent of Landlord:

(i) in the case of an Assignment, (A) a copy of the proposed instrument(s) of assignment, containing, inter alia, the name, address and telephone number of the assignee, (B) a copy of the proposed instrument(s) of assumption of Tenant's obligations under this Lease by said assignee, and (C) an affidavit of the assignee or an authorized officer, member or general partner thereof, setting forth (x) in the case of a partnership or limited liability company, the names and addresses of all members, general partners and all other partners of the assignee having an ownership interest in the assignee, (y) in the case of a corporation (other than a corporation whose common stock is traded over the

New York Stock Exchange, the American Stock Exchange, or any nationally recognized over-the-counter exchange, or which is an Institutional Lender), the names and addresses of all persons having record ownership of stock in, and all directors and officers of, the assignee (in the event that any of the Persons subject to disclosure under Sections 10.01(e)(i)(C)(x) or 10.01(e)(i)(C)(y) above shall be a limited liability company, partnership or corporation, each member, partner and stockholder thereof shall be subject to similar disclosure requirements, and these disclosure requirements shall continue to be applied transitively until the individual partners and/or stockholders have been disclosed);

(ii) in the case of a Major Subletting, (A) a copy of the proposed sublease limiting the use of the Premises to the uses contained in this Lease, and containing, inter alia, the name, address and telephone number of the Subtenant under such Major Subletting, and (B) an affidavit of such Major Subtenant or an authorized member, officer or general partner thereof, setting forth the same information with respect to the members, partners, shareholders, officers and directors of the subtenant as is required with respect to assignees under Section 10.01(e)(i). For so long as the MEPT Lease is in effect, any subletting by the Becker Tenant which would be deemed a Major Subletting if done by the Tenant pursuant to this Lease shall be subject to the requirements of this Lease and Tenant shall deliver, or cause the Becker Tenant to deliver the information required herein and pay any Transaction Payment which may be due as a result of such Major Subletting;

(iii) in the case of a Transfer or Syndication, (A) a copy of each proposed document by which such Transfer or Syndication is to be accomplished, and (B) an affidavit of an authorized member, officer or general partner of Tenant, setting forth the same information with respect to the members, partners, shareholders, officers and directors of Tenant as is required with respect to assignees under Section 10.01(e)(i);

(iv) in the case of a Financing or Refinancing, (A) a copy of the proposed document by which the Financing or Refinancing is to be accomplished, and (B) an affidavit of an authorized member, officer or general partner of Tenant, setting forth the sum of principal amounts of all previous Financings which remain outstanding and shall not be satisfied (for purposes hereof, "satisfaction" shall include an assignment in lieu of

satisfaction) and the sum of the proceeds of the present Financing; and

(v) in all such cases, such other documents and information as Landlord may reasonably request to permit the evaluation of such Transaction.

Landlord shall within fifteen (15) days after receipt of all requisite information and documentation, notify Tenant whether it grants its consent if such consent is required hereunder, and in those instances wherein the consent of Landlord is not so required or is granted, whether the form and substance of each such document and the information submitted establishes compliance with the provisions of Section 10.01(d) and Section 10.01(e), specifying, in the event that Landlord denies its consent to such Transaction or determines that any such documentation or any such information does not establish such compliance, the reason for such denial or determination. If Landlord requests additional information from Tenant in order to determine if such consent should be granted or if the Transaction complies with the provisions of this Article 10, Tenant shall promptly supply such information, and Landlord shall notify Tenant of its determination within ten (10) days after submission of such additional information from Tenant. If Landlord shall not have notified Tenant of such denial or determination within such 15 day period, in the case of an initial submission, or 10 days in the case of an additional submission, it shall be deemed to have consented to the proposed Transaction if such consent is required and to have determined that the documents and the information submitted establish compliance with the provisions of Section 10.01(d) and Section 10.01(e), provided that Tenant's request shall contain the following notice in bold and capitalized type:

YOUR CONSENT TO BE [DESCRIBE REQUEST] SHALL BE DEEMED GIVEN IF YOU FAIL TO RESPOND TO THIS REQUEST WITHIN [SPECIFIED PERIOD] FROM THE DATE OF YOUR RECEIPT OF THIS NOTICE.

Even if Landlord has consented to the proposed Transaction if such consent is required and/or has determined that the documents and information establish compliance with the provisions of Section 10.01(d) and Section 10.01(e), such consent and/or determination shall be conditioned upon the delivery to Landlord of executed documents substantially the same as those previously delivered to Landlord for review. In the event Landlord shall be deemed to have consented to any such Transaction in accordance with this Section 10.01(e), Landlord shall, upon

request by Tenant, confirm in writing Landlord's consent within fifteen (15) days of Tenant's request therefor.

(f) Subject to compliance by a Mortgagee with the provisions of Article 33 hereof, the provisions of Section 10.01(a) and (c) shall not apply to the acquisition of Tenant's right and interest in the Premises by such Mortgagee, or its nominee or designee, or purchaser at a foreclosure sale (provided that any such nominee or designee or purchaser at a foreclosure sale shall be subject to Landlord's approval) through the foreclosure of its Mortgage or through a deed or instrument of transfer delivered in lieu of such foreclosure, so long as such Mortgagee, nominee, designee or purchaser shall, in the instrument transferring to such Person the interest of Tenant hereunder, assume and agree to perform all of the terms, covenants and conditions of this Lease thereafter to be observed or performed by Tenant, subject to the provisions of Section 41.08 hereof. Each reference in this Section 10.01(e) to "Mortgagee" shall be deemed to include a wholly owned subsidiary (direct or indirect) of such Mortgagee or its direct parent, provided such Mortgagee has delivered to Landlord a written notice advising that such a subsidiary should be so deemed and certifying (i) that such subsidiary is wholly owned (directly or indirectly) by such Mortgagee or its direct parent and (ii) that such subsidiary is authorized to act in the place and stead of such Mortgagee.

Section 10.02. Transactions Involving MEPT, the MEPT Lease and Becker Tenant.

Notwithstanding anything to the contrary in this Article 10 or elsewhere in this Lease,

(a) (i) Landlord's consent shall not be required for any sale, assignment, transfer, pledge, encumbrance of the assets of or other transaction of any kind involving the Riggs Bank N.A. Multi-Employer Property Trust ("MEPT"), Riggs Bank N.A., any successor trustee of MEPT, or by any pension, retirement, profit sharing, stock bonus or similar benefit plan for employees or other Person whose funds are pooled with MEPT, whether occurring before or after Substantial Completion of the Buildings, other than as may be specifically imposed with respect to Tenant's Transactions pursuant to this Lease, (ii) in no event shall Tenant be obligated to make any Transaction Payment in connection with any transaction described in clause (i) of this sentence, and (iii) any transaction described in clause (i) of this sentence is specifically excluded from any and all requirements of this Article 10.

(b) (i) Landlord hereby consents to the MEPT Lease and agrees that Landlord's

consent to any modification, amendment, restatement, termination, whether occurring before or after Substantial Completion, shall not be unreasonably withheld or delayed, and (ii) Tenant shall not be obligated to make any Transaction Payment to Landlord by virtue of having entered into the MEPT Lease.

(c) Landlord's consent shall not be required in connection with any sale, assignment or transfer of Tenant's interest in this Lease to Becker Tenant and no Transaction Payment shall be payable in connection with such sale, assignment or transfer.

(d) Landlord's consent shall not be required in connection with any sale, assignment or transfer of Becker Tenant's interest in the MEPT Lease to Tenant, but Tenant shall be obligated to pay to Landlord any Transaction Payment which may be due and payable as a result of such sale, assignment or transfer.

(e) Tenant shall not be obligated to make any Transaction Payment where the Transaction is an Assignment to any Person which is wholly owned by the transferor or which Controls, is Controlled by, or under common Control with Tenant, and which Assignment has been approved by Landlord in accordance with the provisions of this Article 10, provided, however, that Tenant and such Assignee shall be jointly and severally liable for the performance of all of Tenant's obligations under this Lease.

(f) Landlord's consent shall not be required for a transaction described in Section 10.01(f) and no Transaction Payment shall be due in connection therewith.

Section 10.03. Subleases.

(a) All agreements for the rental or occupancy of residential or other space in the Buildings, including the MEPT Lease and any sub-subleases entered into by Becker Tenant, are referred to herein as "Subleases" and the named tenants or subtenants under such Subleases are referred to herein as "Subtenants". Each Sublease shall obligate the Subtenant (including Becker Tenant so long as the MEPT Lease remains in force and effect) to occupy and use the premises included therein for purposes consistent with this Lease, the Master Lease, the Certificate of Occupancy and the General Development Plan and shall be subject and subordinate to this Lease, the Master Lease and the General Development Plan. Tenant (or Becker Tenant so long as the MEPT Lease remains in force and effect) shall promptly and diligently enforce all of its

rights as the landlord under all Subleases in accordance with the terms thereof.

(b) Tenant (or Becker Tenant so long as the MEPT Lease remains in force and effect) may, without Landlord's consent, but subject to the provisions of Section 10.01(d) and this Section 10.03, enter into Subleases for the rental of residential space in the Buildings, or the occupancy of such space pursuant to licenses or concessions for periods shorter than the remainder of the Term at the time of such agreements. If Becker Tenant enters into a Subletting that would be a Major Subletting if done by Tenant under this Lease, then a Major Subletting shall be deemed to have occurred hereunder and Tenant shall pay to Landlord or cause Becker Tenant to pay to Landlord any Transaction Payment which may be due in connection with such Major Subletting, and such sum shall constitute Additional Rent under this Lease.

(c) Tenant must obtain Landlord's consent prior to entering into a Sublease for any commercial space serving the general public at the Premises, which consent shall not be unreasonably withheld so long as such Sublease does not violate the restrictions referenced below. Landlord consents to any commercial lease for a child day care and/or pre-school facility within the Project, as described herein. Any Sublease for commercial space shall be subject to any restrictions contained in any then existing commercial leases for commercial space on Roosevelt Island. If Tenant (or Becker Tenant if the MEPT Lease is then in effect) intends to enter into a Sublease for commercial space, it shall send written notice of such intention and the proposed use to be made of such space to Landlord and Landlord shall, within ten (10) business days after receipt of such notice advise Tenant if such proposed use would violate any restrictions in any then existing commercial leases on Roosevelt Island. Prior to entering into a Sublease for any commercial space, Tenant shall send to Landlord a notice of the sort required in Section 10.01(e). If Landlord does not respond to Tenant (or Becker Tenant) within fifteen (15) days after receiving a request for consent to a commercial Sublease, Tenant may send Landlord a second request for approval, and if Landlord does not respond within ten (10) days after receipt of such second request, Landlord's consent shall be deemed given. If Landlord denies consent, it shall notify Tenant of its reasons therefor. Notwithstanding the foregoing, Tenant (or Becker Tenant) may permit residents of Roosevelt Island to purchase membership or seasonal or day passes to the swimming pool to be constructed as part of the Project, and enter into Subleases for commercial uses for the provision of goods and services solely to residents of the Project (and

their guests, if accompanied by a resident) and which are not available to the general public, such as, e.g., dry cleaning drop-off and pick-up facilities (with the cleaning to be done off the Premises), a newsstand, a coffee stand, or a health club/fitness center, the intention being to provide amenities and services to residents of the Project of the type found in first-class residential buildings in Manhattan.

(d) At any time and from time to time, upon Landlord's demand, but not more frequently than once in any twelve (12) month period if no Event of Default has occurred and is then outstanding, Tenant promptly shall deliver, or cause Becker Tenant to deliver to Landlord a schedule of all Subleases, setting forth the names of all Tenants. Upon the reasonable request of Landlord, Tenant or Becker Tenant, so long as the MEPT Lease is in effect, shall permit Landlord and its agents and representatives to inspect all Subleases and, at Tenant's expense, to make copies thereof.

(e) All Subleases shall provide that (i) they are subject to this Lease and to the Master Lease, (ii) the Subtenants will not pay rent or other sums under the Subleases for more than one (1) month in advance (excluding security and other deposits required under such Sublease), (iii) at Landlord's option, on the termination of this Lease pursuant to Article 24, Subtenants (other than Becker Tenant) will attorn to, or enter into a direct sublease on identical terms with, Landlord, and (iv) Landlord shall enter into a Subordination, Non-Disturbance and Attornment Agreement with Becker Tenant in the form attached hereto as Exhibit L (the "Becker Tenant SNDA").

(f) Landlord, after an Event of Default by Tenant, may, subject to the rights of any Mortgagee, collect subrent and all other sums due under Subleases, including the MEPT Lease, and apply the net amount collected to Rental, but no such collection shall be, or be deemed to be, a waiver of any agreement, term, covenant or condition of this Lease or the acceptance by Landlord of any Tenant as tenant hereunder, or a release of Tenant from performance by Tenant of its obligations under this Lease.

(g) To secure the prompt and full payment by Tenant of the Rental and the faithful performance by Tenant of all the other terms and conditions herein contained on its part to be kept and performed, Tenant hereby assigns, transfers and sets over unto Landlord, subject to any assignment of Subleases and/or rents made in connection with any Mortgage (provided the

Mortgagee thereunder is an Institutional Lender), all of Tenant's right, title and interest in and to all Subleases, and grants to Landlord a security interest in the Becker Lease and any other Subleases, and hereby confers upon Landlord, its agents and representatives, a right of entry in, and sufficient possession of, the Premises to permit and insure the collection by Landlord of the rentals and other sums payable under the Subleases. The exercise of the right of entry and qualified possession by Landlord shall not constitute an eviction of Tenant from the Premises or any portion thereof and should said right of entry and possession be denied Landlord, its agent or representative, Landlord, in the exercise of said right, may use all requisite force to gain and enjoy the same without responsibility or liability to Tenant, its servants, employees, guests or invitees, or any Person whomsoever; provided, however, that such assignment shall become operative and effective only if (a) an Event of Default shall occur and remain uncured, or (b) this Lease and the Term shall be canceled or terminated pursuant to the terms, covenants and conditions hereof, or (c) there occurs repossession under a dispossess warrant or other re-entry or repossession by Landlord under the provisions hereof or applicable law, and then only as to such of the Subleases that Landlord has agreed to take over and assume.

Section 10.04. Assignment.

(a) Each and every assignee of this Lease, whether or not approved by Landlord and whether as assignee or as successor in interest to Tenant named herein or any subsequent assignee, including any purchaser of the Lease under a foreclosure of any Mortgage or other lien on this Lease, shall, in the case of an assignee of the Lease, immediately be and become liable for the payment of all Rental and other sums payable under this Lease, and for the performance of all of Tenant's obligations under this Lease, in each case to the extent arising from and after the effective date of such assignment.

(b) If this Lease is assigned, whether or not in violation of the provisions of this Lease, Landlord may collect the Rental and other sums payable hereunder to the extent arising from and after the effective date of such assignment from the assignee and enforce such obligations of Tenant hereunder against such assignee.

Section 10.05. Cooperative or Condominium Submission. Tenant shall not submit its leasehold estate in the Premises or any part thereof to cooperative or condominium ownership without the prior consent of Landlord to amend this Lease to accommodate such use and purpose and to provide

for Transaction Payments in connection with same, which consent may be withheld by Landlord in its sole discretion.

Section 10.06. Transactions by Becker Tenant Except as may be otherwise set forth herein, if Becker Tenant enters into an Transaction for which Landlord's consent is required under this Lease, or which would otherwise be subject to the payment of a Transaction Payment under this Lease if such Transaction were entered into by Tenant hereunder, then Becker Tenant shall be obligated to obtain the consent of Landlord and Tenant shall pay, or cause Becker Tenant to pay to Landlord any such Transaction Payment which is due and payable in connection with such Transaction. Becker Tenant's failure to do so shall constitute a default under this Lease.

Section 10.07. Consent. Any consent by Landlord given to any Transaction shall apply only to the specific Transaction thereby authorized and shall not relieve Tenant from any requirement hereunder of obtaining the consent of Landlord to any further Transaction.

Section 10.08. Tenant Not Relieved of Liability. The fact that a violation or breach of any of the terms, provisions or conditions of this Lease or of the Master Lease results from or is caused by an act or omission by any Tenant, Becker Tenant, or any other any Subtenant or any other occupant of the Buildings shall not relieve Tenant of Tenant's obligation to cure the same. Tenant shall take any and all reasonable steps necessary to prevent any such violation or breach.

Section 10.09. Constituent Documents. Upon request by Landlord, Tenant shall deliver to Landlord copies of any Constituent Documents and any replacement, modifications or terminations thereof to the extent reflecting any Transfer, together with such other information and evidence as shall be reasonably necessary and reasonably satisfactory to Landlord to confirm conformance with the requirements of this Article 10.

ARTICLE 11

CONSTRUCTION OBLIGATIONS

Section 11.01. (a) Improvements. Tenant covenants and agrees, at its sole cost and expense, promptly to commence and diligently undertake, or cause to be commenced and diligently undertaken, the construction of the Project, in accordance with the Plans and Specifications, the Design Guidelines and the Construction Agreements, which shall include the following: the Buildings having (i) approximately 500 Residential Units, consisting of (A) approximately 20% Middle-Income Units (the

restriction regarding Middle Income Units to be governed by the provisions of Section 23.03) and (B) approximately 80% market rate rental units; (ii) an underground parking garage for approximately 135 parking spaces and 23 surface spaces, all to be contained within the Premises ("Parking"); (iii) the new tennis courts to be constructed as referred to in Section 11.01(b) and open to the public (the "Tennis Courts") (the cost of providing Parking and the Tennis Courts being approximately $1,600,000); (iv) indoor and outdoor recreational facilities, including but not limited to, a public ecological park, a picnic area and a playground, all of which will be open to the public, and landscaping (collectively the "Park Facilities") (at a cost of approximately $800,000); (v) restoration and renovation of the historic landmark known as the "Octagon Tower" which shall be open to the public in accordance with the terms of the Preservation Covenant annexed as Exhibit D, containing a gallery, common areas, residential amenity spaces, a fitness center and offices (at a cost of approximately $8,200,000), and (vi) Infrastructure, including, without limitation, extension of the AVAC System to the Premises (the cost of extending the AVAC System being approximately $250,000). Tenant further covenants and agrees that, to the extent it spends less than the aggregate of the amounts specified in clauses (iii) - (vi) of this paragraph (a) in performing all of such work, it shall pay the difference to Landlord, in full, on or before the Substantial Completion of the Buildings, which payments shall constitute Additional Rent under this Lease.

(b) As part of the Improvements, Tenant intends to reconstruct and relocate the currently existing tennis courts to a location approximately fifteen feet east of their current location, as shown in the Plans and Specifications, which relocated site shall not constitute part of the Premises. Tenant shall cause the relocation and reconstruction of the Tennis Courts to be completed and available for use by the public no later than six (6) months after the currently existing tennis courts are taken out of service (the "Tennis Court Completion Date"). If the Tennis Courts are not completed and ready for use by such date, for any reason whatsoever (and not subject to extension for Unavoidable Delay), Tenant (or Becker Tenant) shall make satisfactory arrangements to provide adequate tennis court facilities available for residents on Roosevelt Island then holding tennis permits until such time as the Tennis Courts have been completed, either by the construction of temporary court facilities in the location designated on Exhibit N (or another comparable location designated by Landlord), or by securing blocks of designated court time (such designated hours to be disbursed throughout the day during

weekdays and weekends) at the indoor tennis facility located on Roosevelt Island or in the reasonable vicinity of Roosevelt Island, at no additional charge to the permit holders, or by making other alternate arrangements to provide sufficient court time to such permit holders in a manner reasonably satisfactory with the Roosevelt Island Tennis Association, or by any combination of the above methods.

Upon completion of the Tennis Courts, Tenant (and Becker Tenant) shall take all steps reasonably necessary so as to enable the members of the public to safely use the Tennis Courts during the course of construction of the Project.

In addition, Tenant shall relocate picnic tables and grills from the existing park area on the Project to off-site locations on Roosevelt Island designated by Landlord within fourteen (14) days after such designation by Landlord. Tenant shall restore the picnic tables and grills to the Park Facilities on the Project site once they have been substantially completed.

(c) Permits and Easements. Tenant shall obtain all necessary permits, consents, certificates and approvals for the construction of the Project from the New York City governmental authorities having jurisdiction over the Premises and/or existing improvements, except to the extent that exclusive jurisdiction is asserted by another agency of the State of New York; and except that notwithstanding anything contained in this Lease to the contrary, the Building Code of New York City shall govern the construction of the Project, repairs, Restorations and Capital Improvements. Subject to the provisions of Article 14 and consistent with the foregoing, Tenant shall comply with (i) all applicable laws, regulations or rules of Governmental Authorities, including the Zoning Resolution, as overridden by the Zoning Waiver, (ii) the Building Code of New York City in connection with the construction of the Buildings and (iii) standards issued by the New York Board of Fire Underwriters or any successor thereto as to policies of insurance. Tenant shall also obtain the approval of either (at Tenant's option) the New York Board of Fire Underwriters or the New York City Bureau of Electrical control for electrical installations. Tenant shall perform all required borings, soil tests and environmental and other reviews and studies in connection with the construction of the Buildings as are required by applicable law. Landlord shall, within twenty (20) days after receipt of request from Tenant, join in any and all applications for permits, licenses or other authorizations required by any governmental or other body, other than Landlord having

jurisdiction in connection with any work which Tenant may undertake hereunder. Landlord also will within twenty (20) business days of the receipt of written request from Tenant join in any grants of easements for electric, telephone, gas, water, sewer, AVAC and such other public utilities and facilities as may be reasonably necessary for the operation of the Premises if the provisions of any law, rule, or regulation at the time in effect shall require or contain an apparent requirement that Landlord join and cooperate in such application and/or grant. If, at the expiration of such twenty (20) days' period, Landlord shall have unreasonably refused to join in any such application for permits, licenses or other authorizations or grants for easements, Tenant shall have the right to execute such application and grants in the name of Landlord, and, for that limited purpose, Landlord hereby irrevocably appoints Tenant as its attorney-in-fact to execute such papers on behalf of Landlord. All requests to Landlord to join in such applications shall be in writing and shall reference, in capital letters, the provisions of this Section 11.01(b). Landlord shall not be subject to any liability for the payment of any costs or expenses actually incurred by Landlord in connection with any such application and/or grant, and Tenant shall assume the payment of, and hereby indemnifies Landlord for, any such costs or expenses actually incurred by Landlord.

Section 11.02. (a) Preconditions to Commencement of Construction. Construction shall not occur until:

(i) Tenant shall have obtained, paid for, and submitted to Landlord payment and performance bonds in penal sums equal to one hundred percent (100%) of the final construction cost of the Project as certified to Landlord by the managing member of Tenant;

(ii) Tenant shall have obtained and submitted to Landlord a building permit and all other permits required in connection with construction of the Project from New York City, including, without limitation, all approvals in connection with Landmarks Approval, an approved BCA (as hereinafter defined), if applicable, and evidence of delivery of the required information to the Office of Parks, Recreation and Historic Preservation ("Parks") pursuant to the Preservation Covenants dated April 30, 1990 and December 18, 1991 between Landlord and Parks, and the delivery of written certification from Parks pursuant to paragraph 7(b) of such Covenant, and the insurance required

under Section 11.03, together with evidence reasonably satisfactory to Landlord of the payment of the premiums therefor;

(iii) Landlord shall have approved the Plans and Specifications to the extent provided herein. Landlord's execution of this Lease shall evidence such approval;

(iv) Tenant shall have delivered to Landlord copies of all final Plans and Specifications which have been stamped as approved by the New York City Buildings Department (which Plans and Specifications may only be those Plans and Specifications which have been approved by Landlord);

(v) Tenant shall have delivered executed counterparts (or copies thereof) of the collateral assignment in respect of the Construction Agreements between Tenant and the general contractor (or construction manager) and the Architects (unless such provisions are inserted into the Construction Agreements themselves); and

(vi) There shall be no Event of Default outstanding hereunder.

(b) Plans and Specifications. Tenant covenants and agrees, at its sole cost and expense, to construct the Project in all material respects in accordance with the Plans and Specifications, the Design Guidelines and the Construction Agreements, all of which are subject to Landlord's approval. No changes shall be made in the Plans and Specifications insofar as such changes relate to site plans and elevations (as such site plans and elevations relate to the exterior of the Buildings, a reduction by more than fifteen percent (15%) of parking spaces available in the Parking, the Park Facilities, the Tennis Courts, the Octagon Tower and the landscaping), the exterior of the Buildings, Parking, the Tennis Courts, the Octagon Tower, and any increase in the number of Residential Units by more than one percent (1%) or decrease in the number of Residential Units by more than five percent (5%) within the Buildings (the "Material Specifications") without the prior approval of Landlord, which approval shall not be unreasonably withheld. If Landlord does not respond to Tenant's request for approval of such a change to the Material Specifications within twenty (20) days, Tenant may send Landlord a second request for consent, and if Landlord does not respond within ten (10) days after receipt of such second request, Landlord's consent shall be deemed given, if Tenant's request contains the following notice in bold and capitalized type:

YOUR CONSENT TO THE [DESCRIBE REQUEST] SHALL BE DEEMED GIVEN IF YOU FAIL TO RESPOND TO THIS REQUEST WITHIN [SPECIFIED PERIOD] FROM THE DATE OF YOUR RECEIPT OF THIS NOTICE.

If Landlord has asked that further information be supplied with respect to such proposed change in the Material Specifications, Landlord shall have an additional ten (10) days after receipt of such additional information in which to respond to Tenant. If Landlord denies consent, it shall notify Tenant of its reason therefor. Landlord shall be given prior notice of any changes made in the Plans and Specifications which are not Material Specifications, but such changes shall not require the approval of Landlord. The Plans and Specifications, including any amendments, modifications and supplements thereto, shall comply with the Building Code of New York City. The responsibility to assure such compliance shall be Tenant's; Landlord's approval, to the extent provided herein, of the Plans and Specifications or any amendments, modifications or supplements thereto shall not be, nor shall it be construed to be or relied upon as, a determination that the Plans and Specifications or any amendments, modifications or supplements thereto comply with the Building Code of New York City.

Landlord and Tenant acknowledge that the Plans and Specifications include a preliminary drawings of the Project's underground garage and related changes, that further design and engineering work will be necessary to produce final and complete Plans and Specifications for the underground garage and related changes which are fully coordinated and integrated with the remainder of the Plans and Specifications, and that changes in the remainder of the Plans and Specifications will be necessary to accomplish such coordination and integration. In addition, the Plans and Specifications show an emergency generator to be located adjacent to the tennis courts, and final Plans and Specifications will be prepared to show the relocation of such generator to a site within the Premises. Tenant acknowledges and agrees that the final and complete revised Plans and Specifications referred to in the immediately preceding sentences will supersede those portions of the existing Plans and Specifications to the extent they are inconsistent, the intent being that all Parking and the generator are to be contained within the metes and bounds description of the Premises set forth in Schedule A. Landlord consents to finalization of, and changes to, the Plans and Specifications as provided by the preceding sentences so long as the Plans and Specifications

continue to comply with the Design Guidelines, General Development Plan and are included within the agreements for construction of the Project.

Section 11.03. Construction Insurance. (a) So long as Gotham Construction Company, LLC ("Gotham") has been retained by Tenant as construction manager for the construction of the Project, Tenant shall cause Gotham to maintain in full force and effect that insurance coverage which is described in Exhibit R to Tenant's Construction Agreement with Gotham, with respect to the Contractor Controlled Insurance Program ("CCIP"). A copy of the terms and conditions of the coverage to be maintained by Gotham under the CCIP is annexed hereto as Exhibit P. This coverage shall be kept in effect until Completion of the Project, at no cost to Landlord. Any changes in the coverage provided under the CCIP or the carrier providing such coverage shall be subject to the approval of Landlord, not to be unreasonably withheld or delayed.

(b) In addition to the coverage described in Exhibit P, Tenant shall provide or cause to be provided pollution liability insurance with respect to the Hazardous Materials, the existence of which has been disclosed in the environmental reports listed in an exhibit to the MEPT Lease, with limits of not less than Five Million Dollars ($5,000,000) per occurrence and in the aggregate, with a deductible of no more than Fifty Thousand Dollars ($50,000.00), providing coverage for bodily injury or property damage arising from, or cleanup of, actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of such Hazardous Materials from, on, under, in or onto the Premises, including any loss, cost or expense incurred as a result of the investigation, settlement or defense of any claim, suit, or proceedings against Landlord, including the payment of any monetary awards of compensatory damages arising from any such occurrence. If the presence of additional Hazardous Materials beyond what has been disclosed is discovered during the course of construction, the coverage limits shall be increased appropriately. If thereafter during the term of the lease Tenant and/or Becker Tenant shall use, store, handle, process or dispose of Hazardous Materials in quantities or of a type regulated under Environmental Law and which create a substantial risk of Project contamination under Environmental Laws, it shall provide such pollution liability insurance at that time as well.

(c) Although not specifically delineated in Exhibit P, Tenant shall maintain property insurance/builder's risk coverage which satisfies the following: (i) limits shall be for the completed value of the Project, (ii) coverage shall include flood and earthquake coverage with

limits of $10,000,000; (iii) coverage shall have replacement cost valuation; and (iv) coverage shall apply for testing (the "Property Coverage"). In addition to Tenant and the additional insureds listed in Exhibit I, the Property Coverage shall also cover Gotham and the subcontractors working on the Project.

(d) If a different construction manager or general contractor is substituted in place of Gotham, the new party shall provide substantially similar insurance coverage to that set forth in Exhibit P and the rest of this Section 11.03 (including, without limitation, the Property Coverage listed in paragraph (e) above) and Landlord shall not be deemed to be unreasonable in withholding consent to such substitution until evidence of the substituting party's ability to provide such insurance has been reasonably demonstrated to Landlord.

(e) Tenant further covenants and agrees that

(i) no construction shall be commenced until Tenant shall have delivered to Landlord (from all parties required to provide coverage hereunder) certificates of insurance signed by authorized insurance company personnel, or the original policies, or duplicate originals thereof, with evidence reasonably satisfactory to Landlord that the required insurance has been obtained and is in full force and effect, and

(ii) All insurance required to be carried under this Section 11.03 shall also comply with the requirements set forth in Exhibit I.

Section 11.04. (a) General Contractor and Construction Manager. Tenant shall engage as the general contractor or construction manager for the construction of the Project: (i) Gotham or (ii) subject to Landlord's approval, which approval shall not be unreasonably withheld, such other firm as may be proposed by Tenant. Tenant has engaged Octagon Development, LLC as the Developer pursuant to the Development Services Agreement, an executed copy of which has been delivered to Landlord and initialed by the parties, or (iii) subject to Landlord's approval, such other firm as may be proposed by Tenant. No general contractor or construction manager or developer shall be engaged or substituted except in accordance with this Section.

(b) Commencement and Prosecution. Commencement of construction shall occur not later than the Construction Commencement Date, subject to Unavoidable Delays, and construction of the Project shall proceed in a logical construction sequence as more particularly

set forth in the Development Schedule. The construction of the Project shall be prosecuted with all reasonable diligence and without interruption, subject to Unavoidable Delays, and completed in a good and workmanlike manner, in accordance with the Plans and Specifications, the Design Guidelines and the Construction Agreements.

(c) Completion. Substantial Completion of the Project and all site and utility work on the Premises shall occur no later than two (2) years and five (5) business days following the Construction Commencement Date, subject to Unavoidable Delays. Tenant shall use commercially reasonable efforts to commence completion of all Punch List Items and shall diligently proceed to complete such work, which shall be completed no later than ninety (90) days after Substantial Completion, subject to Unavoidable Delays. Upon Substantial Completion of the Project, Tenant shall furnish Landlord with (i) a certificate from the SLCE (or any approved successor) addressed to Landlord certifying that construction of the Project has been completed in all material respects in accordance with the Plans and Specifications, (ii) true copies of all currently available Temporary or Permanent Certificates of Occupancy for the Premises, (iii) a complete set of "as built" plans, and (iv) a survey prepared by a licensed surveyor showing all of the Buildings, the Parking, the Tennis Courts, the Octagon Tower, the Park Facilities and location of any Infrastructure constructed by Tenant and easements on the Premises. Tenant shall cause any Temporary Certificate of Occupancy for the Buildings to be kept in effect, at its expense (and shall deliver evidence of the renewal of any Temporary Certificate of Occupancy to Landlord), and shall diligently pursue obtaining a Permanent Certificates of Occupancy issued by New York City for all space in all of the Buildings, and subject to Unavoidable Delays, Tenant shall use commercially reasonable efforts to furnish Permanent Certificates of Occupancy within eighteen (18) months from the date of Substantial Completion of the Buildings, but its failure to obtain a Permanent Certificate of Occupancy within that time frame shall not relieve Tenant of its obligation to obtain such a Permanent Certificate of Occupancy. At no time shall Tenant permit the Buildings to be occupied without either a valid Temporary or Permanent Certificate of Occupancy being in effect. Landlord acknowledges that Substantial Completion of the Project may occur in stages. Tenant shall deliver, at its cost and expense, to Landlord within two hundred and forty (240) days after

Completion of the Buildings a lien search issued by a title insurance company reasonably satisfactory to Landlord.

Section 11.05. Proper Conditions. Tenant agrees that, throughout the course of construction at the Premises, Tenant shall:

(a) maintain a reasonably clean, securely enclosed Construction Site with fencing and lighting within and surrounding the structures;

(b) store all equipment and park all vehicles (other than vehicles of construction workers and employees at the site who may park as designated in paragraph (f) below) within the Construction Site;

(c) refill and restore as soon as feasible any Streets or other existing facilities which shall remain but which Tenant has excavated or otherwise disturbed;

(d) keep the Streets, the spiral ramp and entrance plaza, and the Bridge reasonably free from dirt and debris resulting from the construction, and take all action to limit airborne dirt and dust in accordance with standard New York City construction standards and applicable laws, rules, regulations and orders;

(e) prohibit construction equipment, trailers, trucks, automobiles, construction vehicles, delivery trucks, employee automobiles and other equipment and vehicles from standing or parking on the Streets;

(f) require construction workers and employees to park either in the Motorgate Parking Facility on Roosevelt Island ("Motorgate") or within the Construction Site provided that Tenant shall not permit the number of vehicles parked within the Construction Site at any one time to exceed that number of vehicles which may from time to time be reasonably approved by Landlord;

(g) include or cause to be included a provision in the general contract and all subcontracts requiring all construction workers and employees to park either in Motorgate or within the Construction Site, and specifying that the number of vehicles parked within the Construction Site at any one time shall not exceed that number of vehicles which may be

approved by Landlord as provided in Section 11.05(f), including therein a warning that vehicles in violation of such provision will be towed;

(h) provide competent watchmen for the Construction Site in accordance with New York City Requirements during all hours when construction operations are not in progress;

(i) conduct or permit blasting only between the hours of 8 a.m. and 5 p.m., Mondays through Fridays, except holidays, or during times for which a special permit may be obtained from New York City and in strict compliance with applicable codes and regulations with respect to the size of charges;

(j) comply with all applicable noise control laws and regulations, and take additional actions to minimize and control noise in accordance with New York City construction standards;

(k) promptly restore and repair any damage caused by Tenant or resulting from the construction of the Buildings by Tenant to the Streets, Motorgate and the Bridge (to the extent Landlord may be required to restore the Bridge under the provisions of the Master Lease), and for a period of two (2) years after Completion of the Buildings make such repairs to the Streets as are necessitated by any settling caused by Tenant or resulting from the construction of the Buildings by Tenant; and

(l) comply with the New York City Building Code and the Construction Rules and Regulations attached hereto and made a part of hereof as Exhibit "G" with respect to the Construction Site, load limitations on the Bridge and other construction matters, including, without limitation, the location of cranes and construction elevators.

Section 11.06. Survey. Tenant shall furnish Landlord a video or photographic survey of the Land at no cost to Landlord within thirty (30) days of the Commencement Date and prior to Commencement of Construction.

Section 11.07. Title to Buildings; Materials and Services. (a) All subcontracts and purchase orders shall be executed in Tenant's own name and on its own behalf and not as agent for Landlord, it being expressly understood and agreed that all design consultants, subcontractors and materialmen shall at all times be deemed to be engaged by Tenant and not by Landlord. Notwithstanding the previous sentence, Tenant agrees that the materials to be incorporated into the Project at any time during the Term shall, upon purchase of same, whether or not incorporated into the Project and at all times

thereafter, constitute the property of Landlord subject to the Lease, and that upon construction of the Project or the incorporation of such materials therein, title thereto shall continue in Landlord, provided, however, that (i) Landlord shall not be liable in any manner for payment or otherwise to any contractor, subcontractor, laborer or supplier of materials in connection with the purchase of any such materials, (ii) Landlord shall have no obligation to pay any compensation to Tenant by reason of its acquisition of title to such materials and Project and (iii) that any refunds, credits or other proceeds which may be obtained in respect of such materials shall be the property of Tenant.

(b) Tenant covenants and agrees that all Agreements relating to the construction of the Project, any Restoration or Capital Improvement shall provide substantially as follows: "[general contractor] [subcontractor] [materialman] hereby agrees that immediately upon payment by Tenant to the general contractor for any building materials to be incorporated in the Project (as said term is defined in the lease pursuant to which the owner acquired a leasehold interest in the property) or the delivery of such building materials to the site, such materials shall be and become the sole property of RIOC, a body corporate and politic of the State of New York constituting a public benefit corporation and a political subdivision thereof, notwithstanding that such materials have not been incorporated in, or made a part of, such Project or Premises at the time of such payment or delivery."

(c) All purchase orders, guarantees or warranties executed and/or delivered in connection with materials which are purchased by Tenant shall provide that if (i) upon inspection of the same by Landlord at any time prior to or during the applicable warranty period, or (ii) upon inspection of the same by Landlord at any time during the period commencing on the date of the inspection of each portion of the Project, and ending on the last day of any such warranty period, either of the foregoing, as the case may be, determines that such materials, or any portion thereof, are faulty or defective in any respect, such materials shall be replaced, at such materialman's sole cost and expense, within thirty (30) days after receipt of notice to such effect from Landlord or the Landlord's representative, as the case may be (unless such replacement cannot, in the exercise of reasonable diligence, be replaced within such thirty (30) day period, in which event such thirty (30) day period shall be extended for so long as it shall reasonably require such materialman to make such replacement). Notwithstanding the foregoing, Landlord agrees that the exercise of the aforesaid rights by Landlord is subject to

Tenant's right to dispute such determination. In such event, Tenant need not make such replacement unless and until thirty (30) days (as such period may be extended as set forth above) after the dispute is determined by the Landlord's representative in favor of Landlord, which determination by the Landlord's representative shall be final, conclusive and binding upon the parties.

(d) Any Construction Agreements entered into by Tenant or Becker Tenant after the Commencement Date shall be accompanied by a collateral pledge agreement substantially similar to that being executed by Landlord, Tenant and Gotham Construction Company LLC as of the Commencement Date.

(e) In addition to the requirements set forth above, each Architect's agreement and any other contracts with design consultants also shall provide that such design consultant shall be liable to, and shall indemnify and hold Tenant, Landlord, Landlord's representative, the City of New York, UDC and DHCR (and each of their respective directors, officers, employees and agents), harmless from and against, all claims, damages, losses, expenses and other liabilities arising out of, or resulting from, the negligent performance of the professional services rendered by such design consultant for the Project and that Landlord shall have, and may exercise its, third party beneficiary rights thereunder to the extent of any damage or loss sustained by Landlord on account thereof.

(f) Tenant shall prepare and include in all subcontracts and purchase orders the applicable provisions of the Affirmative Action Program (hereinafter defined) and all required non-discrimination provisions, as set forth in Exhibit E hereof.

(g) Except as hereinafter otherwise permitted, Tenant shall keep the site free from accumulation of waste materials and rubbish caused by its operations. If Tenant fails to keep the site reasonably clean or fails to clean up the site upon the completion of the Project, Landlord after notifying Tenant and the expiration of seven (7) days' after notice, or such shorter period of time as may be necessary to prevent danger to persons or property, may do so and the cost thereof shall be charged to Tenant. Tenant shall be responsible for collecting, from time to time, all paper, cartons and other debris caused by the performance of the work which may have accumulated outside of the construction area, and placing the same at such location or locations at the site, or in reasonable proximity thereto, as designated by Landlord.

(h) The materials of manufacturers referred to in the Plans and Specifications (other than the progress drawings and specifications) are intended to establish the standard of quality and design of the Project. Notwithstanding the foregoing, and if they are equivalent or better, materials of manufacturers other than those specified may be used, if approved by the Landlord's representative, who shall be the reasonable judge of equivalency of proposed substitute materials. Prior to proposing any substitute item, Tenant shall satisfy itself that the item Tenant proposes as a substitute is, in fact, equal to or better than that specified.

(i) Acceptance of substitutions shall not relieve Tenant from responsibility for compliance with all the requirements of the Construction Agreements, and except as otherwise provided herein, the Development Schedule shall not be extended by any circumstance resulting from a proposed substitution, nor shall Tenant be entitled to any compensation for any delay caused thereby or related thereto.

(j) All materials furnished shall be new unless stated otherwise. When materials are specified to conform to any industry standard, the materials delivered to the site shall bear the manufacturer's label stating that the materials meet such standards. The above requirements shall not restrict or affect the rights reserved to Landlord and the Landlord's Representative to test materials.

Section 11.08. Publicity. Prior to and during construction, upon .request of Landlord, Tenant, at its sole cost and expense, shall furnish and install Landlord's customary project sign at a location on the Premises satisfactory to Landlord. Tenant also shall extend to Landlord, RIOC, New York State and New York City the privilege of participating in ground-breaking and opening ceremonies to be held at such time and in such manner as Landlord and Tenant shall agree.

Section 11.09. Landlord Cooperation. Tenant shall comply with the Design Guidelines and Construction Rules and Regulations. Landlord shall, at no out of pocket expense to Landlord and without increasing any of Landlord's obligations under this Lease with respect to the following items, (a) reasonably cooperate with Tenant in all matters relating to the construction of the Project and the obtaining of electric, telephone, gas, sewer, water, AVAC and other public utilities as may be reasonably necessary in the operation of the Premises and of the Buildings, and (b) attempt to cause prompt action to be taken on any applications made for any required consents, approvals or other action related thereto.

Section 11.10. Utilities. (a) Water Main and Hydrants. Tenant shall construct a water main which shall run from the tie-in location at the intersection of 12th Road and Main Street beneath 12th Road, continuing west along the length of 12th Road to connect with the existing water main running along the western promenade If required by applicable law or by the New York City Fire Department, Landlord or Tenant, in either case at Tenant's expense, also shall install or require Tenant to install, in accordance with the standards of the New York City Fire Department, fire hydrants on Main Street in the area of the Premises and along the Promenade as may be required by the New York City Fire Department. The construction of said water main shall be coordinated with the construction of the Buildings to ensure that said water main and all required hydrants have been constructed and are in place by the date of any occupancy or use of the Buildings by residents.

(b) Construction of Utilities. Tenant, at Tenant's expense, shall perform the following:

(i) connect all utilities from the Premises to utilities located on or adjacent to the Premises, other than electricity for which Tenant shall run a line to the Premises from an agreed-upon connection point with the utility company;

(ii) if required in Tenant's reasonable opinion for adequate storm drainage, construct private storm drainage sewer line from the Premises to the east and west channel of the East River and secure all approvals required for discharge into the East River. To the extent Tenant's private storm drainage lines connect into existing storm drainage lines, Tenant represents that it has inspected the condition of the existing drainage lines and Landlord assumes no responsibility for the condition or operation of same;

(iii) construct all connections to the existing AVAC line located adjacent to Manhattan Park, subject to the reasonable approval of Landlord and in accordance with the provisions of paragraph (e) below;

(iv) relocate, with the reasonable approval of Landlord, the existing force main, 8" water main, gas line and New York City Fire Department telephone and communications lines and any other utility lines, whether known or unknown, presently located beneath the Land in the area of the proposed Buildings or take such alternate action as may be

approved by Landlord. To the extent the Plans and Specifications show that any lines (including the AVAC lines) will be run or relocated outside the Premises, Tenant shall promptly, and at its own expense, restore any damage caused by such work. In addition, any utility lines which Tenant plans to relocate along the adjacent ball field shall not be installed until after early November, and, following the installation of such utility lines, Tenant shall promptly restore the ball field to its prior condition, at Tenant's cost and expense.

(v) construct all other utilities required by Tenant, including installing an electricity line to service the Premises.

Tenant acknowledges that it has investigated the Premises and made a determination that the existing utilities available to the Premises and the capacities thereof are sufficient for Tenant's purposes under this Lease. Landlord's consent to the installation, relocation or connection of such utilities shall not relieve Tenant from the obligation to obtain all required approvals from governmental agencies and the utilities. If any streets have to be closed temporarily in connection with Tenant's utility work, such as Main Street or 112th Road, Tenant shall provide an alternate route during the duration of such work.

(c) Maintenance of Municipal Utilities. Landlord, at no expense to Tenant other than those which may be imposed pursuant to Articles 4 and 40, shall be responsible for the maintenance and repair of the following utilities servicing the Premises to the extent that New York City would be so responsible as the local municipal government as a matter of law if New York City had, in the absence of any contractual or lease obligations whatsoever, constructed same in a public street, right of way, or in other public areas and agreed to assume control and management of same:

(i) the existing and new sewer main and pumping stations located on Roosevelt Island which serve the Premises;

(ii) the existing and new water mains located on Roosevelt Island which serve the Premises;

(iii) the existing sea wall located on or adjacent to Roosevelt Island along the East River.

(iv) the fire hydrants servicing the Premises;

(v) the existing storm flow drainages; and

(vi) existing and new sanitary force mains.

If Landlord shall fail to maintain and repair the utilities as set forth in this Section 11.10(c), Tenant, in addition to any other rights it may have by reason of such failure of Landlord, may obtain such utilities from another source. Landlord's obligations, if any, with respect to each of such utilities shall terminate as of the respective date or dates which (or to the extent that) responsibility for such maintenance and repair shall be assumed by New York City.

(d) Sea Wall. Tenant shall not make any holes in the sea wall without the consent of Landlord.

(e) AVAC. The Plans and Specifications anticipate that Tenant will run its AVAC line over a portion of the Premises leased to Manhattan Park (the "Manhattan Park Premises") and connect the AVAC line to the existing AVAC connection point currently located on the Manhattan Park Premises (the "AVAC Work"). If requested by Tenant, Landlord shall notify the tenant under the lease for the Manhattan Park Premises (the "Manhattan Park Tenant") that it wishes to exercise the rights reserved by Landlord in such lease to enter upon, over, under, across and through the Premises for construction, repair, maintenance and replacement of AVAC and shall designate Tenant (references in this paragraph (e) to Tenant shall be deemed to mean Tenant and/or Becker Tenant) as the party who will be responsible for performing the AVAC Work. Tenant shall provide the Manhattan Park Tenant with details of the AVAC Work to be performed and of the anticipated schedule for the performance of such work and shall keep the Manhattan Park Tenant apprised of any changes in such work or the schedule therefor.

Tenant shall coordinate the AVAC Work to be performed within the Manhattan Park Premises so as not to unreasonably interfere with the Manhattan Park Tenant's use and enjoyment of the Manhattan Park Premises in the exercise of such easement, or the operation of the AVAC system servicing the Manhattan Park Premises and shall promptly, and at its own expense, restore any damage caused to the Manhattan Park Premises and the AVAC system as a result of the performance of such work.

Landlord shall have no liability (except for its obligations under this section) if the

Manhattan Park Tenant refuses to cooperate with Tenant in connection with the intended AVAC Work or refuses to grant Tenant access to the Manhattan Park Premises for such purpose. Tenant hereby indemnifies Landlord and holds Landlord, Master Landlord and UDC harmless from all claims, liability, cost, expense and damages (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the indemnified parties as a result of the performance of the AVAC Work or any claims by the Manhattan Park Tenant that it is not obligated to grant Tenant access to the Manhattan Park Premises in order to perform such work. If the Manhattan Park Tenant refuses to permit access to the Manhattan Park Premises for the performance of the AVAC Work, Tenant may, upon notice to Landlord, and with counsel reasonably satisfactory to Landlord, commence litigation against the Manhattan Park Tenant to gain access to perform the AVAC Work. If such litigation must be brought in Landlord's name, Tenant may do so, but such litigation shall not be commenced without prior notice to Landlord, and Landlord's counsel shall have the right to participate in and monitor such litigation at Tenant's sole cost and expense. Tenant shall bear all risk of delay in the performance of the AVAC Work as a result of its connecting to the AVAC system through the Manhattan Park Premises, including any delays caused by litigation instituted by the Manhattan Park Tenant seeking to prevent access for the performance of the AVAC Work, or against the Manhattan Park Tenant seeking such access, and any such delays in the performance of the AVAC Work as a result thereof shall not constitute an "Unavoidable Delay" as defined in this Lease.

In addition to the foregoing, for a period of one (1) years after the AVAC Work has been performed and the AVAC system serving the Premises is in operation, Tenant shall indemnify and hold Landlord harmless from all claims, liability, cost, expenses and damages (including, without limitation, reasonable attorneys' fees and disbursements) arising from claims by the Manhattan Park Tenant that the AVAC system servicing the Manhattan Park Premises has been damaged or is not working properly as a result of Tenant's having connected to the AVAC system at such point. This paragraph and the preceding three paragraphs of this Section 11.10(e) shall not apply if Tenant does not elect to pursue the Manhattan Park route for AVAC.

Although the Plans and Specifications show that Tenant's AVAC system will connect through the Manhattan Park Premises, Landlord shall also permit Tenant to run the AVAC line in an easterly direction across a ball field leased by Landlord and connect to the main AVAC line

at a point other than on the Manhattan Park Premises, so long as the installation of such line does not violate any environmental or other legal requirements or statutes to which Landlord is subject. Landlord is not currently aware of any legal requirements which would prevent Tenant's use of such alternate route. If Tenant determines that such alternative route is desirable and feasible (and if Landlord is not prohibited from so agreeing), Tenant may modify the Plans and Specifications to provide for this alternate route, subject to Landlord's consent, which shall not be unreasonably withheld or delayed. The procedure for obtaining such consent or deemed consent shall be the same as that set forth in Section 11.02(b). In such case, Tenant shall promptly, and at its own expense, restore any damage to the ball field and/or street caused by the installation of the AVAC line.

Section 11.11. Independent Contractor. In performing its obligations under this Lease, Tenant shall be deemed an independent contractor and not an agent, employee or partner of Landlord.

If any mechanic's, laborer's or materialman's lien or any security interest at any time shall be filed against the Project or any part thereof arising out of the services hereunder, or if any public improvement lien shall be filed or permitted to be filed against the assets of, or funds appropriated to, Landlord or the State of New York arising out of the services, Landlord thereafter shall have the right to demand delivery by Tenant of a letter of credit, or bond, at Tenant's option, in an amount reasonably deemed by Landlord as sufficient to indemnify Landlord and the State of New York fully for any costs or expenses which may be incurred in connection with the removal of such liens or security interest. Tenant agrees that if any design consultant, construction manager, general contractor, subcontractor or materialman performing design work or the Project, or furnishing materials, or if anyone claiming directly or indirectly under or through Tenant or any such design consultant, construction manager, general contractor, subcontractor or materialman shall suffer, permit, file or cause to be filed any mechanic's or public improvement lien or security interest against the Premises, the Project or any portion thereof, or against any assets of or funds appropriated to Landlord, Tenant, within thirty (30) days after notice of filing thereof, shall commence a proceeding to cause such lien or security interest to be discharged of record by payment, deposit, bond, order of court of competent jurisdiction or otherwise and shall thereafter diligently prosecute such proceeding. If Tenant shall fail to cause such lien to be bonded or discharged of record within the shorter of the period

aforesaid or the cure period set forth in any Mortgage, and if such lien shall continue for an additional fifteen (15) Business Days after notice by Landlord to Tenant, then, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of record of such lien or security interest by bonding or otherwise, and in any such event, Landlord shall be entitled, if Landlord so elects, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to pay the amount of any judgment (the enforcement of which has not been stayed and which is beyond the right of judicial appeal) in favor of the lienor with interest, costs and allowances. Any amount so paid by Landlord, including all costs and expenses incurred by Landlord in connection therewith, together with interest thereon at the Involuntary Rate, from the respective dates of Landlord's making of the payment or incurring of the costs and expenses, shall be payable by Tenant to Landlord on demand.

Section 11.12. Landlord's Construction Activities. Tenant acknowledges that it is aware that construction activities of Landlord are contemplated within Roosevelt Island. Tenant shall coordinate its construction activities at the Premises with Landlord's construction activities taking place in Roosevelt Island. In no event shall Landlord be liable .for any delays in Tenant's construction of the Buildings attributable to Landlord's construction activities in Roosevelt Island.

Section 11.13. Construction Rules and Regulations. Tenant agrees to perform the construction of the Project in a manner (i) consistent with the Development Schedule, the Design Guidelines, the Plans and Specifications and the Construction Agreements subject to Unavoidable Delays, (ii) so as not to cause unreasonable interruption in the performance of the construction and so as not to interfere unreasonably with the work being perform by others on Roosevelt Island ("Work of Others") , (iii) so as not to cause unreasonable interruption or interference with the daily activities of Island residents, and (iv) so as to comply with Landlord's Construction Rules and Regulations. Notwithstanding anything in this Section 11.13 to the contrary, Landlord assumes no liability for damages incurred by Tenant or delays which occur as a result of the Work of Others.

Section 11.14. Conflicts Among Construction Agreements. If any material conflicts, discrepancies or ambiguities are found with respect to Material Specifications in or among any of the Construction Agreements, they shall be brought to the attention of the Landlord's representative immediately for resolution. To the extent such conflicts impact only on the price to be charged to

Tenant under the Construction Documents, but do not otherwise affect whether the finished work will comply with the approved Plans and Specifications, SLCE shall be the interpreter of the Construction Agreements. In other cases, where the resolution of such conflict or ambiguity will determine whether or not the Project has been substantially completed in accordance with the Plans and Specifications, or which affect utility lines serving other portions of Roosevelt Island, the Landlord's representative shall consult with its own licensed architect, as well as with the Architects and any other relevant design consultant who prepared the plans in question or who will sign-off on any of the work, in order to solve the discrepancy. In such cases, if the parties are unable to reach unanimous agreement, Landlord's representative shall be the interpreter of the Construction Agreements with respect to compliance with the Plans and Specifications, the Design Guidelines and the agreements comprising the Construction Agreements and will interpret the same in a manner so as to secure, in all cases, the performance of the services in accordance with good construction practice in the City of New York and Governmental Requirements, provided, however, that nothing herein shall be deemed to shift Tenant's obligation to ensure compliance of the Construction Agreements with Governmental Requirements from Tenant to the Landlord's representative and/or Landlord; provided further, that if Tenant disagrees with such interpretation, such dispute shall be resolved by arbitration in accordance with Article 35 hereof.

Section 11.15. Fill. At Tenant's sole cost and expense, Tenant shall remove from the Island any fill which is excavated and not used in connection with the construction of the Project, unless otherwise directed by Landlord.

Section 11.16. Release of Liens. (a) Tenant shall deliver each portion of the Project to Landlord upon Final Completion (as hereinafter defined), free and clear of all liens and encumbrances. Upon Final Completion, Tenant shall furnish to Landlord its final affidavit that to the best of Tenant's knowledge, there are no liens or encumbrances on the Project, or other claims or demands by, and that there is no indebtedness to, design consultants, general contractors, construction managers, subcontractors or materialmen, or to other employees or third persons directly or indirectly employed by Tenant or by any design consultant, subcontractor or materialman.

(b) Each portion of the Project shall be deemed to have reached final completion ("Final Completion") after all of the following have taken place:

(1) the Landlord's representative shall have certified to Landlord that the Punch List Items for the Project shall have been completed and the Final Certificate of Completion for the Project, shall have been issued;

(2) the survey, the mylar reproducible drawings and the "as built" drawings shall have been submitted and approved in accordance with the terms of this Lease;

(3) the final affidavit shall have been submitted by Tenant, and any other documents or actions expressly specified in the Construction Agreements as preconditions to final payment for the work shall have been submitted or completed; and

(4) any required inspections or approvals by the City or any other governmental authority having jurisdiction thereover with respect to the Project shall have been performed or obtained, all certificates and permits required to have been issued as a condition precedent to the lawful use of the Project shall have been issued and the originals thereof shall have been furnished to Landlord, including certificates of occupancy, where applicable.

(c) Tenant shall submit final waivers of lien from all design consultants, construction managers, general contractors, subcontractors and materialmen promptly after final payment to them, except for those whose contract amount is $50,000 or less, in which case Tenant shall retain the contracts and evidence or payment for the statute of limitation period if no final waiver of lien is obtained. Tenant's failure to obtain such waivers shall not relieve it of its obligation to remove any mechanics liens filed in connection with the Project.

Section 11.17. Inspections; Acceptances. Landlord, the Landlord's representative and their respective authorized representatives or agents shall at all reasonable times during business hours on Business Days have reasonable access to, and the right to observe, the work and all facilities where the work or any part thereof is being fabricated or stored, and Tenant shall provide proper facilities for such access and observation. Landlord shall use commercially reasonable efforts to exercise its right of access and observation in a manner which does not unreasonably interfere with Tenant's construction of the Project. If any of the work is required to be inspected or approved by any public authority, including, without limitation, the City of New York, to determine compliance with Governmental Requirements, Tenant, in consultation with Landlord, shall cause such inspection or approval to be

performed. No inspection performed or failed to be performed by Landlord hereunder shall be a waiver of any of Tenant's obligations hereunder to perform the work in accordance with all Governmental Requirements, or be construed as an approval or acceptance of the work or any part thereof.

Section 11.18. Special Inspections and Tests. (a) Whenever Landlord and/or the Landlord's representative requires special inspection or testing of any portion of the Project, they shall have authority to do so whether or not such portion of the Project be then fabricated, installed, covered or completed. Landlord and/or Landlord's representative shall be given prior reasonable written notice of all inspections and testing to be performed by Tenant's contractors, and the opportunity to attend such inspection and testing and to get copies of all reports issued with respect thereto. In such case, the cost of (i) all uncovering, inspection or testing, (ii) any additional professional services necessitated thereby, (iii) the recovering, and (iv) any other expenses incurred as a result of such examination, inspection or testing, whether or not the same results in a Test Failure (as hereinafter defined), shall be borne by Tenant. If such inspection or testing reveals a failure of such portion of the Project, on testing or inspection to comply with (i) the requirements of the Construction Agreements or (ii) Governmental Requirements (collectively, "Test Failure"), then Tenant shall bear at its own cost and expense, all costs and expenses in connection with making such portion of the Project, compliant with the requirements of the Construction Agreements or Governmental Requirements. If Landlord or Landlord's representative has received such notice, but elected not to attend the inspection or testing, it may nonetheless require such testing or inspection. In such case, if the inspection or testing reveals a Test Failure, Tenant shall be responsible for all costs of testing as set forth in the third sentence of this paragraph (a), as well as all costs incurred in making such work compliant. If the testing or inspection does not reveal a Test Failure, Landlord shall bear the cost of the test.

(b) In the event of a Test Failure of any part of any portion of the Project, Landlord and/or the Landlord's representative may require inspection or testing of any or all of the other similar portions of the Project. The expense of the additional inspection or testing shall be borne by Tenant.

(c) In the event that any special inspections or tests shall necessarily result in a delay in the completion of any portion of the Project, the Development Schedule with respect to such portion of the Project shall be appropriately adjusted

(d) Notwithstanding the provisions of paragraph (a), if any portion of the Project shall be covered or concealed contrary to good construction practice in the City of New York for similar improvements as the Project or contrary to the request of the Landlord's representative, such work, if requested by Landlord or the Landlord's representative, shall be uncovered for examination, inspection or testing. The cost of (i) all such uncovering, inspection or testing, (ii) any additional professional services necessitated thereby, (iii) the recovering, and (iv) any other expenses incurred as a result of such examination, inspection or testing, whether or not the same results in a Test Failure, shall be borne by Tenant.

(e) If the Landlord's representative shall determine by notice given to the parties at any time prior to the expiration of the applicable warranty period for any portion of the work, or if Landlord shall determine by notice given to Tenant, at any time after the issuance of the Certificate of Substantial Completion for such portion of the work but prior to the expiration of such warranty period, that any part of such portion of the work has not been performed substantially in accordance with the Construction Agreements, or if there shall be any damage or destruction of (A) the Work of Others, (B) the existing Infrastructure, (C) other property owned by Landlord (including but not limited to certain historic landmarks located on Roosevelt Island) or the (D) City of New York caused by (i) Tenant, or (ii) its design consultants, subcontractors and/or materialmen, or anyone directly or indirectly employed by any of the foregoing, in the performance of their obligations under the Construction Agreements or the applicable subcontracts and purchase orders, the same shall be reconstructed, made good, replaced or corrected by Tenant at Tenant's sole cost and expense within thirty (30) days after being requested to do so (unless such corrections cannot, in the exercise of reasonable diligence or because of Unavoidable Delays, be completed within thirty (30) days, in which event such thirty (30) day period shall be extended for so long as it shall reasonably require Tenant to complete such corrections), failing which, Landlord may do so at the sole reasonable cost and expense and for the account of Tenant, and all such costs and expenses reasonably incurred by Landlord shall be reimbursed by Tenant to Landlord, on demand. Acceptance of any part of portions of the Project by the Landlord's representative and/or Landlord shall not relieve Tenant from Tenant's obligation to replace all subsequently discovered defective or unsatisfactory work prior to the expiration of the applicable warranty period hereinafter set forth.

(f) Tenant, at its own cost and expense, shall correct defects in any portion of the work due to faulty design, latent defects in the work and/or defective materials, of which Tenant is notified, within a period equal to the later of (a) one (1) year from the date of issuance of such Certificate of Substantial Completion for such portion of the Project, (b) the date on which such portion of the Project is ready to be used for the purposes for which it was intended, and (c) the expiration of any warranty period obtained by Tenant from any design consultant, subcontractor or materialman with respect to the portion of the Project performed.

Section 11.19. Certificates of Substantial Completion and Final Completion.

(a) Upon Landlord's and the Landlord's representative's receipt of notice from Tenant stating that in Tenant's opinion any portion of the Project has been completed substantially in accordance with the Construction Agreements, except for Punch List Items, a list of which shall accompany such notice, the Landlord's representative and Landlord shall perform an inspection for the purpose of determining whether such notice and list are correct. When the Landlord's representative and Landlord determine that (i) such portion of the Project has been completed substantially in accordance with the Construction Agreements except for Punch List Items and that such portion of the Project can be used for the purposes for which it was intended, (ii) any permits, licenses, or other authorizations required for such use shall have been issued by the governmental authorities having jurisdiction over the Project (except Landlord and Landlord's successors and assigns, other than the City of New York), and (iii) the governmental authorities having jurisdiction over the Project (except Landlord and Landlord's successors and assigns, other than the City of New York) have inspected, and to the extent required by Governmental Requirements, have approved, such portions of the Project, the SLCE (or its approved successor) shall prepare, sign and deliver to Tenant a certificate of substantial completion with respect to such portion of the Project ("Certificate of Substantial Completion"), together with a list containing the Punch List Items.

(b) The delivery of a Certificate of Substantial Completion shall not terminate or alter Tenant's obligation under this Lease to (i) complete the Punch List Items substantially in accordance with the Construction Agreements, and (ii) correct any defects in the work to the extent required hereunder).

(c) Upon the Landlord's representative's receipt of written notice from Tenant stating that in its opinion the Punch List Items which accompanied a Certificate of Substantial Completion with respect to any portion of the Project have been fully performed substantially in accordance with the Construction Agreements, the Landlord's representative and Landlord shall perform a final inspection of such portion of the Project. When the Landlord's representative and Landlord determine upon such final inspection that such portion of the Project shall have been completed in accordance with the Construction Agreements, such Punch List Items have been so performed, and all final certificates of approval relating to such portion of the Project shall have been issued by all governmental authorities (except that for purposes of this paragraph (c), issuance of a Temporary Certificate of Occupancy shall be deemed satisfactory approval) having jurisdiction thereover (except Landlord and Landlord's successors and assigns, other than the City of New York), Tenant shall prepare and submit to Landlord, and Landlord shall sign and deliver to Tenant a final certificate of completion with respect to such portion of the Project (the "Final Certificate of Completion"). Such Final Certificate of Completion shall specify the date of the completion of such portion of the Project for all of the purposes of this Lease, and shall constitute final acceptance by Landlord of such portion of the Project, provided, however, that the issuance of a Final Certificate of Completion shall not relieve Tenant from its obligation to obtain a Permanent Certificate of Occupancy in accordance with Section 11.04 of this Lease.

(d) The delivery of any Final Certificate of Completion shall not terminate or alter Tenant's obligation to (i) complete the remainder of the Project substantially in accordance with the Construction Agreements, and (ii) correct any defects in the work to the extent required hereunder.

Anything contained in this Article 11 to the contrary notwithstanding, Tenant shall not be entitled to a Final Certificate of Completion for the final portion of the Project unless and until Tenant shall have furnished to Landlord a full and complete set of the "as built" drawings, mylars, and surveys.

Section 11.20. Tenant's Representations, Warranties, Guaranty and Covenants.

(a) Tenant represents that it has inspected the site and all data relating thereto, including, without limitation, soil test reports and data, locations of adjacent structures and utilities, and governmental regulations which may affect its activities on the site and has satisfied

itself as to the condition thereof, and accepts the site "AS-IS". Landlord does not make any representations or warranties regarding the conditions on the site. Tenant has completed its due diligence and relies solely on its own investigation and has satisfied itself as to the suitability of the site for the intended work. To the extent that there are unusual or hazardous environmental clean-up or mitigation costs associated with the Project, these costs shall be borne by Tenant.

(b) Tenant shall guarantee all work performed and materials and equipment furnished as part of the Project against defects in materials and workmanship for a period of one (1) year from the issuance of a Certificate of Substantial Completion for such portion of the Project, provided, however, that if such work, materials, equipment, or portion of the Project is found after the issuance of such Certificate of Substantial Completion not to comply with the Construction Agreements, the guarantee period with respect to such portion of the work shall commence with the date of correction to comply with the Construction Agreements. There is incorporated herein by reference such other specific performance and time guarantees as may be required in the Construction Agreements over and above the guarantee herein specified. Tenant shall, at its expense, within a reasonable time after receipt of written notice thereof, correct any defects in materials, equipment and workmanship which develop within the guarantee period(s) and also repair any damage to other work or the Work of Others caused by the repairing of such defects.

(c) All representations and warranties of Tenant under this Lease shall survive the completion of the Project, the furnishing of Tenant's services under this Lease and/or any termination of this Lease.

(d) The warranties of Tenant under this Lease shall be in addition to all warranties, bonds and guarantees for labor, materials, equipment and/or services, and all warranties of subcontractors, secured by Tenant under or in connection with the Project. Tenant shall secure the agreement of each applicable subcontractor that its subcontractor warranty shall inure in all respects to the benefit of Landlord.

(e) The foregoing warranties and guarantees shall not deprive the Landlord of any action, right, or remedy otherwise available to it for breach of any of the provisions of the Construction Agreements; and the periods referred to above, or such longer time as may be

specified elsewhere, shall not be construed as a limitation on the time in which the Landlord may pursue such other action, right or remedy.

(f) Tenant hereby constitutes and appoints Landlord, or an independent contractor selected by Landlord, as its true and lawful attorney-in-fact with full power of substitution for the purposes of completion of any portion of the Project commenced by Tenant and performance of Tenant's obligations with respect to such portion of the Project under this Lease in the name of the Tenant, and hereby empowers said attorney-in-fact, upon ten (10) days prior written notice to Tenant, to do any or all of the following upon the occurrence of an Event of Default and the expiration of any cure period provided for herein:

(i) to use any of the funds of Tenant, including any funds which may be held by Landlord for Tenant, for the purpose of effecting completion of the portion of the Project commenced by Tenant;

(ii) to make such additions, changes and corrections in such Construction Agreements as shall be necessary or desirable to complete the portion of the Project commenced by Tenant;

(iii) to employ any contractors, subcontractors, agents, architects and inspectors required for said purposes;

(iv) to employ attorneys to defend against attempts to interfere with the exercise of the powers granted hereby;

(v) to pay, settle or compromise all existing bills and claims which are or may be liens against the Project or any of the work or may be necessary or desirable for the completion of the Project or clearance of objections to or encumbrances on title;

(vi) to execute all applications and certificates in the name of Tenant, which may be required by any subcontract, purchase order or other construction contract;

(vii) to prosecute and defend all actions or proceedings in connection with any portion of the Project commenced by Tenant and to take such action, require such performance and do any and every other act as is deemed necessary with respect to the

completion of any portion of the Project commenced by Tenant which Tenant might do on its own behalf;

(viii) to let new or additional subcontracts and purchase orders with the same subcontractor(s) and materialmen or others to the extent not prohibited by their existing contracts;

(ix) to employ watchmen and erect security fences to protect the Project from injury; and

(x) to take such action and require such performance as it deems necessary under any of the bonds or insurance policies to be furnished hereunder, to make settlements and compromises with the sureties or insurers thereunder and in connection therewith to execute instruments of release and satisfaction. It is understood and agreed that the foregoing power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked until final completion of the Project.

Any such acts by Landlord shall not be deemed a waiver of any other right or remedy of Landlord. If after an Event of Default, reasonable cost to Landlord of the performance of the balance of the services not performed by the obligor under the performance bond (as set forth below), shall be in excess of the proceeds available thereunder, Tenant shall be liable, and shall reimburse Landlord on demand, for any such excess.

Section 11.21. Security for Construction Completion. (a) Tenant shall deliver payment and performance bonds at the Commencement of Construction, representing 100% of the cost of construction and demolition, naming Landlord and Landlord's successors in interest as an obligee, with a surety reasonably satisfactory to Landlord and/or the lender, if any, to secure the full, faithful and timely performance by Tenant of all of Tenant's obligations under this Article 11. Surety's obligation under the performance bond shall not be released, discharged or modified by any modification or amendment of the Construction Agreements.

(b) In addition to the payment and performance bonds described above, Tenant shall deliver to Landlord a collateral assignment of Tenant's interest in the Construction Documents (except to the extent such collateral assignment provisions are contained with the relevant Construction Document), as well as any other security delivered to Tenant pursuant to the

Development Services Agreement.

(c) If Landlord assumes Tenant's obligations under its Construction Agreement with Gotham pursuant to the collateral assignment agreement entered into among Landlord, Tenant and Gotham, and if payment is made to Landlord under any payment and/or performance bond obtained by Gotham in connection with the construction of the Project, Tenant shall not be entitled to receive any of such proceeds until there has been final Completion of the Project and Landlord has been paid all damages to which it is entitled under this Lease as a result of Tenant's default hereunder. The provisions of this paragraph shall survive the expiration or sooner termination of this Lease.

(d) Upon the expiration or sooner termination of the term of this Lease, Tenant shall assign to Landlord all of its right, title and interest in and to the Plans and Specifications, such assignment to be self-operative.

Section 11.22. Grant of License to Construct the Park Facilities and Tennis Courts and To Use the Park Facilities. Landlord hereby grants to Tenant and Tenant hereby accepts from Landlord, for the Term hereof, a license to enter upon the Park Facilities and the Tennis Courts for purposes of performing Tenant's construction obligations to construct the Project (which includes the construction and completion of the Park Facilities and the Tennis Courts) which access shall be in accordance with the terms and conditions set forth herein and subject to the same reservations to which the Premises are subject, as set forth in Exhibit A. Tenant shall minimize the extent and duration of its use of the Park Facilities and Tennis Courts to the greatest extent possible consistent with sound construction practices. Tenant shall keep that portion of the waterfront esplanade which is located within the Park Facilities open for vehicular and pedestrian use by the public at all times during construction of the Project. If Tenant has to perform alterations on the esplanade, it shall keep open for vehicular traffic at least one lane running in a north-south direction along the esplanade. In addition, Tenant shall have the non-exclusive right to use the Park Facilities (including the playground) in common with other members of the public.

ARTICLE 12

REPAIRS

Section 12.01. Tenant's Obligation to Maintain and Repair Premises. Subject to the provisions of Section 11.01 and 11.10 hereof, Tenant, at its sole cost and expense, throughout the Term, shall keep and maintain the Premises in good and safe order and condition, including, without limiting the generality of the foregoing, the Buildings, roofs, foundations and appurtenances thereto, all parts of the Project which are open to the public, all sidewalks, vaults, sidewalk hoists, railings, lawns, trees, shrubs, gutters and curbs in front of or adjacent to the Premises, water, sewer and gas connections on or adjacent to and directly servicing the Premises, AVAC valves and connections on or adjacent to and directly servicing the Premises (unless such valves and connections are maintained by New York City), pipes and mains on or adjacent to and directly servicing the Premises, any off-site improvements made by Tenant in connection with the Project (such as, e.g., the installation of lights along 12th Road), the Promenade, the relocated service road which will connect 11th and 12th Roads, and all other fixtures, machinery and Equipment and shall make all repairs therein and thereon, interior and exterior, structural and non-structural, ordinary and extraordinary, and unforeseen and foreseen, necessary to keep the same in good and safe order and condition, howsoever the necessity or desirability therefor may occur, and whether or not necessitated by wear, tear or defects, latent or otherwise; provided, however, that Tenant's obligations with respect to Restoration resulting from a casualty or condemnation shall be as provided in Articles 8 and 9 hereof. Following their reconstruction by Tenant, Landlord shall maintain the surface, nets, posts, lights, benches and other associated amenities located thereon on the Tennis Courts in good working order and appearance, except that Landlord shall not be responsible for repairing any construction defect in the Tennis Courts. In addition, Landlord shall maintain the Park Facilities in a manner consistent with Landlord's maintenance program for common areas on Roosevelt Island, and Landlord shall keep the playground equipment in the "tot lot" within the Park Facilities in working order and a safe condition. Tenant shall not commit or suffer, and shall use all reasonable precaution to prevent waste, damage, or injury to the Premises. When used in this Section 12.01, the term "repairs" shall include all required replacements and alterations. All repairs made by Tenant shall be equal in quality and class to the original work and shall be made in compliance with the laws, and the Rules and Regulations and with the laws, regulations, codes, and rules of New York City and all other

Governmental Authorities having jurisdiction over the Premises, and as to policies of insurance, the New York Board of Fire Underwriters or any successor thereto.

Section 12.02. Tenant's Obligation to Keep Premises Clear. Tenant, at its sole cost and expense, also shall repair, and keep clean and free from dirt, snow, ice, rubbish, obstructions and encumbrances, the Premises and the sidewalks, vaults, sidewalk hoists, lawns, trees, shrubs, gutters, railings and curbs in front of or adjacent to the Premises (but specifically excluding all Streets not within the Premises). Residents of the Project will not be given any preference over any other members of the public in the use of the Tennis Courts or Park Facilities. Landlord shall maintain and operate the Tennis Courts and shall have the exclusive right to collect and utilize revenues from the operation of the Tennis Courts.

Section 12.03. Tenant's Assumption of the Maintenance and Management of the Premises. During the Term, Landlord shall have no duty or obligation to make any alteration, change, improvement, replacement, Restoration or repair to, or to demolish, the Buildings. Except as provided in Section 12.02 and this Section 12.03, Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the Premises during the Term, including, without limitation, those portions of the Premises which are accessible to the public, such as the Octagon Tower, and the relocated road which connects 11th and 12th Roads. Tenant shall have no responsibility to maintain the Park Facilities or Tennis Courts, except that Tenant shall institute such safety precautions as shall be reasonably necessary to ensure that the Tennis Courts can be safely used by the public during the course of construction. Tenant shall not restrict public access to the connecting road. Landlord shall operate the Tennis Courts and Park Facilities during the term of the Lease and Tenant shall not have any liability arising from the operation of the Tennis Courts or Park Facilities, except to the extent arising from the negligent acts or omissions of Tenant, Becker Tenant, or their employees, contractors or agents. Notwithstanding the foregoing, if Landlord provides safety and security services for other publicly accessible areas on Roosevelt Island, it shall also provide such services for the Park Facilities and Tennis Courts. Without limitation of the immediately foregoing covenants by Tenant, Tenant shall not clean nor require, permit, suffer nor allow any window in the Buildings to be cleaned from the outside in violation of Section 202 of the New York Labor Law or of the rules of the Industrial Board or other state, county or municipal department, board or body having or asserting jurisdiction.

ARTICLE 13

CHANGES, ALTERATIONS AND ADDITIONS

Section 13.01. Capital Improvements.

(a) From and after Completion of the Buildings, Tenant shall not demolish, replace or materially alter the Buildings, or any part thereof (but not including Equipment, which shall be governed by the provisions of Article 15), or make any addition thereto or construct any additional Buildings on the Premises or make any material alteration of any kind to the Material Specifications, whether voluntarily or in connection with a repair or Restoration required by this Lease (any such action being herein referred to as a "Capital Improvement"), unless Tenant shall (i) comply with the requirements of the Design Guidelines and the Master Lease, and (ii) provide prior written notice of any such Capital Improvement to Landlord. Following delivery of a Final Certificate of Completion for the Buildings, Tenant may, without Landlord's consent (but with prior notice to Landlord) decrease the number of initially Completed Units in the Building by not more than ten (10%) percent; provided, however, that no decrease in the number of Completed Units shall diminish the amount of Tenant's obligation for Monthly Public Safety Payments under Section 3.01(v) of this Lease or diminish the amount of any other obligation of Tenant hereunder that is based on the number of Completed Units (whether by number or as a percentage of residential units on Roosevelt Island).

(b) No Capital Improvement shall be undertaken until Tenant shall have procured the consent of Landlord, which consent shall not be unreasonably withheld. No Capital Improvements shall be made in accordance with all requirements set forth in Article 11 with respect to the construction of the Project, and all other applicable provisions of this Lease, including, without limitation, compliance with all Requirements (as hereinafter defined) of all Governmental Authorities applicable to the Premises, and the provision of all required insurance to be maintained during construction.

(c) Title to all Capital Improvements shall vest in Landlord, as provided in Section 11.07 hereof, without any obligation by Landlord to pay any compensation therefor to Tenant.

(d) As a condition precedent to any future sub-surface excavation (which is not contemplated by the Plans and Specifications) at the Premises or change of use at the site, Tenant

shall obtain the approval of the New York City Department of Environmental Protection (or any successor agency) of an environmental remediation plan, if necessary, which plan shall be subject to the approval of Landlord, not to be unreasonably withheld or delayed.

Section 13.02. Telecommunications Installations.

(a) Tenant acknowledges that Landlord has exclusive rights to the installation of antennae or cell towers in connection with cellular switching stations on Roosevelt Island, namely all such installations are currently maintained at the Roosevelt Island Tram Station and Tenant shall not permit the installation of antennae or cellular switching stations in connection with cellular service to third parties on the Premises.

(b) Except as provided in this Section 13.02, Tenant shall not install band-width data network capability without the express written agreement of Landlord, which agreement shall be negotiated in good faith between the parties to achieve a reasonable return to Landlord in connection therewith, in addition to the Rental provided hereunder. Subject to the provisions of this Section 13.02, Tenant may install without Landlord's consent (a) equipment in connection with telecommunications services commonly provided to residential tenants of new apartment buildings in New York County, New York from time to time, such as telephone, internet and cable and other telecommunications services of a similar nature (the "Permitted Telecommunications Services"), and (b) rooftop telecommunications equipment on the Building as is reasonably necessary to provide Permitted Telecommunications Services (the "Permitted Rooftop Equipment").

(c) Landlord shall have the right to approve the location and appearance of any Permitted Rooftop Equipment, taking into account that Permitted Rooftop Equipment shall be installed in a location which shall not cause interference to other tenants, occupants and properties on Roosevelt Island. If interference occurs, Tenant shall cooperate (and cause third party service provider to reasonably cooperate) with Landlord to minimize or eliminate such interference. Landlord may withhold its consent on the ground that the provision of any proposed service by Tenant or others would violate any presently existing exclusive arrangement to which Landlord is a party. No presently existing exclusive arrangement of Landlord would prevent Tenant from providing Permitted Telecommunications Services to the Subtenants of the

Buildings. Tenant shall make the payments for Permitted Telecommunications Services as set forth in Section 3.02(d).

(d) Except as otherwise provided in this Section 13.02, Tenant shall not install for the benefit of third parties (or permit others to install for the benefit of third parties) any telecommunications facilities or equipment (including, without limitation, rooftop equipment) without Landlord's prior written consent.

ARTICLE 14

REQUIREMENTS OF PUBLIC AUTHORITIES AND OF INSURANCE UNDERWRITERS AND POLICIES

Section 14.01. Compliance With Requirements.

Except as otherwise specifically provided herein, Tenant, at its sole cost and expense, shall promptly comply with any and all present and future acts, laws, rules, orders, ordinances, regulations, statutes, requirements, codes (including, without limitation, the applicable accessibility requirements relating to the handicapped as provided in the New York City Building Code) and executive orders which are generally applicable or applicable to areas sufficient in size more likely than not to negate any reasonable inference that it is intended only for the Premises (including the Zoning Resolution, as modified by the Zoning Waiver) (hereinafter collectively called "Requirements") irrespective of the nature of the work required to be done, extraordinary as well as ordinary, of any Governmental Authority, of any applicable Fire Rating Bureau or other body exercising similar functions with respect to policies of insurance affecting the Premises and sidewalks comprising a part of or in front thereof or adjacent thereto and/or any vault in or under the same, or requiring the removal of any encroachment (other than encroachments created by Landlord after the date of the Lease, in violation of the provisions of this Lease), or affecting the construction, maintenance, use or occupation of the Premises, whether or not the same involves or requires any structural changes or additions in or to the Premises, and irrespective of whether or not such changes or additions are required on account of any particular use to which the Premises, or any part thereof, may be put. Notwithstanding anything contained herein to the contrary, Tenant shall not be required to comply with the Requirements of Landlord that are in conflict with the express provisions of this Lease (other than New York City, should it become Landlord under this Lease, where such

Requirements are imposed solely in its governmental capacity). Tenant shall not be required to perform any work or take any action with respect to conditions in or resulting from other properties adjacent to the Premises (not owned, leased or occupied by Tenant), which conditions (a) do not affect the use or occupancy of the Premises, (b) do not result from the use, non-use or misuse of the Premises or (c) do not result from work performed or actions taken by Tenant. Tenant shall also comply with any and all provisions and requirements of any fire, liability or other insurance policy required to be carried by Tenant under the provisions of this Lease. In the event that performance by Tenant of, or compliance by Tenant with, any covenant, agreement, term or condition contained in this Lease shall cause Tenant to violate one or more Requirements, the Requirement(s) shall govern and this Lease shall not govern.

Section 14.02. Contesting Validity of Requirements.

Tenant shall have the right to contest the validity of any Requirements and/or the requirements of any casualty, liability or other insurance policy and/or the application thereof at Tenant's sole cost and expense. During such contest, compliance with any such contested Requirements and/or the requirements of any casualty, liability or other insurance policy may be deferred by Tenant upon condition that, before instituting any such proceedings, if Tenant is not an Institutional Lender and if the cost of compliance exceeds $200,000, Tenant shall furnish to Landlord a surety company bond or other security, in either case reasonably satisfactory to Landlord, securing compliance with the contested Requirements and/or the requirements of any casualty, liability or other insurance policy and payment of all interest, penalties, fines, fees and expenses in connection therewith; provided, however, that if Tenant shall be an Institutional Lender and if the cost of compliance does not exceed $200,000, the foregoing condition shall not apply. Any such proceeding instituted by Tenant shall be begun as soon as is reasonably possible after the issuance of any such contested matters and shall be prosecuted to final adjudication with reasonable dispatch. Notwithstanding the furnishing of any bond or security, Tenant shall promptly comply with any such Requirements and/or the requirements of any casualty, liability or other insurance policy and compliance shall not be deferred if at any time the Premises, or any part thereof, shall be in danger of being forfeited or lost or if Landlord shall be in danger of being subjected to civil and/or criminal liability or penalty by reason of noncompliance therewith, or if by reason of any contest or delay, Landlord, in its reasonable

judgment, shall be in danger of being in default under the Master Lease or if Tenant's failure to comply would invalidate, reduce or otherwise adversely affect the insurance required to be maintained under this lease. Landlord shall cooperate with Tenant in any such contest to such extent as Tenant may reasonably request, and use its best efforts to cause Master Landlord to cooperate if required by applicable law, it being understood, however, that Landlord shall not be subject to any liability for the payment of any costs or expenses actually incurred by Landlord in connection with any proceeding brought by Tenant.

ARTICLE 15

EQUIPMENT

Tenant shall keep all Equipment in good order and repair reasonable wear and tear excepted and shall replace any Equipment as necessary to maintain the operation and functioning of the Buildings and provide all customary building services to occupants. Tenant shall not have the right, power or authority to remove any Equipment from the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Tenant shall not be required to replace any Equipment which performed a function which has become obsolete or otherwise is no longer necessary or desirable in connection with the use or operation of the Premises.

ARTICLE 16

DISCHARGE OF LIENS; BONDS

Section 16.01. No Impairment of Landlord's Interests.

Subject to the provisions of Section 16.02 hereof, except as otherwise expressly provided in this Lease, Tenant shall not do anything whereby the rights and interest of Landlord in the Premises or any part thereof might be impaired.

Section 16.02. Discharge of Liens. Except for liens resulting from work performed by or at the direction of Landlord, if any mechanic's, laborer's or materialman's lien at any time shall be filed against the Premises or any part thereof, or if any public improvement lien created or permitted to be created by Tenant and arising out of Tenant's tenancy hereunder shall be filed against any asset of or fund appropriated to Landlord, Tenant, within the shorter of thirty (30) days after notice of the filing

thereof or the expiration of any cure period set forth in any Mortgage, shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. Tenant shall deliver to Landlord, within twenty (20) days after its receipt of same, a copy of any such notice of lien. If Tenant shall fail to cause such lien to be discharged within the period aforesaid, and if such lien shall continue for an additional thirty (30) days after notice by Landlord to Tenant, then in addition to any other right or remedy Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings, and in any such event Landlord shall be entitled, if Landlord so elects, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to pay the amount of judgment in favor of the lienor with interest, costs and allowances. Any amount so paid by Landlord with all costs and expenses incurred by Landlord in connection therewith, together with interest thereon at the Involuntary Rate from the respective dates of Landlord's making of the payment or incurring of the costs and expenses, shall constitute Rental payable by Tenant under Article 3 of this Lease and shall be paid by Tenant to Landlord within twenty (20) days after demand. Notwithstanding the foregoing provisions of this Section 16.02, Tenant shall not be required to discharge any such lien if such lien arises by reason of a debt or liability of Landlord for which Tenant is not otherwise liable under the provisions of this Lease or if Tenant is in good faith contesting the same and has furnished a security bond or other such security reasonably satisfactory to Landlord in an amount sufficient to pay such lien with interest and penalties.

Section 16.03. Contractors. Nothing contained in this Lease shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to or repair of the Premises or any part thereof, nor as giving Tenant any right, power or authority to contract for or permit the rendering of any services or the furnishing of materials that would give rise to the filing of any lien against the Premises or any part thereof or any asset of or fund appropriated to Landlord. Notice is hereby given, and Tenant shall cause all Construction Agreements to provide, that Landlord shall not be liable for any work performed or to be performed at the Premises for Tenant or any Tenant whatsoever or for any materials furnished or to be furnished at the Premises for any of the foregoing, and that no mechanic's or other lien for such

work or materials shall attach to or affect the estate or interest of Landlord in and to the Premises or any part thereof or any asset of or fund appropriated to Landlord.

Section 16.04. No Power to Affect Landlord Interests. Tenant shall have no power to make any contract which may create, or to do any act which shall cause, any lien, mortgage or other encumbrance which affects the leasehold estate of or assets of or funds appropriated to Landlord, or of any fee interest in the Premises. Nothing in this Section 16.04 shall prohibit Tenant from granting a mortgage encumbering its leasehold estate pursuant to Article 33 of this Lease.

ARTICLE 17

REPRESENTATIONS, WARRANTIES, COVENANTS AND AUTHORITY

Section 17.01. Tenant Representations.

(a) Tenant represents and warrants that Tenant is fully familiar with the Master Lease, the General Development Plan, the Premises and the physical condition thereof, the status of title to the Premises and the Title Matters. Tenant accepts the Premises (including, without limitation, any Pre-Existing Structures) in their existing condition and state of repair. Tenant represents that it has conducted a thorough inspection of the Premises, and that it accepts same in their present "as is" condition, including, without limitation, all conditions which a thorough and complete environmental audit would disclose. Tenant shall have no claims whatsoever against Landlord, the State of New York, the City of New York or the UDC with respect to any surface or subsurface conditions at the Premises as of the date hereof, whether or not such condition constitutes an encroachment.

(b) Tenant represents and warrants that, as of the date hereof:

(i) Tenant is a limited liability company duly organized, and in good standing under the laws of the State of Delaware and qualified to do business in the State of New York. Tenant has all requisite limited liability company power and authority to execute, deliver and perform this Lease and the MEPT Lease, and has taken all corporate action required by law, its limited liability company operating agreement or otherwise to authorize the execution and delivery of this Lease and the consummation of the transaction contemplated hereby. Upon execution and delivery of this Lease by both

parties, this Lease will be a valid and binding obligation of Tenant, subject to the terms hereof;

(ii) Prior to execution of this Lease, Tenant shall deliver to Landlord a certificate executed by the Member of Tenant on Tenant's behalf, setting forth (x) in the case of a partnership or a limited liability company the names and addresses of all general partners or members thereof and all other partners or members of Tenant , (y) in the case of a corporation (other than a corporation whose common stock is traded over the New York Stock Exchange, the American Stock Exchange, or any nationally recognized over-the-counter market, or which is an institutional Lender), the names and addresses of all persons having record ownership of stock in, and all directors and officers of, Tenant (in the event that any of the Persons subject to disclosure under Sections 17.01(b) (ii) (x) or 17.01(b) (ii) (y) above shall be a partnership or corporation, each partner and stockholder thereof shall be subject to similar disclosure requirements, and these disclosure requirements shall continue to be applied transitively until the individual partners and/or stockholders have been disclosed). Becker Tenant shall deliver the same information in the same form with respect to Becker Tenant. Upon (i) the request of the Landlord (but no more than once each Lease Year, or (ii) prior to any Assignment, Transfer, Financing or Refinancing, Syndication or Major Subletting), Tenant shall execute and deliver to Landlord an updated certificate confirming or updating the information (with such changes as may be appropriate that reflect the then current state of facts) set forth in Section 17.01(b);

(iii) None of the parties disclosed in the certificate delivered pursuant to clause (ii) above are Prohibited Persons; and

(iv) Tenant has delivered true and complete sets of its Constituent Documents to Landlord.

(c) Becker Tenant warrants to Landlord and Tenant that it has delivered true and complete sets of its Constituent Documents to Landlord.

Section 17.02. Tenant's ERISA Representations.

(a) Tenant represents and warrants to RIOC that (1) the sole member of Tenant is the

Riggs Bank N.A. Multi-Employer Property Trust (the "MEPT Trust"), (2) the trustee of the MEPT Trust is Riggs Bank N.A. ("Riggs") and (3) the majority of the assets being contributed to Tenant are from the MEPT Trust.

(b) Tenant and Riggs, jointly and severally, warrant and covenant to RIOC that either subparagraph (i) or (ii) below or both shall apply (1) on the execution, (2) on the delivery and (3) during the term of this Lease:

(i) MEPT Trust is a "bank collective investment fund," within the meaning of Department of Labor Prohibited Transaction Class Exemption ("PTCE") 91-38, and the conditions of Part I(a)(1) of PTCE 91-38 are satisfied; or

(ii) Riggs is a "qualified professional asset manager" within the meaning of PTCE 84-14, in respect of the MEPT Trust and the conditions of Part I of PTCE 84-14 are satisfied.

(c) Tenant and Riggs hereby jointly and severally indemnify Landlord from all cost, expense or liability (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Landlord as a result of a breach of this representation and covenant.

(d) Tenant represents and warrants to RIOC that both paragraphs (b)(i) and (b)(ii) apply with respect to the execution and delivery of this Lease. Without limiting the generality of the foregoing sentence, Tenant represents and warrants to RIOC that with respect to the execution and delivery of this Lease: (1) all conditions of Part I(a)(1) of PTCE 91-38 are satisfied, (2) Riggs has made the investment decision to enter into this Lease, (3) Riggs has negotiated the Lease on behalf of the MEPT Trust, and (4) all conditions of Part I of PTCE 84-14 are satisfied.

Section 17.03. No Landlord Representations and Warranties. Except as otherwise expressly provided in this Lease,

(a) Tenant represents and warrants that no representations, statements or warranties, express or implied, of any kind or nature have been made by or on behalf of Landlord, including, without limitation, representations, statements or warranties with respect to the status of title to the Premises, the Title Matters, Taxes, the physical condition (including subsurface conditions and all surface and subsurface environmental conditions existing as of the date hereof) of the

Premises, Roosevelt Island, the occupants thereof, the utilities (including, without limitation, the presence or absence thereof or the need to relocate same), infrastructure or subway thereon or connecting thereto, any laws, regulations, rules or orders applicable thereto, the Island Services, the Master Lease, the General Development Plan, or the use or occupancy which may be made of the Premises, that Tenant has relied on no such representations, statements or warranties, and that Landlord shall in no event whatsoever be liable by reason of any such representations, statements or warranties or for any latent or patent defects in the Premises.

(b) Tenant further represents and warrants that, except as set forth in Section 17.05 hereof, no representations, statements or warranties, express or implied, have been made by or on behalf of Landlord, with respect to the transaction pursuant to which Landlord has leased the Premises under the Master Lease and leased the same to Tenant, or the laws applicable to this transaction, that Tenant has relied on no such representations, statements or warranties and that Landlord shall in no event whatsoever be liable by reason of any such claimed misrepresentations or breach of warranties.

Section 17.04. Landlord Representations and Warranties.

Notwithstanding the foregoing, Landlord represents and warrants that as of the date hereof:

(a) annexed hereto as Exhibit C is a true and complete copy of the Master Lease and that the Master Lease is in full force and effect. The Master Lease and the General Development Plan have not been further amended, modified or supplemented, except that the General Development Plan was amended by Amendment dated June 17, 2003, a copy of which has been delivered to Tenant.

(b) to Landlord's knowledge, after due inquiry, and except as set forth in the letter dated the date hereof from Landlord to Tenant, there is no litigation or proceeding pending against or relating to the Premises, other than actions for personal injury and property damage covered by insurance.

(c) Landlord has no knowledge of any pending or threatened condemnation or eminent domain proceedings that would affect the Premises.

(d) Landlord is a public benefit corporation duly organized and subsisting under the laws of the State of New York, and has taken all necessary corporate action to authorize the execution and delivery of this Lease.

(e) The Option Agreement has not been further amended, modified or supplemented, and there is no litigation or proceeding pending against or relating to Option Agreement, except by Extension Agreement dated August 30, 2004 and a Second Extension Agreement dated September 30, 2004.

ARTICLE 18

LANDLORD NOT LIABLE FOR INJURY OR DAMAGE, ETC

Section 18.01. No Liability of Landlord For Injury.

Landlord shall not in any event whatsoever be liable for any injury or damage to any property or to any person happening on, in or about the Premises and its appurtenances, nor for any injury or damage to the Premises or to any property belonging to Tenant or any other person which may be caused by any fire or breakage, or by the use, misuse or abuse of any of the elevators, hatches, openings, installations, stairways or hallways, or which may arise from any other cause whatsoever unless caused by the wrongful acts or negligence of Landlord, or its officers, directors, agents, employees, licensees or invitees acting in such capacity.

Section 18.02. No Liability of Landlord For Leaks, Etc. Landlord shall not be liable for any failure of water supply, gas or electric current, nor for any injury or damage to any property or person or to the Premises caused by or resulting from gasoline, oil, steam, gas, electricity, or hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain or snow which may leak or flow from the street, sewer, gas mains or subsurface area or from any part of the Premises, or leakage of gasoline or oil from pipes, appliances, sewer or plumbing works therein, or from any other place, nor for interference with light or other incorporeal hereditaments by anybody, or caused by any public or quasi-public work, unless any of the foregoing results from the negligence or wrongful acts of Landlord, or its agents or employees in their capacities as agents or employees of Landlord.

ARTICLE 19

INDEMNIFICATION OF LANDLORD

Section 19.01. Obligation to Indemnify. Tenant shall indemnify and save harmless Landlord, New York City, UDC, the State of New York and any agency or subdivision thereof against and from all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including without limitation, reasonable architects' and attorneys' fees and disbursements, which may be imposed upon or asserted against or reasonably incurred by Landlord or New York City, UDC, the State of New York or any agency or subdivision thereof by reason of any of the following occurring during the Term unless caused by the negligence or wrongful acts of the party seeking indemnification, or its agents or employees:

(a) Construction. Construction of the Project or any Restoration, Capital Improvement or other work or thing done in, on or about the Premises or any part thereof or pursuant to this Lease or the Construction Agreements;

(b) Operation. Any use, non-use, possession, occupation, alteration, repair, condition, operation, maintenance or management of the Premises or any part thereof attributable to the negligent or wrongful acts of Tenant, or the Becker Tenant or any of its or their respective agents or employees, including, without limitation, the AVAC, any street, alley, sidewalk, curb, vault or passageway comprising a part of the Premises or adjacent thereof;

(c) Acts of Tenants. Any act or failure to act on the part of Tenant, the Becker Tenant, or any Subtenant or any of its or their respective agents, contractors, servants, employees, licensees or invitees with respect to the Premises;

(d) Injury. Any accident, injury (including death) or damage to any person or property occurring in, or about the Premises or any part thereof or in, on or about any street, alley, sidewalk, curb, vault or passageway comprising a part thereof or adjacent thereto, which accident, injury or damage is attributable to Tenant's or Becker Tenant's acts or failure to act or its or their respective agents, contractors or employees or licensees' acts or failure to act;

(e) Liens. Any lien or claim which may be alleged to have arisen against or on the Premises, or any lien or claim created or permitted to be created by Tenant or Becker Tenant and which arises out of Tenant's or Becker Tenant's tenancy hereunder, against any assets of or funds

appropriated to Landlord under the laws of the State of New York or of any other governmental entity or any liability asserted against Landlord with respect thereto not arising by reason of a debt or liability of Landlord for which Tenant is not otherwise liable under the provisions of this Lease or the Becker Tenant is not otherwise liable under the provisions of the MEPT Lease;

(f) Tax. Any tax attributable to the execution, delivery or recording of this Lease and the MEPT Lease or the assignment of the Option Agreement from Becker to Tenant; provided, however, that Landlord shall complete, execute and file all documents reasonably required to obtain exemptions from any such tax to the extent available;

(g) Contest. Any contest permitted pursuant to the provisions of Articles 4, 14 and 27 hereof, except as otherwise provided therein;

(h) Sublease. Any and all liabilities, claims, and causes of action against UDC, Landlord, or the landlord under the Master Lease, or any other party to whom Landlord's indemnities run under the Master Lease arising under the terms and conditions of any Subleases affecting the Premises or any part thereof;

(i) Tenant Default. Any failure on the part of Tenant and/or the Becker Tenant to keep, observe and perform any of the terms, covenants, agreements, provisions, conditions or limitations contained in Construction Agreements, the Subleases or other contracts and agreements affecting the Premises, on Tenant's part to be kept, observed or performed including, without limitation, any liability incurred by Landlord in connection with its exercise of any rights under any collateral assignment by Tenant of its rights under any of the Construction Agreement, and any forfeiture of funds which may be imposed as a result of Tenant's and/or Becker Tenant's failure to comply with the public access requirements of the Preservation Covenants affecting the Premises;

(j) Rental. Any failure on the part of Tenant to pay Rental or to perform or comply with any of the covenants, agreements, terms or conditions contained in this Lease or with respect to Becker Tenant, the MEPT Lease, or on its part to be performed or complied with and the exercise by Landlord of any remedy provided in this Lease with respect thereto; or

Section 19.02. Survival. The provisions of this Article 19 and all other indemnity provisions elsewhere contained in this Lease shall survive the Expiration Date.

Section 19.03. Tenant Obligations Not Affected By Failure To Insure. The obligations of Tenant under this Article 19 shall not in any way be affected by the absence in any case of covering insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under insurance policies affecting the Premises.

Section 19.04. Tenant Shall Defend Actions Against Landlord. If any claim, action or proceeding is made or brought against Landlord by reason of any event as to which Tenant is indemnifying Landlord pursuant to Section 19.01 hereof, then, upon demand by Landlord, Tenant, at its sole cost and expense, shall resist or defend such claim, action or proceeding in Landlord's name, if necessary, by the attorneys for Tenant's insurance carrier (if such claim, action or proceeding is covered by insurance), otherwise by such attorneys as Landlord shall approve, which approval shall not be unreasonably withheld or delayed. Landlord agrees that in the event Landlord is named as a party to an action, Landlord will reasonably cooperate with Tenant in the conduct of the proceedings. In such event Tenant shall control all decisions in respect of the litigation and settlement of such claims. Notwithstanding the foregoing, Landlord may engage its own attorneys to defend it or to assist in its defense at its own cost and expense. The indemnification obligations imposed upon Tenant under Section 19.01 shall not apply to any settlement separately agreed to by Landlord without Tenant's written consent, nor if Landlord retains its own attorneys and such retention will materially impair or materially diminish Tenant's insurance coverage and Landlord has been so advised in writing by Tenant's insurer. Landlord shall promptly provide to Tenant copies of all legal papers, notices, summonses and complaints received by Landlord with respect to matters for which Landlord claims entitlement to indemnification hereunder.

Section 19.05. No Third Party Rights. Nothing in this Article 19 shall imply or provide a greater right on the part of third persons against Tenant than exists at law and no person who is not a party to this Lease shall have any rights pursuant to this Article 19.

Section 19.06. Mutual Brokerage Indemnification. Landlord and Tenant each represents and warrants to the other that it has not dealt with any broker or finder in connection with this Lease, the MEPT Lease or the transactions contemplated by either lease or the assignment. Each party shall indemnify and hold harmless the other party against all claims, costs, expenses, losses and liabilities arising from or in connection with a breach or alleged breach of the foregoing representation and warranty by the indemnifying party. Tenant discloses that Becker Tenant engaged Sonnenblick-

Goldman Company ("SGC") as its broker with respect to the Project under a brokerage agreement, and that Becker Tenant is paying all sums due to SGC under such brokerage agreement and is terminating such brokerage agreement. No later than the Commencement Date, Becker Tenant represents and warrants to Landlord and Tenant that it has dealt with no brokers other than SGC in connection with this Lease, the MEPT Lease or the assignment of the Option Agreement or the transactions contemplated by such leases and it shall indemnify and hold harmless Landlord and Tenant against all claims, costs, expenses, losses and liabilities arising from or in connection with (i) a breach or alleged breach of the foregoing representation and warranty, and (ii) any claims for commission or other compensation by SGC in connection with the Project.

ARTICLE 20

RIGHT OF ENTRY AND INSPECTION

Section 20.01. Entry. Tenant shall permit Landlord and its agents or representatives to enter the Premises at all reasonable times, upon two Business Days' notice (except in cases of emergency or during construction of the Buildings when such notice as is reasonably practicable in the circumstances shall be given), for the purpose of (a) inspecting the same and (b) making any necessary repairs thereto and performing any work therein, after the date of Completion of the Buildings, that may be necessary by reason of Tenant's failure to make any such repairs or perform any such work, provided, however, that, except in an emergency, Landlord shall have given Tenant a notice specifying such repairs or work and Tenant shall have failed to make said repairs or to do such work within thirty (30) days after the giving of such notice (subject to Unavoidable Delays including actions of Landlord), or if said repairs or such work cannot reasonably be completed during such thirty (30) day period, to have commenced and be diligently pursuing the same (subject to Unavoidable Delays including actions of Landlord). Notwithstanding the foregoing, Landlord and its agents or representatives may enter upon and have access to the public portions of the Premises, including, without limitation, the Tennis Courts, the Park Facilities, the West Promenade and the West Service Road.

Section 20.02. Repair. Nothing in this Article 20 or elsewhere in this Lease (other than as specifically provided in Section 11.01 and Article 40. hereof) shall imply any duty upon the part of Landlord to do any work; and performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. Landlord, during the progress of any such work, may keep and store at the Premises all necessary materials, tools, supplies and equipment. Landlord shall use

reasonable efforts to minimize damage and interference with the conduct of business in or use of such space in connection with Landlord's exercise of its rights under this Article 20, and subject to the foregoing, Landlord shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage of Tenant or any Tenant, by reason of making such repairs or the performance of any work pursuant to Section 20.01, or on account of bringing materials, tools, supplies and equipment into the Premises during the course thereof and the obligations of Tenant under this Lease shall not be affected thereby. If Landlord undertakes such work or repairs, such work or repairs shall be commenced and completed in a good and workmanlike manner and with reasonable diligence, subject to Unavoidable Delays.

ARTICLE 21

LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS

Section 21.01. Failure To Pay An Imposition, Etc. If Tenant shall at any time fail (a) to pay any Imposition in accordance with the provisions of Article 4 hereof, or (b) to take out, pay for, maintain or deliver any of the insurance policies provided for herein, or cause same to be renewed or replaced at least twenty (20) business days prior to the expiration of any existing policy, or (c) to pay any Rental hereunder, or (d) to perform any other act on its part to be made or performed, then Landlord, without waiving or releasing Tenant from any obligation of Tenant contained in this Lease, may (but shall be under no obligation to):

(i) after notice to Tenant and continuance of such failure by Tenant for ten (10) days after the giving of such notice, pay any Imposition required to be paid by Tenant pursuant to the provisions hereof, or

(ii) if Tenant has not renewed or obtained replacement insurance at least fifteen (15) days prior to the expiration of an existing insurance policy, take out, pay for and maintain any of the insurance policies provided for herein, or

(iii) after notice to Tenant and continuance of such failure by Tenant for thirty (30) days after the giving of such notice, pay any Rental (other than Impositions) or deposits payable by Tenant hereunder, or perform any other act on Tenant's part to be made or performed as in this Lease provided; and may enter upon the Premises for the purpose and take all such action thereon as may be necessary therefor.

Section 21.02. No Waiver. All reasonable sums so paid by Landlord and all reasonable costs and expenses incurred by Landlord in connection with the performance of any such act, together with interest thereon at the Involuntary Rate from the respective dates of Landlord's making of each such payment, shall be paid out of available insurance proceeds and if not available or there is a deficiency, by Tenant to Landlord within ten (10) days after demand. Any payment or performance by Landlord pursuant to the foregoing provisions of this Article 21 shall not be nor be deemed to be a waiver or release of the breach or default of Tenant with respect thereto or of the right of Landlord to terminate this Lease, institute summary proceedings and/or take such other action as may be permissible hereunder if an Event of Default by Tenant shall have occurred. Landlord shall not be limited, in the proof of any damages which Landlord may claim against Tenant arising out of or by reason of Tenant's failure to provide and keep in force insurance as aforesaid, to the amount of the insurance premium or premiums not paid, but Landlord also shall be entitled to recover, as damages for such breach, the amount of any loss and damages that were required to have been insured pursuant to the provisions of this Lease plus all reasonable costs and expenses of suit, including reasonable attorneys' fees and disbursements, suffered or incurred by reason of damage to or destruction of the Premises.

ARTICLE 22

RENT ABATEMENT

Except as otherwise expressly provided in this Lease or subsequently agreed to by Landlord in writing, there shall be no abatement, diminution or reduction of Rental payable by Tenant hereunder or of the other obligations of Tenant hereunder under any circumstances.

ARTICLE 23

USE AND MANAGEMENT OF PREMISES

Section 23.01. Permitted Use. Subject to Section 23.03 hereof and other provisions of this Lease, Tenant (a) shall use the Premises solely for residential dwelling units providing safe, sanitary and sound housing for the occupants thereof and incidental recreational and community space, in accordance with the certificate of occupancy therefor, (b) shall observe and comply with the Rules and Regulations, (c) shall not create, nor cause to be created cooperatively-owned or condominium units in the Buildings (d) subject to the provisions of Section 10.03(c) shall not sublease any of the commercial space at the Premises to any subtenant whose occupation of said commercial space would violate the terms of any of

the then-existing commercial leases on Roosevelt Island, and (e) shall not use the Premises in any manner or for any purpose other than as permitted by this Lease and the Master Lease, including, but not limited to, the use or occupancy, or to permit the use or occupancy, of the Premises, or any part thereof, for the purpose of a drug or alcohol rehabilitation facility or other health-related or mental treatment facility, or in any manner which in Landlord's judgment, shall adversely affect or materially interfere with any services furnished in any of the buildings or facilities located on Roosevelt Island.

Section 23.02. No Illegal or Hazardous Use. Tenant shall not use or occupy, nor permit or suffer the Premises or any part thereof to be used or occupied for any unlawful or illegal business, use or purpose, or for any disreputable, dangerous, noxious or extra hazardous business, use or purpose, or in such manner as to constitute a nuisance of any kind (public or private) that Landlord reasonably deems offensive by reason of odors, fumes, dust, smoke, noise or other pollution, or for any purpose or in any way in violation of the certificate of occupancy or of any present or future governmental laws, ordinances, requirements, orders, directions, rules or regulations, or which may make void or voidable any insurance then in force on the Premises. Upon the discovery of any such unlawful, illegal, disreputable or extra hazardous use, Tenant shall immediately take all necessary steps, legal and equitable, to compel the discontinuance of such use and to oust and remove any subtenants, licensees, concessionaires or other occupants guilty of such unlawful, illegal, disreputable or extra hazardous use. Nothing in this Section shall be deemed to prevent Tenant from contesting the validity of any Requirement or the application thereof in accordance with the provisions of Section 14.02 hereof.

Section 23.03. Permitted Use under the General Development Plan.

(a) Tenant expressly agrees to rent (i) at least twenty percent (20%) of the Completed Units (exclusive of any residential unit reserved for the superintendent) as Middle Income Units, and (ii) the remainder of the Completed Units to persons and families of Tenant's choosing who can afford conventionally financed and fully tax-paying units or market-rate units in the New York City Metropolitan Area. This restriction shall terminate on the fifteenth (15th) anniversary of the date of Substantial Completion of the Project (the "Occupancy Restriction Period").

(b) Prior to occupancy of a Middle Income Unit, Tenant shall determine whether each applicant for a Middle Income Unit qualifies as a Middle Income Tenant. Tenant shall obtain a certification of Annual Income and Household size from each applicant for a Middle Income Unit along with documentation necessary to verify such applicant's Annual Income. Tenant shall

examine and verify each applicant's certification of Annual Income and Household size in a manner consistent with the verification of Annual Income under Section 8 of the United States Housing Act of 1937, as amended. During the Occupancy Restriction Period, following the initial rental of any Middle Income Unit or the re-rental of any Middle Income Unit after vacancy, Tenant shall furnish to Landlord, if requested by the Landlord, the Middle Income Tenant's certification of Annual Income and Household size and verification documentation. If a Middle Income Tenant in a Middle Income Unit at any time makes or is determined to have made a false or fraudulent certification with regard to the requirements for occupancy of a Middle Income Unit under this Lease, then Tenant shall refuse to offer a lease renewal and/or commence a legal action to terminate the lease of such Middle Income Tenant. During the Occupancy Restriction Period, a Middle Income Unit shall continue to be treated as such, notwithstanding any increase in the income of the Middle Income Tenant leasing such Middle Income Unit.

(c) Tenant shall establish the Initial Rent to be charged for each Middle Income Unit at initial occupancy of the Buildings which Initial Rent shall be equal to thirty (30%) percent of one hundred fifty (150%) percent of Area Median Gross Income as Adjusted By Unit Size. Tenant shall provide a schedule of such rents to Landlord prior to the initial rent-up of the Project.

At initial rent-up of each Middle Income Unit, a Middle Income Tenant shall pay to Tenant, in consideration for occupancy, a rent that shall not exceed the Initial Rent. Tenant shall lease each Middle Income Unit for a term of one year which shall be renewable annually thereafter during the Occupancy Restriction Period for an additional one year term at the option of the applicable Middle Income Tenant; provided that such Middle Income Tenant is not in default under his or her lease. The Initial Rent shall be increased annually upon lease renewal or re-rental of a vacated Middle Income Unit in accordance with the then prevailing New York City Rent Guideline Board (the "RGB") increase for a one year lease and any applicable vacancy increase that would be permitted under the rent-stabilization laws if they applied with respect to the re-rental of a vacated Middle Income Unit. If, for any reason, the RGB (and any successor to the RGB) no longer promulgates rent increases for New York City, increases for all further renewal leases will be based on the average of one year renewal increases ordered by the RGB

for the previous five years. The Initial Rent as adjusted pursuant to this paragraph is the Adjusted Rent. During the Occupancy Restriction Period, upon lease renewal or re-rental of a vacated Middle Income Unit, a Middle Income Tenant shall pay to Tenant, in consideration for occupancy, a rent that shall not exceed the Adjusted Rent. Notwithstanding any other provisions of this Lease, the Middle Income Units are not "Rent Stabilized" or "Rent Controlled" apartments and are not subject to any form of rent regulation except as set forth in this Lease.

For each Middle Income Unit covered by this Agreement, Tenant shall use a lease rider set in twelve (12) point type which rider shall set forth the applicable occupancy and rental requirements of this Agreement ("Middle Income Rider"). The Middle Income Rider shall, among other things, require a Middle Income Tenant to meet the eligibility standards in accordance with this Agreement, prohibit subletting, and shall permit Tenant to terminate or refuse to renew a Middle Income Tenant's lease if such Middle Income Tenant has falsely or fraudulently certified Annual Income or Household size or has provided false or fraudulent documentation of Annual Income to Tenant. Any lease or other rider for a Middle Income Unit in the Project shall not contain any provision which conflicts with the terms of this Lese and the Middle Income Rider.

(d) Upon the expiration of the Occupancy Restriction Period, each Middle Income Tenant residing at such time in a Middle Income Unit shall be entitled to continuous lease renewals until vacancy in accordance with the following provisions. Any Middle Income Tenant who is residing in a Middle Income Unit upon the expiration of the Occupancy Restriction Period and whose lease is scheduled to expire after the Occupancy Restriction Period shall be offered a lease renewal for so long as such Middle Income Tenant continues to reside in his or her unit, and provided that such Middle Income Tenant is not in default under his or her lease. Lease renewals shall be offered as follows:

(i) Each tenant in a Middle Income Unit shall provide a certification of Annual Income and Household size along with documentation necessary to verify such Middle Income Tenant's Annual Income. Tenant shall examine and verify each Middle Income Tenant's certification of Annual Income and Household size in a manner consistent with the verification of Annual Income under Section 8 of the United States Housing Act of 1937, as amended. A Middle Income Tenant whose certified and verified Annual Income

and Household size enables such Middle Income Tenant to qualify as a Middle Income Tenant, shall pay the Adjusted Rent for the succeeding lease renewal term. As a precondition to each lease renewal thereafter, Tenant may request that such tenant supply, within sixty (60) days from Tenant's request, a certification of Annual Income and Household size and documentation requested by Tenant to enable Tenant to verify such Middle Income Tenant's Annual Income. If, after Tenant's request, such Middle Income Tenant is determined not to qualify as Middle Income Tenant, Tenant shall follow the provisions of (ii) or (iii) below, whichever is applicable.

(ii) A Middle Income Tenant whose certified and verified Annual Income and Household size exceeds the qualifications for Middle Income Tenant on the date of such tenant's certification of Annual Income and Household size, shall be entitled to a lease renewal; however, such Middle Income Tenant's monthly rent shall be revised (the "Revised Rent") to an amount that is the greater of: (a) 2.5% of such tenant's Annual Income, or (b) the Adjusted Rent then in effect. Thereafter, the Revised Rent shall be adjusted annually in the same manner as the Initial Rent is adjusted during the Occupancy Restriction Period until the Middle Income Unit is vacated and the Middle Income Tenant shall not be required to supply further certifications of Annual Income and Household size.

(iii) A Middle Income Tenant who does not supply or falsely or fraudulently supplies the certification of Annual Income and Household size or documentation requested by the Mortgagor to verify such Middle Income Tenant's Annual Income within sixty (60) days from Tenant's request shall, at Tenant's option, (a) not receive a renewal lease or (b) receive a lease renewal at a rent based on the then rent for a similar non-Middle Income Unit in the Project.

Upon vacancy of a Middle Income Unit subsequent to the Occupancy Restriction Period, such unit shall not be subject to any occupancy or rental restrictions under this Lease.

(e) So long as the MEPT Lease is in effect, references in this Section 23.03 to Tenant shall be deemed to apply to Becker Tenant, and performance of the certification and verification requirements set forth herein by Becker Tenant shall be deemed to be performance by Tenant.

(f) Tenant shall maintain public access to the Octagon Tower in accordance with the requirements of the Preservation Covenant annexed as Exhibit D, or the New Covenant, as the case may be. In addition, Tenant shall not restrict public access to the Park Facilities, West Promenade, connecting road between 11th and 12th Roads and the Tennis Courts, which shall remain open for public use.

Section 23.04. No Adverse Possession. Tenant shall not suffer or permit the Premises or any portion thereof to be used by the public without restriction or in such manner as might reasonably tend to impair title to the Premises or any portion thereof, or in such manner as might reasonably make possible a claim or claims of, adverse usage or adverse Possession by the public, as such, or of implied dedication of the Premises or any portion thereof.

Section 23.05. Management of Premises. (a) Tenant shall, and shall cause Becker Tenant to, operate the Premises in accordance with this Lease, the General Development Plan and the Master Lease. Landlord agrees to provide Tenant with copies of any amendments, supplements or replacements of the General Development Plan and Master Lease as and when they become effective. Any such amendments, supplements or replacements shall apply prospectively only, and shall not impair or affect Tenant's vested rights with respect to the Premises as provided in this Lease.

(b) Tenant shall employ or cause Becker Tenant to employ a managing agent who (i) performs all of the management functions that managing agents of multi-tenanted residential apartment buildings located in New York County of a size comparable to the Buildings customarily perform (ii) has received all requisite authorizations, licenses, permits and consents required by law to manage the Premises and (iii) has been approved by Landlord. Landlord shall not unreasonably withhold, condition or delay its approval of such managing agent so long as such managing agent shall not be a Prohibited Party and shall have at least ten (10) years of experience in New York City managing multi-tenanted residential apartment buildings of a comparable size to the Buildings and who has received and thereafter maintains in good standing all requisite authorizations, licenses, permits and consents referred to above in this paragraph. In addition, subject to Landlord's prior written approval, Tenant or Becker Tenant may self-manage the Buildings, so long as it manages the Buildings in a manner commensurate with standards of professional property management for similar properties located in the City of New York.

Section 23.06. New and Existing Preservation Covenant. The State of New York has requested

that Landlord enter into a new Preservation Covenant (the "New Covenant"), a copy of which is annexed as Exhibit O, which is substantially similar to the Preservation Covenant annexed hereto as Exhibit D. The New Covenant requires the signature of all parties in interest to the Premises. Tenant and Becker Tenant agree to cooperate with Landlord in connection with the execution and recording of the New Covenant, provided that the New Covenant is substantially similar in content to the Preservation Covenant annexed as to this Lease as Exhibit D. If Landlord enters into the New Covenant, it shall use best efforts to include a provision that the New Covenant supersedes the Preservation Covenant annexed as Exhibit D.

Section 23.07. Parking. All surface and underground parking shall be designed and constructed so as to be wholly contained within the metes and bounds description of the Premises, as shown on Exhibit A. A copy of the parking plan is annexed hereto as Exhibit T.

ARTICLE 24

EVENTS OF DEFAULT, CONDITIONAL LIMITATIONS, REMEDIES, ETC.

Section 24.01. Events of Default. Each of the following events shall be an "Event of Default" hereunder:

(a) if Tenant shall fail to pay any installment of Basic Rent and Additional Rent, or any part thereof when due and such failure shall continue for twenty (20) days after notice thereof from Landlord to Tenant;

(b) if Tenant shall fail to make any other payment of Rental required to be paid by Tenant hereunder for a period of thirty (30) days after notice thereof from Landlord to Tenant;

(c) if Tenant shall fail to observe or perform (subject to Unavoidable Delays) one or more of the other terms, conditions, covenants or agreements of this Lease, and such failure shall continue for a period of thirty (30) days after notice thereof by Landlord to Tenant specifying such failure (unless such failure requires work to be performed, acts to be done, or conditions to be removed which cannot by their nature reasonably be performed, done or removed, as the case may be, within such thirty (30) day period, in which case no Event of Default shall be deemed to exist as long as Tenant shall have commenced curing the same within such thirty (30) day period and shall diligently and continuously prosecute the same to completion subject to Unavoidable

Delays); with respect to any non-monetary default which results from Becker Tenant's default under the MEPT Lease, and which cannot otherwise be cured by Tenant without the giving of notice and opportunity to cure to Becker Tenant under the MEPT Lease or terminating the MEPT Lease, no Event of Default shall be deemed to exist if Tenant has given all requisite default notices to Becker Tenant required under the MEPT Lease, and has exercised all rights it has to perform such obligation on Becker Tenant's behalf thereunder, or, if it has no right to perform such obligations, if Tenant has sent a notice to terminate the MEPT Lease upon the expiration of any applicable notice and cure periods thereunder and is diligently proceeding to terminate the MEPT Lease.

(d) if Tenant or any general partner or member of Tenant shall admit, in writing, that it is unable to pay its debts as such become due or shall make an assignment for the benefit of creditors;

(e) if any of Tenant or any general partner or member of Tenant shall file a voluntary petition in bankruptcy or any of Tenant or any general partner or member of Tenant shall be adjudicated a bankrupt or insolvent or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of any of Tenant or any general partner or member of Tenant, of all or any substantial part of its properties or of the Premises or any interest of Tenant, any general partner or member of Tenant, or therein;

(f) if within ninety (90) days after the commencement of any proceeding against any of Tenant or any general partner or member of Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, such proceeding shall not have been dismissed, or if, within ninety (90) days after the appointment, without the consent or acquiescence of Tenant or any general partner of Tenant, or any trustee, receiver or liquidator of any of Tenant or any general partner or member of Tenant, of all or any substantial part of any of their properties or of the Premises or any interest of Tenant or any general partner or member of Tenant, such appointment shall not have been

vacated or stayed on appeal or otherwise, or if, within thirty (30) days after the expiration of any such stay, such appointment shall not have been vacated;

(g) if Tenant shall abandon the Premises and such abandonment shall continue for a period of sixty (60) days;

(h) if this Lease or the estate of Tenant hereunder shall be Assigned, Subleased, Transferred, Syndicated, mortgaged or encumbered without any approval of Landlord required by this Lease or without compliance with the provisions of this Lease applicable thereto and such transaction shall not be made to comply or avoided ab initio within thirty (30) days after notice thereof from Landlord to Tenant, or, if a Prohibited Person (or a Person having one or more principals who are Prohibited Persons) acquires an interest in this Lease or the Premises;

(i) if a levy under execution or attachment shall be made against Tenant or its property and such execution or attachment shall not be vacated or removed by court order, bonding or otherwise within a period of sixty (60) days;

(j) if Landlord shall have received a notice under the Master Lease claiming that Landlord is in default thereunder by reason of any matter claimed by Landlord to be a failure by Tenant to comply with its obligations hereunder and Tenant shall have failed to promptly cure such default after notice to Tenant but in no event later than ten (10) days before the end of the cure period available to Landlord under the Master Lease, of which notice to Tenant has been provided;

(k) if, subsequent to the Commencement Date, Tenant shall default beyond any applicable grace period in the observance or performance of any material term, covenant or condition on Tenant's part to be observed or performed under the provisions of any agreement, if any, entered into between Tenant and Landlord which expressly provides that such a default thereunder shall constitute an Event of Default under this Lease;

(l) if Tenant, or Becker Tenant, or any Affiliate of Tenant or Becker Tenant is in default under the Construction Agreements beyond the expiration of any applicable cure period with regard to the Buildings and Project, or if the construction of the Buildings and Project is not constructed and completed as required under this Lease and/or the Construction Agreements, and

such failure to construct is not cured within sixty (60) days after notice from Landlord to Tenant (subject to Unavoidable Delays); or

(m) if Tenant has made any material intentional misrepresentation in any certification submitted in support of its calculation of "Minimum Price Threshold", or Transaction Proceeds or the calculation of any Transaction Payment due hereunder.

Section 24.02. Termination of Lease in Event of Default. If an Event of Default shall occur, Landlord, at any time thereafter, at its option, may give another written notice to Tenant stating that this Lease and the Term shall expire and terminate on the date specified in such notice, which date shall be not less than sixty (60) days after the giving of such notice with respect to any Event of Default, and if on the date specified in such notice Tenant shall have failed to cure the Default which was the basis for the Event of Default, then this Lease and the Term and all rights of Tenant under this Lease shall expire and terminate as if that date were the date herein definitely fixed for the termination of the Term, and Tenant shall quit and surrender the Premises but Tenant shall remain liable as hereinafter provided.

Section 24.03. Re-entry By Landlord in Event of Default.

(a) If an Event of Default shall occur, or this Lease shall be terminated as provided in Section 24.02 hereof or by summary proceedings, or otherwise, Landlord may without notice re-enter and repossess the Premises using such lawful force for that purpose as way be necessary without being liable to indictment, prosecution or damages therefor. If Landlord shall so re-enter, Landlord may, at its option, repair and alter the Premises in such manner as to Landlord may seem necessary or advisable without relieving Tenant of any liability under this Lease or otherwise affecting any such liability, and/or let or relet the Premises or any part thereof for the whole or any part of the remainder of the Term or for a longer period, in Landlord's name or as agent of Tenant, and out of any rent and other sums collected or received as a result of such reletting Landlord shall: (i) first, pay to itself the reasonable cost and expense of terminating this Lease, re-entering, retaking, repossessing, repairing and/or altering the Premises, and the reasonable cost and expense of removing all persons and property therefrom, including in such reasonable costs legal expenses and attorneys' fees and disbursements; (ii) second, pay to itself the reasonable costs and expenses sustained in securing any new tenants and other occupants, including in such reasonable costs brokerage commissions, legal expenses and attorneys fees and disbursements and other expenses of preparing the Premises for reletting, and if Landlord

shall maintain and operate the Premises the reasonable cost and expense of operating and maintaining the Premises; and, (iii) third, pay to itself any balance remaining on account of the liability of Tenant to Landlord. No re-entry by Landlord, whether had or taken under summary proceedings or otherwise, shall absolve or discharge Tenant from liability hereunder. Landlord in no way shall be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due on any such reletting, and no such failure to relet or to collect rent shall operate to relieve Tenant of any liability under this Lease or to otherwise affect any such liability.

(b) If this Lease and the Term shall expire and come to an end as provided in Section 24.02, or by or under any summary proceeding or any other action or proceeding relating to a Default hereunder, or if Landlord shall re-enter the Premises as provided in paragraph (a) of this Section, or by or under any summary proceeding or any other action or proceeding, then, in any of said events:

(i) Tenant shall pay to Landlord all Rental payable under this Lease by Tenant to Landlord to the date upon which this Lease and the Term shall have expired and come to an end or to the date of re-entry upon the Premises by Landlord, as the case may be; and

(ii) Tenant also shall be liable for and shall pay to Landlord, as damages, any deficiency (referred to as "Deficiency") between the Rental reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term and the net amount, if any, of rents collected by Landlord from the Subtenants and under any reletting effected pursuant to the provisions of paragraph (a) of this section for any part of such period (first deducting from the rents collected from Subtenants and under any such reletting all of the payments to Landlord described in paragraph (a) of this Section). Any such Deficiency shall be paid in installments by Tenant on the days specified in this Lease for payment of installments of Rental, Landlord shall be entitled to recover from Tenant each Deficiency installment as the same shall arise, and no suit to collect the amount of the Deficiency for any installment period shall prejudice Landlord's right to collect the Deficiency for any subsequent installment period by a similar proceeding.

Section 24.04. Lien Against Tenant's Interests. The Rental payable by Tenant hereunder and each and every installment thereof, and all reasonable costs, reasonable attorneys' fees and

disbursements and other expenses which may be incurred by Landlord in enforcing the provisions of this Lease or on account of any delinquency of Tenant in carrying out the provisions of this Lease, shall be and they hereby are declared to constitute a valid lien upon the interest of Tenant in this Lease and in the Premises.

Section 24.05. Suits By Landlord. Suit or suits for the recovery of damages, or for a sum equal to any installment or installments of Rental payable hereunder, or any Deficiencies or other sums payable by Tenant to Landlord pursuant to this Article 24, may be brought by Landlord from time to time at Landlord's election, and nothing herein contained shall be deemed to require Landlord to await the date whereon this Lease or the Term would have expired by limitation had there been no such Event of Default by Tenant and termination.

Section 24.06. Liquidated Damages. Nothing in this Article 24 contained shall limit or prejudice the right of Landlord to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding an amount equal to the maximum allowed by a statute or rule of law governing such proceeding and in effect at the time when such damages are to be proved, whether or not such amount due be greater, equal to or less than the amount of the damages referred to in any of the preceding Sections.

Section 24.07. No Waiver By Landlord. No receipt of moneys by Landlord from Tenant after termination of this Lease, or after the giving of any notice of termination of this Lease (unless such receipt cures the Event of Default which was the basis for the notice), shall reinstate, continue or extend the Term or affect any notice theretofore given to Tenant, or operate as a waiver of the right of Landlord to enforce the payment of Rental payable by Tenant hereunder or thereafter falling due, or operate as a waiver of the right of Landlord to recover possession of the Premises by proper remedy, except as herein otherwise expressly provided, it being agreed that after the service of notice to terminate this Lease or the commencement of suit or summary proceedings, or after final order or judgment for the possession of the Premises, Landlord may demand, receive and collect any moneys due or thereafter falling due without in any manner affecting such notice, proceeding, order, suit or judgment, all such moneys collected being deemed payments on account of the use and occupation of the Premises or, at the election of Landlord, on account of Tenant's liability hereunder.

Section 24.08. Tenant Waivers. After an Event of Default, and except as expressly provided herein or as prohibited by applicable law, Tenant hereby expressly waives the service of any notice of

intention to re-enter provided for in any statute, or of the institution of legal proceedings to that end, and Tenant, for and on behalf of itself and all persons claiming through or under Tenant, also waives any and all right of redemption provided by any law or statute now in force of hereafter enacted or otherwise, or re-entry or repossession or to restore the operation of this Lease in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge or in case of re-entry or repossession by Landlord or in case of any expiration or termination of this Lease, and Landlord and Tenant waive and will waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or any claim of injury or damage. The terms "enter," "re-enter," "entry" or "re-entry," as used in this Lease are not restricted to their technical legal meaning.

Section 24.09. No Waiver By Tenant or Landlord. No failure by either party to insist upon the strict performance by the other of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rental by Landlord during the continuance of any such breach (unless such receipt by Landlord cures such breach), shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Lease to be performed or complied with by either party hereto, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by the other party. No waiver of any breach shall affect or alter this Lease, but each and every covenant, agreement, term and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

Section 24.10. Actions By Non-breaching Party. Subject to the provisions of Sections 41.05 and 41.07, hereof, in the event of any breach or threatened breach by either party of any of the covenants, agreements, terms or conditions contained in this Lease, the other party shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any rights and remedies allowed at law or in equity or by statute or otherwise as though reentry, summary proceedings, and other remedies were not provided for in this Lease.

Section 24.11. Rights and Remedies are Cumulative. Subject to the provisions of Sections 41.05 and 41.07 hereof, each right and remedy of Landlord and Tenant, respectively, provided for in this Lease shall be cumulative and not singular or exclusive and shall be in addition to every other right or remedy

provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by either party of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by either party of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

Section 24.12. Reimbursable Expenses of Landlord. Tenant shall pay to Landlord all reasonable costs and expenses, including without limitation reasonable attorneys' fees and disbursements, incurred by Landlord in any action or proceeding to which Landlord may be made a party by reason of any act or omission of Tenant. Tenant shall also pay to Landlord all costs and expenses, including without limitation reasonable attorneys' fees and disbursements, incurred by Landlord in enforcing any of the covenants and provisions of this Lease and incurred in any action brought by Landlord against Tenant on account of the provisions hereof, and all such costs, expenses, and attorneys' fees and disbursements may be included in and form a part of any judgment entered in any proceeding brought by Landlord against Tenant on or under this Lease. All of the sums paid or obligations incurred by Landlord as aforesaid with interest at the involuntary Rate and costs shall be paid by Tenant to Landlord within fifteen (15) days after demand by Landlord.

Section 24.13. First Mortgagee. Anything contained in this Article 24 to the contrary notwithstanding, the provisions of Article 33 with respect to the rights of the First Mortgagee upon the occurrence of any Event of Default shall prevail.

Section 24.14. Funds Held by Depositary. If this Lease terminates as a result of an Event of Default, as provided in Section 24.02 hereof, any funds held by Depositary shall be paid to Landlord, which Landlord may keep as liquidated damages free of any claim by Tenant, or any Person claiming through Tenant, which sums shall be applied in the manner set forth in Section 24.03.

Section 24.15. Performance by Becker Tenant. To the extent there is a concurrent obligation to be performed by Becker Tenant under the MEPT Lease, with any obligation set forth in this Lease, Landlord shall accept performance of such obligation by Becker Tenant, and such performance shall be deemed to satisfy the obligation of Tenant to perform such obligation under this Lease. In addition, if Tenant fails to pay any installment of Rental due under this Lease, Landlord shall accept payment of same from Becker Tenant and Tenant's obligation to make such payment under this Lease shall be deemed satisfied by such payment by Becker Tenant.

Section 24.16. Collateral Pledge Agreement. Upon the occurrence of an Event of Default, Landlord shall have the right to exercise its rights as provided under any Collateral Pledge Agreement which is then in effect between the parties.

ARTICLE 25

NOTICES

Section 25.01. Notice Procedure. Whenever it is provided herein that notice, demand, request or other communication shall or may be given to or served upon either of the parties by the other, and whenever either of the parties shall desire to give or serve upon the other any notice, demand, request or other communication with respect hereto or to the Premises, each such notice, demand, request or other communication shall be in writing and, any law or statute to the contrary notwithstanding, shall be effective for any purpose if given or served as follows:

(a) If by Landlord, by hand delivery, or recognized national overnight delivery service providing evidence of delivery or by mailing the same to Tenant by registered or certified mail postage prepaid, return receipt requested, addressed to Tenant at:

Riggs Bank N.A., as trustee of the
Riggs Bank N.A. Multi-Employer Property Trust
Attn: Patrick O. Mayberry
808 17th Street N.W.
Washington, D.C. 20006

with copies to:

Kennedy Associates Real Estate Counsel, Inc.
Attn: David L. Antonelli
7315 Wisconsin Avenue
Suite 350 West
Bethesda, MD 20814

and to:

McNaul Ebel Nawrot Helgren & Vance P.L.L.C.
Attn: Marc O. Winters
2700 One Union Square
600 University Street
Seattle, WA 98101-3143

and, so long as the MEPT Lease remains in force and effect, to:

Becker Development, LLC
Attn: Bruce Becker
c/o Becker and Becker Associates, Inc.
95 Reef Road
Fairfield, CT 06824

and, so long as the MEPT Lease remains in force and effect, to:

Swidler Berlin Shereff Friedman LLP
Attn: Martin Siroka
405 Lexington Avenue
The Chrysler Building
New York NY 10174

and, until such time as Landlord is notified that Banc of America Historic Capital Assets LLC, or any Affiliate of it, is no longer a limited partner in Becker Tenant, to:

Banc of America Historic Capital Assets LLC
c/o Banc of America Community Development
Corporation - Risk and Asset Management
Attn.: Z. Yolanda Johnson-Gess
Mail Code: NCI-002-18-02
Bank of America Plaza
101 South Tryon Street
Charlotte, North Carolina 28255-0000

with copy to:

Powell Goldstein Frazer & Murphy LLP
Attn.: Jerry Breed
1001 Pennsylvania Avenue, N.W., 6th Fl.
Washington, D.C. 20004

or to such other address(es) and attorneys as Tenant may from time to time designate by notice given to Landlord in the manner set forth herein.

(b) If by Tenant, by hand delivery, or recognized national overnight delivery service providing evidence of delivery or by mailing the same to Landlord by registered or certified mail, postage prepaid, return receipt requested, addressed to Landlord, at 591 Main Street, Roosevelt Island, New York 10044, one copy to the attention of President, and the other to the attention of General Counsel, with an additional copy to Carter Ledyard & Milburn LLP, 2 Wall

Street, New York, New York 10005, Attention: Barbara Block Brown, Esq.; or to such other address(es) and attorneys as Landlord may from time to time designate by notice given to Tenant in the manner set forth herein;

Section 25.02. Deemed Receipt. Any notice shall be deemed given and effective as of the date of hand delivery or of receipt set forth on the return receipt. The inability to deliver because of changed address of which no notice was given, rejection or any refusal to accept any notice, shall be deemed to be the receipt of the notice, as of the date of such inability to deliver, rejection or refusal to accept.

ARTICLE 26

FINANCIAL REPORTS

Section 26.01. Statements. Tenant shall furnish to Landlord the following:

(a) as soon as practicable after the end of the first three (3) quarterly fiscal periods in each Lease Year, but in any event within one hundred twenty (120) days thereafter, a financial statement, in reasonable detail, including but not limited to, a statement as to residential gross rental income received for the period commencing with the first (1st) day of the current Lease Year and ending on the last day of such quarterly period, certified as complete and correct in all material respects in accordance with Accounting Principles by the chief operating officer or managing general partner or member of Tenant or the designee of such chief operating officer or managing general partner or member; and

(b) as soon as practicable after the end of each calendar year subsequent to the Completion of the Buildings, but in any event within one hundred fifty (150) days thereafter, financial statements of Tenant and of the operations of the Premises, including, without limitation, balance sheets, income statements, and the amount of gross residential rent received for the applicable year, all in detail reasonably satisfactory to Landlord and examined and reported upon by a Certified Public Accountant in accordance with generally accepted auditing standards who shall render a written report thereon to Landlord as to whether such financial statements present fairly Tenant's financial position and results of operations as of the date thereof or for the period covered thereby; and

(c) at least fifteen (15) days prior to the consummation of any Transaction, a statement in reasonable detail of the estimated Transaction Proceeds to be received in connection

therewith and the calculation thereof, determined in accordance with Accounting Principles and certified by the chief operating officer or managing general partner or member of Tenant or the designee of such chief operating officer or managing general partner or member; and

(d) at least three (3) days prior to the consummation of any Transaction, a statement in reasonable detail of the actual Transaction Proceeds to be received in connection therewith and the calculation thereof, certified as complete and correct in all material respects in accordance with Accounting Principles by the chief operating officer or managing general partner or member of Tenant, or the designee of such chief operating officer or managing general partner or member.

So long as the MEPT Lease is in effect, Tenant shall deliver to Landlord a copy of the Annual Statement (as defined in the MEPT Lease) delivered to Landlord by the Becker Tenant within ten (10) days after receipt of same and delivery of such Annual Statements shall satisfy Tenant's obligations under this Section 26.01.

Section 26.02. Maintenance of Books and Records. Tenant shall keep and maintain, and shall cause Becker Tenant to keep and maintain, complete and accurate books and records of the operations of the Premises from which Landlord may determine for each calendar year the items to be shown or set forth on the statements to be delivered to Landlord pursuant to Section 26.01 hereof and in accordance with any applicable provision of any Mortgage and shall preserve, for a period of at least six (6) years after the end of each applicable period of time, such books and records. However, if, at the expiration of such six (6) year period, Landlord is seeking to contest or is contesting any matter relating to such records or any matter to which such records may be relevant, Tenant shall preserve these until one (1) year after the final adjudication, settlement or other disposition of any such contest so long as the MEPT Lease is in effect, these records shall be kept and maintained at an office in New York City. If the MEPT Lease is no longer in effect, the books and records can be maintained at an office in New York City or the Washington, D.C. metropolitan area.

Section 26.03. Books and Records.

(a) Inspection and Audits of Books and Records. Landlord or Landlord's agent or designee shall have the right from time to time during regular business hours, upon ten (10) Business Days' notice, to inspect, audit and, at its option, duplicate, at Landlord's expense, all of

Tenant's books and records and all other papers and files of Tenant relating in any manner to the Premises or to this Lease. Subject to applicable law, Landlord shall hold in confidence, and shall cause all of Landlord's agents and designees to hold in confidence, all information obtained from Tenant's books, records, papers and files, except as may be necessary for the enforcement of Landlord's rights under this Lease.

(b) Inspection by The City of New York. To the extent provided in the Master Lease, New York City or its designee shall have the right to examine all of said records, books of account and material information relating to the operation of the Premises and maintained by Tenant and also shall have such other rights with respect to examination information relating to the Premises as are reserved to it under the Master Lease.

(c) Confidentiality. At any time at which Tenant shall make records and books of account available for inspection, it may inform Landlord of its belief that the public disclosure of the information contained therein or any part thereof would cause substantial injury to the competitive position of Tenant's enterprise and request that to the extent permitted by law Landlord attempt to avoid such disclosure. In the event Tenant makes such request, Landlord shall use all reasonable efforts to avoid such disclosure (but shall incur no liability to Tenant if Landlord complies with any provision of applicable law requiring such disclosure).

(d) Notice to Tenant of Underpayments of Rental. Should any audit performed by Landlord, Landlord's agent or designee disclose that any calculation for payment of Rental, or Rental, was understated, Landlord shall notify Tenant of the amount of the underpayment by a statement showing in reasonable detail the reasons why such payment of Rental was understated. Within twenty (20) days after Tenant has received notice of such underpayment from Landlord, Tenant shall either pay to Landlord the amount by which such payment of Rental was understated, with interest to the extent provided below, or deliver to Landlord a statement contesting Landlord's determination of underpayment and giving the reasons therefor in reasonable detail. If Landlord and Tenant shall fail to agree as to the existence or amount of an underpayment the matter shall be submitted to arbitration pursuant to Article 35 hereof. Within twenty (20) days after it is determined by agreement between Landlord and Tenant or by arbitration that a payment of Rental was understated, Tenant shall pay to Landlord the amount of the deficiency with interest to the extent provided below. Any payment of a deficiency pursuant

to this Section shall bear interest at the Involuntary Rate from the date of the underpayment to the date of the payment of the deficiency.

(e) Tenant's Payment of Audit Costs. If an audit reveals that any calculation for, or the Basic Rent, Additional Rent or a Transaction Payment, was understated by more than two and one half percent (2-1/2%), Tenant shall pay the reasonable cost of the audit within twenty (20) days of submission to Tenant of such audit findings.

Section 26.04. Survival Clause. The obligations of Tenant hereunder shall survive the Expiration Date.

ARTICLE 27

STREET WIDENING

Section 27.01. Proceedings for Widening Street. If any proceedings are instituted or orders made for the widening or other alteration of any street contiguous to the Premises requiring removal of any projection or encroachment on, under or above any such street, or any changes or alterations upon the Premises, or in the sidewalks, grounds, parking facilities, plazas, areas, vaults, gutters, alleys, curbs or appurtenances, Tenant shall comply promptly with such requirements.

Section 27.02. Contest of Proceedings. Tenant is permitted to contest in good faith any proceedings or orders for street widening or any changes or alterations resulting therefrom or necessitated thereby, provided that such contest shall be brought in accordance with the provisions of Section 14.02 hereof as though Tenant were contesting a Requirement thereunder.

Section 27.03. Distribution of Award. Any award made in connection with such proceedings shall be deemed to be an award made in connection with a taking of less than all or substantially all of the premises and shall be paid, distributed and applied in accordance with the provisions set forth in Section 9.03 hereof.

ARTICLE 28

SUBORDINATION; MASTER LEASE

Section 28.01. Subordination of Lease. This Lease and all rights of Tenant hereunder are, and shall remain, subject and subordinate in all respects to the Master Lease. The Master Lease and Landlord's interest in this Lease shall not be subject or subordinate to (a) any Mortgage placed on

Tenant's interest or (b) any other liens or encumbrances hereafter affecting Tenant's interest in this Lease. Tenant covenants and agrees that except as expressly provided herein, Tenant shall not do anything or omit to do anything that Tenant is obligated to do under the terms of this Lease so as to cause Landlord to be in default under the Master Lease.

Section 28.02. Tenant's Assumption of Master Lease Obligations. Tenant hereby assumes and covenants that throughout the Term, Tenant shall observe and perform all of the provisions, and shall assume all of the obligations, of the Master Lease which are to be observed and/or performed by lessee thereunder with respect to the Premises, except that Tenant shall not assume Landlord's obligation under the Master Lease to: (i) pay Basic Rent and Additional Rent, (ii) to prepare plans and construct Improvements (as such term is defined in the Master Lease), and (iii) to finance and construct Public Facilities (as such term is defined in the Master Lease).

Section 28.03. Amendment of Master Lease. Landlord covenants and agrees that it shall not enter into or cause there to be entered into any amendment or supplement to the Master Lease, the Design Guidelines or the General Development Plan, which:

(a) increases or materially affects Tenant's obligations under this Lease,

(b) decreases or materially affects Tenant's monetary rights under this Lease,

(c) decreases and/or materially affects Tenant's possessory rights under the Lease,

(d) limits the permitted uses of the Premises,

(e) limits Tenant's rights under this Lease to dispose of or assign its interest in the Premises, or

(f) alters the rights of a Mortgagee or Tenant's right to obtain a Mortgage pursuant to Article 33;

unless such amendment or supplement is consented to by Tenant (or, in the case of Section(e) above, by each Mortgagee), or is made subject and subordinate to this Lease and to the rights of such Mortgagee.

If Tenant so requests, Landlord agrees to submit to the City of New York a request for a subordination, attornment and non-disturbance agreement in a form customarily supplied by the City of New York, and shall use reasonable efforts (in cooperation with Tenant) to obtain such

an agreement. Landlord shall, at no cost to Landlord, cooperate with Tenant in enforcing rights granted to Tenant as a "sublessee" under the last grammatical paragraph of Paragraph 12 of the Master Lease.

ARTICLE 29

EXCAVATIONS AND SHORING

If any excavation shall be made or contemplated to be made for construction or other purposes upon property adjacent to the Premises, Tenant, shall at its option do either (a) or (b):

(a) afford to the Person causing or authorized to cause such excavation, upon reasonable prior notice, which may be oral (except that no notice is required in an emergency) and at reasonable times, the right to enter upon the Premises in a reasonable manner for the purpose of doing such work as such Person shall consider to be necessary, to preserve any of the walls or structures of the Premises from injury or damage and to support the same by proper foundations provided that (i) such work shall be done promptly, in a good and workmanlike manner, so as not to unreasonably interfere with the conduct of business in or use of the Premises, subject to the applicable Requirements and without reimbursed cost to Tenant, (ii) Tenant shall have an opportunity to have appropriate and necessary representation present during all such work at reasonable cost, which shall be paid by such Person, (iii) such Person shall have delivered to Tenant a letter of credit, a surety bond or other security reasonably satisfactory to Tenant, and a certificate of liability insurance, consistent with the provisions of Article 7 of this Lease, in which Tenant is named as an additional insured, and (iv) Tenant shall be indemnified by such Person against any injury or damage to the Buildings which may result from any such work, but shall not have any claim against Landlord for suspension, diminution, abatement or reduction of Rental payable by Tenant hereunder, or;

(b) shall do or cause to be done all such work, at such Person's expense, as may be necessary to preserve any of the walls or structures of the Premises from injury or damage and to support the same by proper foundations; provided that such Person shall have delivered to Tenant a letter of credit, a surety bond or other security reasonably satisfactory to Tenant and Tenant shall not, by reason of any such excavation or work, have any claim against Landlord for damages (unless Landlord is performing or causing to be performed such excavation or work and

causes such damage) or for indemnity or for suspension, diminution, abatement, or reduction of Rental payable by Tenant hereunder.

ARTICLE 30

CERTIFICATES BY LANDLORD AND TENANT

Section 30.01. Tenant Certificates. Tenant agrees at any time and from time to time upon not less than twenty (20) days' prior notice by Landlord to execute, acknowledge and deliver to Landlord or any other party specified by Landlord or any Mortgagee a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications) and the dates to which the Rental payable by Tenant hereunder has been paid and stating whether or not to the best knowledge of the signer of such certificate Landlord is in default in performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which the signer may have knowledge, and such other information reasonably requested by Landlord that is within Tenant's knowledge.

Section 30.02. Landlord Certificates. Landlord agrees at any time and from time to time upon not less than twenty (20) days' prior notice by Tenant to execute, acknowledge and deliver to Tenant or any existing or proposed Institutional Lender, a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there shall have been modifications, that the same is in full force and effect as modified and stating the modifications) and the dates to which the Rental payable by Tenant hereunder has been paid and stating whether or not to the best knowledge of the signer of such certificate Tenant is in default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which the signer may have knowledge, and such other information reasonably requested by Tenant that is within Landlord's knowledge. Upon Tenant's request and at Tenant's expense, Landlord shall seek to obtain for Tenant such a certificate in respect of the Master Lease from Master Landlord. If Master Landlord fails to deliver such a certificate, then at Tenant's expense, in lieu thereof, Landlord shall execute, acknowledge and deliver to Tenant a statement in writing certifying that Landlord has not executed and delivered to Master Landlord any instrument modifying the Master Lease (or if Landlord has executed such an instrument, stating the modifications made by such instrument) and that, to the best of Landlord's knowledge, the Master Lease is in full force and effect.

Section 30.03. Certificate Concerning Transaction Payments. Landlord agrees, within twenty (20) days after receipt of all information reasonably required by Landlord in order to determine the Transaction Payment, to provide to Tenant a statement in writing certifying the amount of the Transaction Payment required in connection therewith. Such certificate shall be based on the information provided by Tenant and Landlord reserves the right to correct any errors therein. Landlord shall not be bound by any such certificate if it was issued on the basis of inaccurate or incomplete information from Tenant (provided, however, that Landlord shall not be entitled to raise objections to such matters more than one (1) year after the delivery of such statement unless Landlord has been provided with incomplete or incorrect information, except in the case of fraud and in the case of a Financing or Refinancing where Transaction Proceeds are or may be used for Qualifying Capital Improvements within two (2) years after the date thereof, such one (1) year period shall be extended to three (3) years. Notwithstanding the above, parties to a Transaction other than the assignor or transferor shall not be bound by the preceding sentence and Landlord shall look solely to such assignor or transferor with respect to any claim of incomplete or inaccurate information (and any additional Transaction Payment due to Landlord as a result thereof). Landlord may condition the delivery of such certificate on the provision by the assignor or transferor of security and/or guarantees reasonably satisfactory to Landlord to cover any potential liability of such Person for any such claim.

ARTICLE 31

CONSENTS AND APPROVALS

Section 31.01. No Waiver. All consents and approvals which may be given under this Lease shall, as a condition of their effectiveness and, except where otherwise expressly provided in this Lease, be in writing. It is understood and agreed that the granting of any consent or approval by Landlord to Tenant to perform any act of Tenant requiring Landlord's consent or approval under the terms of this Lease, or the failure on the part of Landlord to object to any such action taken by Tenant without Landlord's consent or approval, shall not be deemed a waiver by Landlord of its right to require such consent or approval for any further similar act by Tenant, and Tenant hereby expressly covenants and warrants that as to all matters requiring Landlord's consent or approval under the terms of this Lease, Tenant shall secure such consent or approval for each and every happening of the event requiring such consent or approval, and shall not claim any waiver on the part of Landlord of the requirement to secure such consent or approval.

Section 31.02. General Consents. If, pursuant to the terms of this Lease, any consent or approval by Landlord or Tenant is required, then, if upon notice that a consent or approval is denied, the notified party contests such denial in accordance with this Lease and a final determination that the consent or approval was unreasonably withheld or that such specified standard has been met so that the consent or approval should have been granted, the consent or approval shall be deemed granted and such granting of the Consent or approval shall be the only remedy to the party requesting or requiring the consent or approval.

Section 31.03. Repeat Approval. Whenever Landlord shall have the right to approve the architect, engineer or accountant to be employed by Tenant, any architect, engineer or accountant so approved by Landlord at any time during the Term shall be deemed to be acceptable to Landlord for employment by Tenant at any time thereafter, unless Landlord shall have good cause for refusing to allow the continued employment of such consultant. Whenever Tenant is required to obtain Landlord's approval of an architect, engineer or accountant, Tenant shall notify Landlord if it intends to employ an architect, engineer or accountant previously approved. Tenant may continue to use previously approved professionals, until receipt of written disapproval from Landlord. In the event that Landlord shall refuse to approve the continued employment of such consultant, it shall so notify Tenant, specifying the reason therefor. All references in this Section 31.03 or any other section of this Lease to architects, engineers or accountants shall mean a professional architect, engineer or accountant who is licensed or registered, as the case may be, by the State of New York or any successor licensing body or authority.

Section 31.04. Legend Requirement. Whenever the consent or approval of a party to this Lease is required within a specifically provided period of time in accordance with this Lease, then the party seeking such consent or approval shall place on the envelope containing the request for such consent or approval the words "URGENT -IMMEDIATE RESPONSE CONTRACTUALLY REQUIRED" in capitalized letters large enough to be clearly distinct.

Section 31.05. No Unreasonable Delay. If it is provided that a particular consent or approval by Landlord or Tenant is not to be unreasonably withheld, such consent or approval also shall not be unreasonably delayed.

Section 31.06. Period of Approvals. Whenever this Lease shall provide (i) that Landlord shall have the right to approve an architect, engineer, accountant or contractor and (ii) that such approval shall not be unreasonably withheld, Landlord shall notify Tenant of its determination within fifteen (15)

Business Days after receipt by Landlord of Tenant's request for approval and if Landlord shall not have notified Tenant of its determination within such fifteen (15) Business Day period, such architect, engineer, accountant or contractor shall be deemed approved.

Section 31.07. Consideration for Consents. Except as expressly provided to the contrary in this Lease, neither Landlord nor Tenant shall be entitled to any consideration for a consent or approval required hereunder. Nothing contained herein shall relieve Tenant of the obligation to make Transaction Payments, if applicable, or reimburse a party for expenses where such reimbursement is required under this Lease.

ARTICLE 32

SURRENDER AT END OF TERM

Section 32.01. Condition of Premises. On the last day of the Term or upon any earlier termination of this Lease, or upon a re-entry by Landlord upon the Premises pursuant to Article 24 hereof, Tenant shall well and truly surrender and deliver up to Landlord, without any payment or allowance whatever by Landlord, the Premises in good order, condition and repair, reasonable wear and tear excepted, damage by fire or other casualty excepted, free and clear of all lettings, occupancies, liens and encumbrances other than those, if any, (a) existing at the date hereof, or (b) created by Landlord, or (c) created by Tenant with Landlord's approval, or (d) resulting from any taking or condemnation of all or any part of the Premises. Tenant hereby waives any notice now or hereafter required by law with respect to vacating the Premises on any such termination date. If this Lease is terminated due to an Event of Default by Tenant which permits Landlord to terminate this Lease, and the MEPT Lease is in effect, then Becker Tenant may remain in occupancy of the Premises pursuant to the Becker Tenant SNDA. If this Lease is terminated due to an Event of Default by Tenant which permits Landlord to terminate this Lease and the MEPT Lease is not in effect, then Landlord shall take the Premises subject to any then existing residential sub-sub-subtenancies to Subtenants pursuant to such Subtenants sub-sub-sublease with Becker Tenant in occupancy of their Premises, provided that the applicable Subtenant shall not be permitted to remain in occupancy or have any other rights by reason of, this Section 32.1 for a period in excess of the shortest of (i) the remaining term of the applicable Sublease, (ii) five (5) years, and (iii) the remainder of the Term.

Section 32.02. Delivery of Agreements, Certificates, Warranties and Records. On the last day of the Term or upon any earlier termination of the Lease, or upon re-entry by Landlord upon the Premises pursuant to Article 24 hereof, Tenant shall deliver to Landlord, or shall cause Becker Tenant to deliver to Landlord, Tenant's or Becker Tenant's executed counterparts of all Subleases and any service and maintenance contracts then affecting the Premises, true and complete maintenance records for the Premises, all original licenses and permits then pertaining to the Premises, permanent or temporary certificates of occupancy then in effect for the Buildings, and all warranties and guarantees then in effect which Tenant has received in connection with any work or services performed or Equipment installed in the Buildings, (without recourse, representation or warranty of any kind) together with a duly executed assignment thereof to Landlord (without recourse, representation or warranty of any kind), all financial reports, books and records required by Article 26 hereof and other documents of every kind and nature whatsoever relating to the Premises (without recourse, representation or warranty of any kind).

Section 32.03. Section 32.03 Survival. The obligations of Tenant under this Article 32 shall survive the Expiration Date, except that Tenant shall have no obligation to furnish information relating to the Premises for periods which follow the Expiration Date.

ARTICLE 33

MORTGAGES

Section 33.01. Effect of Mortgages. Subject to the provisions of this Article 33, Tenant may mortgage this Lease and Tenant's leasehold interest and grant a security interest in Tenant's personal property situated on the Premises, provided: (i) the holder of such Mortgage shall be an Institutional Lender, (ii) the holder of such Mortgage shall not be a Prohibited Person, (iii) Tenant shall pay the Payment in Lieu of Mortgage Recording Tax, if any, which may be due and payable in connection with such Mortgage pursuant to Section 3.02(b) hereof, and (iv)Tenant shall pay to Landlord any Transaction Payment which may be due with respect to such Mortgage. No Mortgage shall extend to, affect, or be a lien or encumbrance upon, the estate and interest of Landlord in the Premises or any part thereof.

Section 33.02. Mortgagees Rights. With the exception of the rights granted to a Mortgagee pursuant to the provisions of Sections 33.03, 33.04, 33.06 and 33.08 hereof, the execution and delivery of a Mortgage does not give nor shall be deemed to give any Mortgagee any greater rights against Landlord than those granted to Tenant hereunder.

Section 33.03. Right to Cure Tenant's Defaults.

(a) Notice. If Tenant shall mortgage Tenant's interest in this Lease, Tenant shall give Landlord prompt notice of such Mortgage and furnish Landlord with a complete and correct copy of such Mortgage, certified as such by Tenant and by such Mortgagee, together with the name and address of such Mortgagee. After receipt of the foregoing, Landlord shall give to each Mortgagee, at the address of the Mortgagee stated in the certification herein above referred to, or in any subsequent notice given by the Mortgagee to Landlord, and otherwise in the manner provided in Article 25 hereof, a copy of each notice of Default at the same time as it gives notice of Default to Tenant, and no such notice of Default shall be deemed effective with respect to the Mortgagee unless and until a copy thereof has been so given to each Mortgagee. If Tenant fails to cure any Default within the applicable grace period, Landlord shall promptly give notice of same (an "Event of Default Notice") to each Mortgagee.

(b) Right and Time to Cure. Except as otherwise provided in Section 33.03(e) hereof, and subject to the provisions of Section 33.05 hereof, if an Event of Default Notice shall have been given, each Mortgagee (other than the First Mortgagee) shall have a period of (i) twenty (20) days in the case of a Default in the payment of Rental, and (ii) in the case of any other Default, the same time period, after the giving of such notice to it, as is given to Tenant after the giving of such notice (each of such periods to begin to run upon the giving of the Event of Default Notice) within which to remedy such Default. The First Mortgagee shall have a period of thirty (30) days in addition to that provided above to other Mortgagees within which to remedy such Default.

(c) Mortgagee's Performance. Subject to the provisions of Section 33.05 hereof, Landlord shall accept performance by a Mortgagee of any covenant, condition or agreement on Tenant's part to be performed hereunder with the same force and effect as though performed by Tenant, provided, however, that the Mortgagee shall not hereby or thereby be subrogated to the rights of Landlord.

(d) Non-Rental Defaults. No Event of Default (other than an Event of Default arising from the non-payment of Rental) shall be deemed to have occurred if, within the period set forth in Section 33.03(b) hereof, a Mortgagee has remedied the Default, caused it to be remedied, or in the case of a Default under Section 24.01(d), (e), or (f) commenced to remedy and prosecuted

such remedy to completion with diligence and continuity; provided that in the case of a Default where possession of the Premises is required in order to cure the Default, or a Default which is otherwise not susceptible of being cured by a Mortgagee, if a Mortgagee has instituted foreclosure proceedings, and is continuously prosecuting the foreclosure proceedings with diligence and continuity to obtain possession, including seeking the appointment of a receiver in connection therewith, the cure periods referred to in Section 33.03(b) shall not begin to run until the Mortgagee so obtains possession. The rights of a mortgagee under this Section 33.03(d) shall not apply unless such Mortgagee shall have delivered to Landlord, in writing, its agreement (i) to take the action required, and (ii) that during the period in which such action is being taken (and any foreclosure proceedings are pending), all of the other obligations of Tenant under this Lease, to the extent they are susceptible of being performed by the Mortgagee, are being duly performed. However, at any time after the delivery of the aforementioned agreement, the Mortgagee may notify Landlord, in writing, that it has relinquished possession of the Premises or that it will not institute foreclosure proceedings or, if such proceedings have been commenced, that it has discontinued them, or that it deems that the Default has been cured, and in such event such Mortgagee shall have no further liability under such agreement from and after the date it delivers such notice to Landlord (except for any obligations accruing prior to the date it delivers such notice), and if such Mortgagee delivers such notice, unless the Default has been cured, Landlord shall have the unrestricted right to terminate this Lease and to take any other action it deems appropriate by reason of any Default by Tenant, and upon any such termination the provisions of Section 33.04 shall be applicable.

(e) Non-curable Defaults. Notwithstanding anything herein contained to the contrary, provided such Mortgagee shall have otherwise complied with the provisions of this Section 33.03, such Mortgagee shall have no obligation to cure any Defaults which are not susceptible to being cured by such Mortgagee, and this Lease shall continue in effect so long as Mortgagee is proceeding in compliance with Section 33.03(d) with respect to non-monetary defaults.

Section 33.04. Execution of New Lease.

(a) Notice of Termination. If this Lease is terminated by reason of an Event of Default, Landlord shall give prompt notice thereof to each Mortgagee.

(b) Request for and Execution of New Lease. If, within thirty (30) days of the giving of the notice referred to in Section 33.04(a) hereof, a Mortgagee requests a new lease, then subject to the provisions of Sections 33.04(c) and 33.05 hereof, within sixty (60) days after Landlord has received such request, Landlord shall execute and deliver a new lease of the Premises (the "New Lease") for the remainder of the Term to the Mortgagee, or any designee or nominee of the Mortgagee approved by Landlord. The new lease shall contain all of the covenants, conditions, limitations and agreements contained in this Lease.

(c) Conditions Precedent to Landlord's Execution of New Lease. The provisions of Section 33.04(b) hereof notwithstanding, Landlord shall not be obligated to enter into a new lease with a Mortgagee unless the Mortgagee pays to Landlord, concurrently with the execution and delivery of the New Lease, all Rental due under this Lease up to and including the date of the commencement of the term of the New Lease and all expenses, including, without limitation, reasonable attorneys' fees and disbursements and court costs incurred in connection with the Event of Default, the termination of this Lease and the preparation of such New Lease. If at the time Landlord enters into a new lease with a Mortgagee any portion of the Premises shall have been subjected to a condemnation, then Landlord's obligation to enter into a New Lease with such Mortgagee shall be only for the Premises as reduced.

(d) No Waiver of Default. The execution of a New Lease shall not constitute a waiver of any Default existing immediately before termination of this Lease and, except for a Default which is not susceptible of being cured by the Mortgagee, the tenant under the New Lease shall cure, within the applicable periods set forth in Section 24.01 hereof, all Defaults existing under this Lease immediately before its termination.

(e) Assignment of Depositary Proceeds. Concurrently with the execution and delivery of a New Lease pursuant to the provisions of Section 33.04(b) hereof, Landlord shall assign to the tenant named therein all of its right, title in and interest to moneys (including insurance proceeds and condemnation awards), if any, then held by, or payable to, Landlord or Depositary that Tenant would have been entitled to receive but for the termination of this Lease. Any sums then held by, or payable to, Depositary shall be deemed to be held by, or payable to, Depositary as depositary under the New Lease.

(f) Assignment of Subleases. Upon the execution and delivery of a New Lease pursuant to the provisions of Section 33.04 hereof, all Subleases that may have been assigned to Landlord and all direct leases between Landlord and any occupants of the Premises shall be assigned and transferred, without recourse, by Landlord to the tenant named in the New Lease. Between the date of termination of this Lease and the date of the execution and delivery of the New Lease, if a Mortgagee or its designee or nominee has requested a New Lease as provided in Section 33.04(b) hereof, Landlord shall not cancel any Sublease or accept any cancellation, termination or surrender thereof (unless such termination is effected as a matter of law upon the termination of this Lease or terminated by the terms of the Sublease) or enter into any amendments thereto which materially adversely affect the landlord thereunder without the consent of the Mortgagee, except for the purpose of permitting Landlord to enter into Subleases for at least the remainder of the unexpired terms of the canceled Subleases with other tenants who will occupy not less than the same amount of space demised by the canceled Subleases and pay the same rental rate provided for in the canceled Subleases.

Section 33.05. Recognition by Landlord of Mortgagee Most Senior in Lien. If more than one Mortgagee has exercised or has the right to exercise any of the rights afforded by this Article 33, only that Mortgagee, to the exclusion of all other Mortgagees, the lien of whose Mortgage shall be senior to the liens of other Mortgages, shall be recognized by Landlord as having exercised or having the right to exercise such right unless such Mortgagee has designated another Mortgagee to exercise such right and has given notice of such designation to Landlord. Landlord, without liability to Tenant or any Mortgagee with an adverse claim, may rely upon a Mortgagee title insurance policy or title certificate issued by a responsible title insurance company doing business within the State of New York as the basis for determining the appropriate Mortgagee whose lien is senior to the liens of all other Mortgages.

Section 33.06. Mortgagee Participation.

(a) Arbitration Participation. Under any circumstances in which arbitration is provided for herein, Tenant shall give each Mortgagee notice of the demand for arbitration, and Landlord shall recognize each Mortgagee as a proper party to participate in the arbitration.

(b) Participation at Condemnation Proceedings. A Mortgagee has the right to appear in any condemnation proceedings and to participate in any and all hearings, trials and appeals in connection with a taking referred to in Article 9 hereof.

Section 33.07.

(a) Application of Subrents. Wherever in this Lease Landlord is permitted to collect Subrents, such right shall not limit the right of a Mortgagee to collect rents and other sums pursuant to a collateral assignment of the Subleases, provided that such sums shall be held in trust and employed first to pay Rental due hereunder.

(b) Application of Insurance or Condemnation Proceeds. To the extent that this Lease requires that insurance proceeds paid in connection with any damage or destruction to the Buildings, or the proceeds of an award paid in connection with a taking referred to in Article 9 hereof, be applied to restore any portion of the Buildings, no Mortgagee has the right to apply the proceeds of insurance or awards toward the payment of the sum secured by its Mortgage.

Section 33.08. Amendments and Modifications to Lease. No adverse modification of or amendment to, or termination or cancellation of this Lease (a "change") shall be effective as against a Mortgagee unless the proposed change shall have been delivered to such Mortgagee and such Mortgagee shall have either: (a) approved the change in writing or (b) failed to disapprove the change in writing within thirty (30) days after receipt of a copy thereof. Any assignment or transfer of the Mortgage shall have no force or effect, vis-a-vis Landlord, until notice thereof is given by the holder of the Mortgage to Landlord, and then only effective from Landlord's actual receipt of such notice.

Section 33.09. Subordination. Notwithstanding anything contained in any Mortgage or in this Article 33, it is understood and agreed that the rights of a Mortgagee shall be subject and subordinate to this Agreement. The terms, covenants and conditions of this Lease shall govern as among Landlord, Tenant and any Mortgagee, and in the event of any inconsistency between the terms, covenants and conditions of this Lease and the terms, covenants and conditions of the Mortgage, the terms, covenants and conditions of the Lease shall control. Notwithstanding any provisions of the Mortgage to the contrary, the Tenant for all purposes shall be deemed to be the Tenant hereunder unless and until a Mortgagee or its designee shall have acquired the Tenant's interest herein or a New Lease has been executed pursuant to this Article, as the case may be. Any Mortgage granted hereunder shall make reference to the provisions of this Lease and shall provide that the Mortgage and the rights of the Mortgagee thereunder are and shall be in all respects subject to all provisions of this Lease. Each Mortgage shall contain the following provisions:

"This Mortgage is executed upon the condition (i) that no purchaser at any foreclosure sale shall acquire any right, title or interest in or to the lease hereby mortgaged (the "Lease") unless such purchaser, or the person, firm or corporation to whom or to which such purchaser's right has been assigned, in the instrument transferring to such purchaser or to such assignee the interest of Tenant under the Lease, assumes and agrees to perform all of the terms, covenants and conditions of the Lease thereafter to be observed or performed on the part of such Tenant, but only so long as such purchaser or assignee is the owner of such leasehold estate, (ii) that no further or additional mortgage or assignment of the Lease shall be made except in accordance with the provisions of the Lease and (iii) that a duplicate original of the instrument containing such assumption agreement, duly executed and acknowledged by purchaser or assignee and in recordable form, is delivered to Landlord promptly after the consummation of such sale or assignment."

"The mortgagee agrees to have the proceeds of any insurance or the proceeds of any condemnation award applied to the repair or restoration of the Premises to the extent such application is required by the provisions of the Lease."

Section 33.10. Exculpation of Mortgagee. No Mortgagee or any Affiliate thereof shall have any liability for any of Tenant's obligations under this Lease unless and until it becomes the Tenant by foreclosure, assignment in lieu of foreclosure or otherwise, and thereafter, shall remain liable for such obligations only so long as it remains the owner of the leasehold estate created hereby, and shall be released from any liability under this Lease arising after a subsequent assignment to a third party.

ARTICLE 34

QUIET ENJOYMENT

Subject to the provisions of any other written agreement between the parties, Landlord covenants that, if and as long as Tenant shall faithfully perform the agreements, terms, covenants and conditions hereof, Tenant shall and may (subject, however, to the exceptions, reservations, terms and conditions of this Lease, the Master Lease and any instrument to which this Lease may be subject) peaceably and quietly have, hold and enjoy the Premises for the term hereby granted without molestation or disturbance by or from Landlord or its assigns, successors or agents.

ARTICLE 35

ARBITRATION AND APPRAISAL

Section 35.01. Procedure for Arbitration. In such cases where this Lease expressly provides for the settlement of a dispute or question by arbitration, and only in such cases, the same shall be determined by arbitration conducted in New York, New York, in accordance with the rules then obtaining at the American Arbitration Association, and judgment upon the award rendered may be entered in any court having jurisdiction thereof. The party desiring arbitration shall appoint a disinterested person as arbitrator on its behalf and give notice thereof to the other party who shall, within fifteen (15) days thereafter, appoint a second disinterested person as arbitrator on its behalf and give written notice thereof to the first party. The arbitrators thus appointed shall appoint a third disinterested person, and said three (3) arbitrators shall, as promptly as possible, determine the matter which is the subject of the arbitration. The decision of the majority of the arbitrators shall be conclusive and binding on all parties and judgment upon the award may be entered in any court having jurisdiction. If a party who shall have the right pursuant to the foregoing to appoint an arbitrator fails or neglects to do so, then and in such event the other party (or if the two arbitrators appointed by the parties shall fail within fifteen (15) days after the appointment of the second arbitrator to appoint a third arbitrator, then either party) may apply to any court of competent jurisdiction to appoint such arbitrator. In the event an arbitrator resigns, dies or refuses to perform his duties, his successor shall be appointed within ten (10) days by the party who originally appointed him or in the event such party shall fail to so appoint such successor, or in the case of the third arbitrator, his successor shall be appointed as provided in Section 35.02(c). The expenses of arbitration shall be shared equally by Landlord and Tenant but each party shall be responsible for the fees of its own attorneys. Landlord and Tenant agree to sign all documents and to do all other things necessary to submit any such matter to arbitration and further agree to, and hereby do, waive any and all rights they or either of them may at any time have to revoke their agreement hereunder to submit to arbitration and to abide by the decision rendered thereunder. The arbitrators shall have no power to vary or modify any of the provisions of this Lease, and their jurisdiction is limited accordingly.

In the event that any dispute requiring arbitration hereunder shall involve subject matter of a technical or specialized nature, the arbitrators selected hereunder shall be professionals with at least ten (10) years' experience in the appropriate discipline (i.e., certified public accountants

to resolve accounting disputes, licensed engineers or architects to resolve discrepancies in plans and specifications, etc.).

Section 35.02. Procedure for Appraisal. In each instance under this Lease where it shall become necessary to resort to appraisal, such appraisal shall be conducted as follows:

(a) The party desiring such appraisal shall give notice to that effect to other party, specifying therein the name and address of the person designated to act as appraiser on its behalf. Within fifteen (15) days after the service of such notice, the other party shall give notice to the first party specifying the name and address of the person designated to act as appraiser on its behalf. If either party fails to notify the other party of the appointment of its appraiser, as aforesaid, within or by the time above specified, then the appointment of the second appraiser shall be made in the same manner as hereinafter provided for the appointment of a third appraiser in a case where the two appraisers appointed hereunder and the parties are unable to agree upon such appointment.

(b) The appraisers so chosen shall meet within ten (10) days after the second appraiser is appointed and if, within sixty (60) days after such first meeting, the said two appraisers shall be unable to agree upon the valuation they themselves shall appoint a third appraiser who shall be a competent and impartial person. Within a period of sixty (60) days after the appointment of such third appraiser, such third appraiser shall be required to choose between the two appraisals previously given.

(c) In the event the two appraisers are unable to agree upon the appointment of a third appraiser within fifteen (15) days after the time aforesaid, such third appraiser shall be selected by the parties themselves if they can agree thereon within a further period of fifteen (15) days. If the parties do not so agree, then either party, on behalf of both, may apply to any court of competent jurisdiction in New York County, for the appointment of such third appraiser, and the other party shall not raise any question as to the court's full power and jurisdiction to entertain the application and make the appointment.

(d) Any appraiser selected or appointed pursuant to this Section shall be a member of the American Institute of Real Estate Appraisers (or a successor organization), shall be an appraiser, and shall have been doing business as such in the county in which the Premises are

located for a period of at least fifteen (15) years before the date of his appointment. All appraisers chosen or appointed pursuant to this Section shall be sworn fairly and impartially to perform their duties as such appraiser. In the event of the failure, refusal or inability of any appraiser to act, his successor shall be appointed within ten (10) days by the party who originally appointed him or in the event such party shall fail so to appoint such successor, or in case of the third appraiser, his successor shall be appointed as hereinabove provided.

(e) Each party shall pay the fees and expenses of its respective appraiser and both shall share the fees and expenses of the third appraiser, if any. Each party shall be responsible for the fees and expenses of its own attorney and other representatives.

ARTICLE 36

INVALIDITY OF CERTAIN PROVISIONS

If a court of competent jurisdiction shall make a final determination that any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE 37

EASEMENTS; AMENDMENT OF LEGAL DESCRIPTION

Section 37.01. Easements. Subject to the provisions of Article 40 hereof, Landlord hereby grants to Tenant, Subtenants, and their respective contractors, agents, employees, invitees and guests during the Term, the following non-exclusive licenses, easements and rights-of-way:

(a) easement and right-of-way for the passage of pedestrian traffic over all streets, roads or avenues (collectively, the "Streets") running between the Premises and other improvements constructed on Roosevelt Island which are now or hereafter open;

(b) easement and right-of-way for the passage of bicycles, baby carriages, shopping carts, velocipedes, strollers, and other non-motorized items of a similar nature, over all Streets or rights-of-way subject to the Rules and Regulations;

(c) a license, which shall remain in effect only during the initial construction of the Project, the Restoration of the Buildings or the performance of any permitted Capital Improvement over such portion of the land covered by the Master Lease as is (i) necessary for use in construction of the Buildings and (ii) not covered by any other lease, sublease or license (other than the Master Lease);

(d) a license over such portion of the land covered by the Master Lease as is (i) necessary for use in maintenance, repair and Restoration of the Buildings and (ii) not covered by any other lease, sublease or License (other than the Master Lease) (Landlord agreeing not to take any act which would prohibit Tenant's access to the Premises for such purposes); and

(e) easement, right-of-way and right of access for the passage of vehicular traffic, subject to the Rules and Regulations, over all streets, roads, or avenues on Roosevelt Island, including any public streets or rights of way.

Section 37.02. Amendment of Legal Description.

(a) After the Final Drawings and Specifications have been approved by Landlord, upon request of Landlord or Tenant, at Tenant's expense, Landlord and Tenant shall enter into an amendment to this Lease, which shall be in recordable form, modifying Exhibit A hereto by (i) inserting a metes and bounds description for the area shown on the Final Drawings and Specifications to be the area to be occupied by columns and footings for the Buildings, plus an additional area consisting of the nearest ten (10) feet adjoining the area to be occupied by said columns and footings, in place of the existing description of such area, and (ii) inserting a specific description of the air space adjacent to certain boundaries of the Land shown on the Final Drawings and Specifications to be the area to be occupied by the Buildings in place of the existing description of such air space.

(b) After Completion of the Buildings, upon request of Landlord or Tenant, Landlord and Tenant shall enter into an amendment to this Lease, which shall be in recordable form, modifying Exhibit A hereto by (i) inserting a metes and bounds description for the area actually occupied by columns and footings for the Buildings, plus an additional area consisting of the nearest ten (10) feet adjoining the area to be covered by said columns and footings, in place of the then existing description of such area, and (ii) inserting a specific description of the air space

adjacent to certain boundaries of the Land actually occupied by the Buildings in place of the then existing description of such air space.

ARTICLE 38

RECORDING OF MEMORANDUM

Neither party may record the Lease, but either Landlord or Tenant may record a memorandum of this Lease in the form annexed as Exhibit M. Landlord and Tenant, upon the request of the other, shall join in the execution of a memorandum of lease or a memorandum of any amendment or modification of this Lease in proper form for recordation. All costs in recording the Memorandum of Lease shall be paid by Tenant.

ARTICLE 39

NON-DISCRIMINATION AND AFFIRMATIVE ACTION PROGRAM

Section 39.01. Tenant shall comply with all requirements of the Affirmative Action Program annexed hereto as Exhibit E and Tenant's contractors and subcontractors shall be bound by the provisions of Paragraph 26 of the Master Lease.

ARTICLE 40

ISLAND SERVICES AND COMMUNITY FACILITIES

Section 40.01. (a) Island Services Generally. Landlord acknowledges that it or its designees or predecessors have provided or caused to be provided certain services to the Roosevelt Island community which are in addition to services normally provided by municipalities ("Island Services") including, but not limited to (i) Tramway service, (ii) the central pneumatic collection system for the disposal and removal of refuse ("AVAC"), (iii) minibus service, (iv) public safety or security services, (v) community worker service, and (vi) maintenance of (A) landscape of all areas not leased to other tenants of Landlord, (B) the streets, (C) recreational and athletic facilities, and (D) parking in the Motorgate Parking Facility and parking in other areas.

(b) Charges for Island Services. Landlord may impose on Tenant a charge, in addition to Basic Rent, for the furnishing of any Island Services, except for services referred to in Sections 3.01, 11.10(c) and 40.04 and charged under such Sections, but only if Landlord imposes

a charge for such Island Services on all other lessees of buildings on Roosevelt Island containing residential apartments and receiving such Island Service, in which event Tenant shall pay, unless otherwise provided herein, its pro-rata share (computed on the basis of the number of Completed Units in the Building as a percentage of the then total of the completed residential units on Roosevelt Island) of such charge as Rental under Article 3. Tenant's share of such charges shall not be decreased by reason of a decrease in the number of Completed Units in the Building resulting from a combination or diminution in the number of Completed Units by Tenant. If Tenant fails to pay such charge, Landlord (in addition to any other rights and remedies provided herein) shall have all of the rights and remedies provided in this Lease in the case of non-payment of Rental. Landlord agrees that its collection processes for such charges shall be non-discriminatory.

(c) Additional Island Service. Landlord shall have the right to designate additional community services as "Island Services," provided, however, that New York City would not be responsible as the local municipal government as a matter of law in the absence of any contractual or lease obligations whatsoever for the providing of such additional services.

(d) It is not the intention of this Article 40 to relieve the lessor under the Master Lease of its obligation under Paragraph 3 of the Master Lease not to discriminate against residents of Roosevelt Island with respect to the provision of police, fire, sanitation, health protection, public education and other municipal services, provided, however, that Landlord shall have no liability if lessor under the Master Lease fails to perform such obligation.

Section 40.02. Change in or Curtailment or Discontinuance of Island Services. Landlord reserves the right to change, curtail or discontinue any or all of the Island Services, and Landlord shall not be liable to Tenant or Subtenants if Landlord elects not, refuses, or fails, to furnish any or all of the Island Services, or for any injury to any Person or damage to the Premises or any property caused by, or resulting from the furnishing, curtailment or discontinuance of, or changes in, or any failure to furnish Island Services, provided that Tenant's obligation to make the Monthly Public Safety Payment shall stop if Landlord discontinues its provision of public safety services and Tenant's obligation to make Monthly Bus Payments will stop if Landlord discontinues minibus service for the Buildings. Notwithstanding the foregoing, except in case of emergency, Landlord shall give Tenant reasonable advance notice of the curtailment or discontinuance of the Tramway or AVAC service in light of the need to implement

substitutions therefor. Nothing contained herein shall be deemed to relieve Landlord from liability to Tenant by reason of the negligence or wrongful acts of Landlord, its agents or employees.

Section 40.03. Security.

(a) Notwithstanding the provisions of Article 3 hereof with regard to Landlord's public safety services and Tenant's monthly payments therefor, Tenant, in addition, may hire its own security personnel for the Premises provided that such personnel shall not regularly patrol outside of the Premises without the approval of Landlord and provided further that the public safety services of Landlord shall not be impeded or limited in their access to the Buildings. Tenant acknowledges and agrees that Landlord shall not take responsibility for patrolling the Premises or for the internal control and security of the Premises.

(b) Landlord shall have the right to enter the Premises in connection with performance of Landlord's public safety services, including the right to enter the Buildings in response to calls from Subtenants or other occupants of the Buildings or while in pursuit.

(c) Landlord shall have the right, at its cost and expense, to install antennae on the roofs of the Buildings for security radio provided (i) Tenant shall have approved the plans therefor, which approval shall not be unreasonably withheld, (ii) the antennae shall comply with all Requirements applicable thereto, (iii) such installation shall not violate the provisions of any insurance maintained by Tenant, (iv) Landlord's transmissions shall not interfere with Tenant's then existing Permitted Rooftop Equipment, and (v) Landlord shall indemnify Tenant with respect to the installation, operation, maintenance and repair of Landlord's antennae and the roof area to which it is attached, except to the extent any loss, cost, damage, claim or expense results from the acts or omissions of Tenant or any Subtenant (or any Person claiming by, through or under Tenant or any Subtenant), or their respective agents, contractors, representatives, licensees or invitees.

Section 40.04. AVAC/Refuse Disposal. Tenant shall use the AVAC system serving Roosevelt Island for the disposal and removal of all refuse for which it was designed by depositing all such refuse into the AVAC input stations which Tenant shall construct. Refuse which the AVAC is not designed to process shall not be disposed in or through the AVAC. Tenant agrees that, at its sole cost and expense, it shall dispose of and remove from the Premises all refuse which the AVAC is not designed to process,

in such manner as Landlord shall approve pursuant to agreements entered into by Landlord on behalf of Tenant, which agreements shall be subject to Tenant's approval, such approval not to be unreasonably withheld, or such other agreements as Landlord shall approve, such approval not to be unreasonably withheld. If such disposal and removal is pursuant to agreements entered into by Landlord, Tenant shall pay to Landlord, within twenty (20) days after demand, at Landlord's option, either (i) Tenant's pro rata share of all costs and expenses incurred by Landlord under such agreements, or (ii) the costs and expenses attributable to the Premises which are incurred by Landlord under such agreements. If Tenant fails to pay such costs and expenses, Landlord (in addition to any other rights and remedies provided herein) shall have all of the rights and remedies provided for by law in the case of non-payment of rent. Landlord represents, that as of the date hereof, there is no condition or event to Landlord's knowledge, that would cause the termination of AVAC service.

Section 40.05. Transportation Without Landlord's prior written approval, Tenant shall not operate or cause to be operated for residents of Roosevelt Island or applicants or prospective applicants for apartments thereon, any mode of transportation to, from or on Roosevelt Island.

Section 40.06. No Third Party Rights. The provisions of this Article 40 shall not be deemed to grant any rights to any Person, including, without limitation, any Subtenant or other resident on or visitor to Roosevelt Island, except Tenant and/or Landlord, and the terms of this Article 40 shall be enforceable only by Tenant and/or Landlord.

ARTICLE 41

MISCELLANEOUS

Section 41.01. Captions. The captions of this Lease are for convenience of reference only and in no way define, limit or describe the scope or intent of this Lease or in any way affect this Lease.

Section 41.02. Table of Contents. The Table of Contents is for the purpose of convenience of reference only and is not to be deemed or construed in any way as part of this Lease or as supplemental thereto or amendatory thereof.

Section 41.03. Gender and Successors. The use herein of the neuter pronoun in any reference to Landlord or Tenant shall be deemed to include any individual Landlord or Tenant, and the use herein of the words "successor and assign" or successors and assigns" of Landlord or Tenant shall be deemed to include the heirs, legal representatives and assigns of any individual Landlord or Tenant. Words of the

masculine gender shall mean and include correlative words of the feminine and neuter gender and words imparting the singular shall mean and include the plural and vice versa.

Section 41.04. Reference to Landlord or Tenant. If more than one party is named as or becomes Landlord or Tenant hereunder, Landlord or Tenant, as the case may be, may require the signatures of all such parties in connection with any notice to be given or action to be taken by Landlord or Tenant, as the case may be, hereunder. Subject to the provisions of Sections 41.05 and 41.09 hereof, each party named as Landlord or Tenant shall be fully liable for all of Landlord's or Tenant's, as the case may be, obligations hereunder. Any notice by Landlord or Tenant to any party named as Landlord or Tenant, as the case may be, shall be sufficient and shall have the same force and effect as though given to all parties named as Landlord or Tenant, as the case may be.

Section 41.05. Landlord's Exculpation. The liability of Landlord or of any Person who has at any time acted as Landlord hereunder for damages or other monetary amounts shall be limited to Landlord's interest in the Premises, including, without limitation, the rents and profits therefrom, the proceeds of any insurance policies covering or relating to the Premises, any awards payable in connection with any condemnation of the Premises or any part thereof, and any other rights, privileges, licenses, franchises, claims, causes of action other interests, sums or receivables appurtenant to the Premises. Neither Landlord nor any such Person nor any of the members, directors, officers, employees, agents or servants of either shall have any liability (personal or otherwise) hereunder beyond Landlord's interest in the Premises, and no other property or assets of Landlord or any such person or any of the members, directors, officers, employees, agents or servants of either shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies hereunder. This Section shall survive expiration or earlier termination of the Lease.

Section 41.06. Non-Merger of Lease. Except as otherwise expressly provided in this Lease, there shall be no merger of this Lease or the leasehold estate created hereby with the fee estate in the Premises or any part thereof by reason of the same Person acquiring or holding, directly or indirectly, any interest in this Lease or the leasehold estate created hereby as well as an interest in the fee estate in the Premises.

Section 41.07. Transfer of Landlord's Interest. If RIOC or any successor to its interest hereunder ceases to be the tenant under the Master Lease or there is any sale or sales, assignment or assignments, or transfer or transferors of the tenant's leasehold interest in the Premises under the Master Lease, the

seller, assignor or transferor, as the case may be, shall be and hereby is entirely freed and relieved of all agreements, covenants and obligations of Landlord hereunder to be performed from and after the date of such sale, assignment or transfer, and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the Person who acquires or owns the Premises including, without limitation, the purchaser, assignee or transferee on any such sale, assignment or transfer, that such Person has assumed and agreed to carry out any and all agreements, covenants and obligations of Landlord hereunder accruing from and after the date of such acquisition, sale, assignment or transfer. Nothing hereinbefore set forth shall be construed to relieve Landlord from its obligation to comply with Landlord's agreements, covenants and obligations under this Lease required to be performed prior to the date of any such sale, assignment or transfer of Landlord's interest in the Master Lease. If Landlord is holding any funds of Tenant or amounts prepaid by Tenant and not yet accrued, and provided that no Event of Default shall have occurred and remain uncured, Landlord shall, at the time of such transfer, transfer the same to the assignee or successor.

Section 41.08. Transfer of Tenant's Interest. If Tenant, or any successor to its interest hereunder ceases to have any interest in the leasehold estate hereby created by reason of any authorized and valid sale or sales, assignment or assignments or transfer or transfers of the Tenant's interest hereunder in accordance with the terms of Article 10 of this Lease, the seller, assignor or transferor shall be and hereby is entirely freed and relieved of all agreements, covenants and obligations of Tenant hereunder to be performed from and after the date of such sale, assignment or transfer, and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the Person who acquires or owns the Tenant's interest in the Premises under this Lease, including, without limitation, the purchaser or transferee in any such sale, disposition or transfer, such Person has assumed and agreed to carry out any and all agreements, covenants and obligations of Tenant hereunder to be performed from and after the date of such acquisition, sale or transfer. Nothing hereinbefore set forth shall be construed to relieve Tenant from any liability with respect to agreements, covenants and obligations required to be performed under this Lease prior to the date of any such sale, assignment or transfer of the Tenant's interest hereunder. If the seller, assignor or transferor made any payments to Landlord for any periods after the date of such sale, assignment or transfer, it shall assign its rights in such payments to the purchaser or transferee.

Section 41.09. Amendment of Lease. This Lease cannot be changed or terminated orally, but only by a written instrument of change, modification, waiver or termination executed by the party against whom enforcement of any change, modification, waiver or discharge is sought.

Section 41.10. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of New York.

Section 41.11. Successors and Assigns. The agreements, terms, covenants and conditions herein shall bind and inure to the benefit of Landlord and Tenant and their respective successors and (except as otherwise provided herein) assigns.

Section 41.12. No Joint Venture. Nothing herein is intended nor shall be deemed to create a joint venture or partnership between Landlord and Tenant, nor to make Landlord in any way responsible for the debts or losses of Tenant.

Section 41.13. Tax Benefits. As between Landlord and Tenant, Tenant shall have the exclusive right, if any, during the Term to all depreciation deductions, investment tax credits and other similar tax benefits attributable to any construction, demolition and Restoration performed by Tenant or attributable to the ownership of the Buildings. Landlord from time to time shall execute and deliver such instruments as Tenant shall reasonably request in order to effect the provisions of this Section 41.14, and Tenant shall pay Landlord's reasonable costs and expenses thereof. Neither Landlord nor Tenant makes nor implies any representations as to the availability of any such deductions, credits or tax benefits to each other or any third party.

Section 41.14. Entire Agreement. This Lease and the Exhibits hereto contain all the promises, agreements, conditions, inducements and understandings between Landlord and Tenant relative to the Premises and there are no promises, agreements, conditions, understandings, inducements, warranties or representations, oral or written, expressed or implied, between them other than as herein or as may be expressly contained in any written agreements or instruments executed by the parties or a party hereto.

Section 41.15. Counterparts. This Lease may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties or signatories hereto may execute this Lease by signing any of such counterparts.

Section 41.16. Tenant Indemnification. The rights granted to Landlord in Article 19 shall be for the benefit of and enforceable by UDC, RIOC and the landlord under the Master Lease and the

obligations of Tenant contained in Article 19 shall run to and be enforceable by UDC, RIOC and the landlord under the Master Lease. In addition, notwithstanding anything to the contrary contained in Article 34 or elsewhere in this Lease, Tenant waives any and all claims against UDC, RIOC and the landlord under the Master Lease based on the assertion by Tenant that execution of this Lease by UDC or RIOC was ultra vires and, Tenant shall indemnify and save harmless UDC, RIOC and the landlord under the Master Lease from and against all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including without limitation reasonable attorneys' fees and disbursements, which may be imposed upon or asserted against or reasonably incurred by UDC or RIOC in connection with or based on any claim or assertion by Tenant that the execution of this Lease by RIOC was ultra vires.

Section 41.17. Certification of Usable Square Feet. Upon completion of the final Plans and Specifications, Landlord and Tenant shall execute an amendment to this Lease setting forth: (i) Usable Square Feet for each Unit, and (ii) Usable Square Feet for the Buildings. In the event that Landlord and Tenant cannot agree upon the terms of the Lease amendment described above, such dispute shall be resolved by arbitration in accordance with the provisions of Article 35 hereof.

Section 41.18. Further Assurances. Landlord and Tenant each agrees to take such further actions, and execute and deliver such additional documents as may be reasonably requested by the other to effectuate the intent of this Lease and the provisions hereof.

Section 41.19. Transfer Tax. Tenant shall be solely responsible for the timely payment of any transfer or similar taxes that may be payable as a result of this Lease, the MEPT Lease and the assignment of Becker's rights under the Option Agreement, and Tenant shall indemnify Landlord from any and all cost, expense or liability (including, without limitation, reasonable attorneys' fees and disbursements) as a result of Tenant having failed to do so.

Section 41.20. Conflict with Constituent Documents. To the extent the terms of any of Tenant's or Becker Tenant's Constituent Documents conflict with any of the terms of this Lease, including, but not limited to, the provisions regarding restoration of the Premises or application of insurance proceeds, the terms of this Lease shall control and the rights of the parties to such Constituent Documents shall be subject and subordinate to Landlord's rights under the Lease.

ARTICLE 42

RIGHT OF FIRST NEGOTIATION FOR RENEWAL TERM

Section 42.01. It has been contemplated that the reversionary interest of the Master Landlord in Roosevelt Island may be conveyed by the City of New York prior to the expiration of the Term. Furthermore, the term of the Master Lease may be extended beyond the present expiration date thereof. Landlord agrees that in connection with such a conveyance or an extension of the Master Lease, Landlord shall, commencing upon the later of (i) July 1, 2065 or (ii) ninety (90) days after the Master Lease has been amended to provide for an extension of the present expiration date thereunder, negotiate in good faith, for a period of not less than two (2) months nor more than six (6) months, an extension of this Lease at a then fair market rental, taking into account the improvements on the Premises and the use thereof. If Landlord and Tenant fail to agree on such a fair market rental during such negotiating period, then Landlord shall not lease the Premises to a third party for a rental less favorable to Landlord than that contained in the final offer of Tenant in the course of the negotiations, without first again offering to Tenant the rights contained in this Section; and (b) if, and only if, Landlord intends to sell its interest in the Premises or the Buildings only (and not its interest under the Master Lease or its interest in the Premises and/or the Buildings together with any other interests in property or properties on Roosevelt Island (it being specifically understood that this right does not apply to a proposed sale including any other properties or interests in Roosevelt Island; such a sale of Landlord's interest in the Premises and/or the Buildings only is referred to in this Section as a "Landlord Sale"), Landlord agrees that in connection with any such Landlord Sale, Landlord shall, prior to agreeing to a Landlord Sale with any other party, negotiate in good faith for a period of not less than two (2) nor more than six (6) months, a sale of the interest proposed to be conveyed in the Landlord Sale, to Tenant, at a then fair market price, taking into account the improvements on the Premises and the use thereof. If Landlord and Tenant fail to agree on such a fair market price during such period, then Landlord shall not enter into an agreement with a third party for a Landlord Sale on terms less favorable to Landlord than those contained in the final offer of Tenant in the course of the negotiations without first again offering to Tenant the rights contained in this Section. Tenant's rights under this Section shall be conditioned on there being no Event of Default which remains uncured at any time during the negotiations described above or on the Expiration Date.

ARTICLE 43

LETTERS OF CREDIT

Section 43.01. (a) Letter of Credit. Where this Lease expressly provides for the provision of a letter of credit by Tenant, Tenant shall deliver to Landlord, a letter of credit in accordance with the provisions hereof (hereinafter called a "Letter of Credit", which term shall also refer to any Replacement Letter of Credit, as hereinafter defined).

(b) Presentment of Sight Draft(s) Under Letter of Credit. If Tenant (i) fails to perform any of Tenant's obligations under this Section 43.01 in strict compliance with the requirements of this Section 43.01 or (ii) violates any prohibition contained in this Section 43.01, with respect to a Letter of Credit, then Landlord shall have the right (in addition to all other rights and remedies provided in this Lease and without Landlord's exercise of such right being deemed a waiver or a cure of Tenant's failure to perform), without notice to Tenant, to present for immediate payment sight draft(s) in any amount Landlord elects up to the full amount then available under such Letter of Credit and to apply the proceeds thereof in the manner provided in this Lease for the application of the proceeds of such Letter of Credit. Any proceeds not so applied shall be held by Landlord or invested and reinvested in United States government securities maturing in no more than ninety (90) days or in federally insured money market accounts. Any interest earned thereon shall constitute proceeds of such Letter of Credit and shall be applied in the same manner as the proceeds of such Letter of Credit are applied. Landlord's obligations with respect to the presentment of any Letter of Credit, the return of any Letter of Credit or any proceeds thereof shall be governed by the applicable provisions of this Lease.

(c) Purpose of Letter of Credit. Tenant acknowledges that the purpose of each Letter of Credit is to provide sure and certain security for Landlord and that Landlord has accepted each Letter of Credit for that purpose, in place of a cash deposit in the same amount, with the understanding that each Letter of Credit is to be the functional equivalent of a cash deposit. To further assure that each Letter of Credit achieves its intended purpose. the parties agree as set forth below. Tenant acknowledges that the waivers in this Section 43.01(c) constitute a material portion of the inducement to Landlord to accept each Letter of Credit under the terms and conditions of this Section 43.01, and that Landlord has agreed to accept each Letter of Credit in

reliance on Tenant's waivers in this Section. Any breach by Tenant of the provisions of this Section 43.01(c) shall constitute an Event of Default hereunder.

(i) Waiver of Certain Relief. Tenant unconditionally and irrevocably waives (and as an independent covenant hereunder, covenants not to assert) any right to claim or obtain any of the following relief in connection with each Letter of Credit:

(A) A temporary restraining order, temporary injunction, permanent injunction, or other order that would prevent, restrain or restrict the presentment of sight drafts drawn under any Letter of Credit or the Issuer's honoring or payment of sight draft(s); or

(B) Any attachment, garnishment, or levy in any manner upon either the proceeds of any Letter of Credit or the obligations of the Issuer (either before or after the presentment to the Issuer of sight drafts drawn under such Letter of Credit) based on any theory whatever.

(ii) Remedy for Improper Drafts. Tenant's sole remedy in connection with the improper presentment or payment of sight drafts drawn under any Letter of Credit shall be the right to obtain from Landlord a refund of the amount of any sight draft(s) that were improperly presented or the proceeds of which were misapplied, together with interest at the Involuntary Rate and reasonable attorneys' fees, provided that at the time of such refund, Tenant increases or decreases the amount of such Letter of Credit to the amount (if any) then required under the applicable provisions of this Lease. Tenant acknowledges that the presentment of sight drafts drawn under any Letter of Credit, or the Issuer's payment of sight drafts drawn under such Letter of Credit, could not under any circumstances cause Tenant injury that could not be remedied by an award of money damages, and that the recovery of money damages would be an adequate remedy therefor. In the event Tenant shall be entitled to a refund as aforesaid and Landlord shall fail to make such payment within ten (10) days after demand, Tenant shall have the right to deduct the amount thereof together with interest thereon at the Involuntary Rate from the next installment(s) of Basic Rent or Additional Rent.

(iii) Notices to Issuer. Tenant shall not request or instruct the Issuer of any Letter of Credit to refrain from paying sight draft(s) drawn under such Letter of Credit.

(d) Assignment. If either Landlord or Tenant desires to assign its rights and obligations under this Lease in compliance with the provisions of this Lease, then the parties to this Lease shall, at the assignor's request, cooperate so that concurrently with the effectiveness of such assignment, Tenant shall deliver to Landlord a Replacement Letter of Credit as described in Section 43.01(e) or an appropriate amendment to such Letter of Credit, in either case identifying as Applicant and Beneficiary the appropriate parties after the assignment becomes effective. The assignor shall pay Issuer's fees for issuing such Replacement Letter of Credit or amendment.

(e) Replacement of Letter of Credit. Tenant shall replace any Letter of Credit with a replacement letter of credit (the "Replacement Letter of Credit") (i) at least thirty (30) days prior to the expiration date of a Letter of Credit which is expiring or (ii) within ten (10) days after the date on which the Issuer delivers any notice purporting to terminate or to decline to renew such Letter of Credit, or expressing any intention to do either of the foregoing. After Tenant delivers to Landlord a Replacement Letter of Credit complying with the provisions of this Lease, Landlord shall deliver in accordance with Tenant's reasonable instructions such Letter of Credit being replaced, provided that at such time no sight draft(s) under such Letter of Credit are outstanding and unpaid. Except as otherwise specifically provided in this Lease, any Replacement Letter of Credit (x) shall be subject to all the provisions of this Lease governing the Letter of Credit being replaced, as if it were such Letter of Credit, and (y) shall be upon the same terms and conditions as the Letter of Credit replaced, but in any event:

(i) Amount. The amount of each Replacement Letter of Credit shall equal or exceed the amount of such Letter of Credit at the time of replacement, unless the amount required for such Letter of Credit pursuant to the Lease has decreased.

(ii) Dates. The date of the Replacement Letter of Credit shall be its date of issuance. The expiration date of the Replacement Letter of Credit, as referred to in the opening paragraph of such Replacement Letter of Credit, shall be exactly one year later than the expiration date of the Letter of Credit being replaced but no later than the Expiration Date, and each Replacement Letter of Credit shall contain language stating that the Replacement Letter of Credit shall automatically be extended for an additional period of one year from its expiration date or any extended expiration date unless thirty

(30) days prior to such date the issuing bank shall notify the beneficiary in writing that it elects not to renew the Replacement Letter of Credit for such additional period.

(iii) Issuer. Each Replacement Letter of Credit shall be issued or confirmed, within the meaning of New York Uniform Commercial Code Section 5-103(l)(f), in its entire amount, by a bank reasonably satisfactory to Landlord that is a member of the New York Clearing House Association and has assets in excess of $7,500,000,000 and a net worth in excess of $300,000,000, Adjusted for Inflation as of the fifth anniversary of the Commencement Date and on the fifth anniversary of that date during the Term. The office for presentment of sight drafts specified in the Replacement Letter of Credit shall be located at a specified street address within the Borough of Manhattan, City of New York.

(iv) Re-issuance. In the event Landlord shall have presented any Letter of Credit solely as a result of Tenant's failure to deliver a Replacement Letter of Credit, Tenant shall have the right, within six (6) months after such presentation, to deliver to Landlord a Replacement Letter of Credit satisfying the requirements of this Section 43.01(e). Landlord shall remit to Tenant the proceeds of any Letter of Credit presented by Landlord upon delivery to Landlord of such Replacement Letter of Credit; provided Landlord shall retain from such proceeds (A) fifty (50%) percent, but not more than Three Hundred Fifty ($350.00) Dollars per day, Adjusted for Inflation, of any and all interest which may have accrued upon such proceeds while held by or on behalf of Landlord and (B) an amount sufficient to reimburse Landlord for all reasonable third party costs and expenses incurred by Landlord in connection with or arising out of Landlord having presented any Letter of Credit.

ARTICLE 44

ENVIRONMENTAL MATTERS

Section 44.01. Brownfield Cleanup Agreement. (a) Becker Tenant has applied to the New York State Department of Environmental Conservation ("NYSDEC") in order to possibly enter into a Brownfield Cleanup Agreement (the "BCA") with respect to the Premises. Tenant shall cause Becker Tenant to provide to Landlord copies of all reports, notices, correspondence and other documentation

which has been, or may hereafter be submitted by Tenant to NYSDEC relating to the BCA. Tenant agrees that it shall, or shall cause Becker Tenant to remediate all Hazardous Materials found on the Premises in accordance with the Plans and Specifications and, if Tenant enters into the BCA, in accordance with the terms of the BCA. All construction and alterations must be consistent with any work plans approved by NYSDEC and any restrictions and/or requirements imposed by NYSDEC pursuant to the BCA. Tenant shall perform any investigation, remediation, monitoring, maintenance, engineering controls, institution restrictions or other activities or conditions determined by NYSDEC to be necessary for that agency to issue a Certificate of Remediation under the New York State Brownfield Cleanup Program. A copy of the Certificate of Remediation to be delivered to Landlord. Tenant shall cause all work set forth in the BCA to be performed at its, or at Becker Tenant's sole cost and expense. Landlord may, at its option, have an environmental consultant inspect the Premises and monitor the work being performed in accordance with the BCA. Tenant shall give Landlord or Landlord's representative (or separate environmental consultant if designated by Landlord) reasonable prior written notice of any testing to be done on the site in connection with the removal of the Hazardous Materials and an opportunity to attend. Landlord shall receive a written copy of any such test results. If Tenant fails to so notify Landlord, Landlord's consultant may inspect the premises and monitor the work at the expense of Tenant and, in such case, Tenant shall reimburse Landlord for the cost of such consultant within twenty (20) days after submission of an invoice therefor.

(b) Tenant shall be responsible for complying with Environmental Laws in the course of constructing the Project and, if, during the course of construction on the Premises, Tenant or Becker Tenant, or its or their respective contractors, agents, employees, or representatives discovers any Hazardous Materials in, on or under the Premises, or otherwise causes a Release of Hazardous Materials in, on or under the Premises it shall cause such Hazardous Materials to be removed. Tenant covenants and agrees that it shall not Release, use, generate, store, dispose, suffer, permit, produce, introduce or maintain any Hazardous Materials in or about any portion of the Premises, except in compliance with all applicable Environmental Laws. Tenant further covenants and agrees to indemnify, protect and save Landlord harmless from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, proceedings, or expenses of any kind or of any nature whatsoever (including reasonable attorneys' and experts' fees and disbursements) which may at any time be imposed upon, incurred by or asserted or awarded

against Landlord, arising out or in any way connected with any breach or violation of the foregoing representations, warranties, covenants and agreements by Tenant, Becker Tenant, or any of its or their respective agents, servants, employees or contractors, arising from or out of the presence of any Hazardous Materials on, in, under or affecting all or any portion of the Premises, in violation of Environmental Law, caused by the acts or omissions of Tenant or Becker Tenant's agents, servants, employees or contractors, including the cost of removal of any and all such Hazardous Materials from any portion of the Premises. In connection with Tenant's indemnification hereunder: (1) upon notice from Landlord, Tenant agrees to defend any claim or demand brought, or any action, petition, or order filed, against Landlord by counsel reasonably satisfactory to Landlord, whether any such claim or action is rightfully or wrongfully brought or filed; and Tenant shall pay all reasonable expenses incurred in connection with defending against such action or proceeding, and (2) Tenant shall pay, satisfy and discharge any judgments, liens, orders or decrees which may be recovered or filed against Landlord, arising out of any such claim, demand, action, petition or order. The provisions of this Article 44 shall extend to and be enforceable by Landlord's liability, health, disability and worker's compensation insurers, and shall survive the expiration or sooner termination of the Term.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

ROOSEVELT ISLAND OPERATING CORPORATION

By: _____
Herbert E. Berman
President

TENANT:

MEPT OCTAGON LLC, a Delaware limited liability company

By: Riggs Bank N.A. as Trustee of the Riggs Bank N.A. Multi-Employer Property Trust, a trust organized under 12 C.F.R. Section 9.18, its member

By: _____
Patrick O. Ma yberry
Senior Vice President

As to the Provisions of Section 17.02 only:

RIGGS BANK N.A., as Trustee of the Riggs Bank N.A. Multi-Employer Property Trust

By: _____
Patrick O. Mayberry
Senior Vice President

As to the Provisions of Sections 17.01(c), 19.06, 23.06 and Articles 10 and 44 only:

OCTAGON, L.P., a New York limited partnership

By: Octagon GP, LLC, its general partner

By: _____
Bruce R. Becker
Managing Member

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ___ day of November, in the year 2004, before me, the undersigned, a Notary Public in and for said State, personally appeared Herbert E. Berman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.

_____
Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ____ day of November, in the year 2004, before me, the undersigned, a Notary Public in and for said State, personally appeared Patrick O. Mayberry, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.

_____
Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ____ day of November, in the year 2004, before me, the undersigned, a Notary Public in and for said State, personally appeared Patrick O. Mayberry, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.

_____
Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ____ day of November, in the year 2004, before me, the undersigned, a Notary Public in and for said State, personally appeared Bruce R. Becker, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.

_____
Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF LAND

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, and being p/o Tax Lot 1 in Block 1373 on the Tax Map of The City of New York bounded and described as follows:

Commencing at the point of beginning as shown on the Survey prepared by Langan Engineering & Environmental Services dated 11/5/02, last revised 10/25/04 and titled "Proposed Lease Line Plan & Topographic Survey", said point having a coordinate of North 16688.43, East 19234.33 in the Roosevelt Island Coordinate System as per a plan supplied by the Roosevelt Island Operating Corporation entitled "Roosevelt Island Master Plan Prepared by Topo-Metrics, Inc., Hauppauge, NY" Sheets 3 of 15 and 4 of 15, and running, thence:

1. South 50 degrees 53 minutes 09 seconds East, a distance of 9.49 feet to a point; thence
2. South 50 degrees 54 minutes 33 seconds East, a distance of 37.99 feet to a point; thence
3. South 52 degrees 32 minutes 28 seconds East, a distance of 44.57 feet to a point; thence
4. South 52 degrees 32 minutes 28 seconds East, a distance of 44.04 feet to a point; thence
5. South 53 degrees 01 minutes 34 seconds East, a distance of 99.92 feet to a point; thence
6. South 34 degrees 16 minutes 22 seconds West, a distance of 12.34 feet to a point; thence
7. South 55 degrees 43 minutes 45 seconds East, a distance of 61.40 feet to a point; thence
8. North 79 degrees 57 minutes 28 seconds East, a distance of 30.46 feet to a point; thence
9. South 55 degrees 53 minutes 30 seconds East, a distance of 40.19 feet to a point; thence
10. South 10 degrees 35 minutes 35 seconds East, a distance of 8.16 feet to a point; thence
11. South 55 degrees 43 minutes 45 seconds East, a distance of 92.83 feet to a point; thence
12. South 30 degrees 01 minutes 37 seconds East, a distance of 85.42 feet to a point; thence
13. North 83 degrees 53 minutes 37 seconds West, a distance of 116.76 feet to a point; thence
14. South 34 degrees 16 minutes 24 seconds West, a distance of 243.26 feet to a point; thence
15. North 55 degrees 43 minutes 44 seconds West, a distance of 78.99 feet to a point; thence
16. North 62 degrees 28 minutes 46 seconds West, a distance of 97.69 feet to a point; thence

17. North 62 degrees 48 minutes 40 seconds West, a distance of 67.48 feet to a point; thence

18. North 34 degrees 16 minutes 59 seconds East, a distance of 99.96 feet to a point; thence

19. South 55 degrees 44 minutes 05 seconds East, a distance of 17.50 feet to a point; thence

20. North 34 degrees 15 minutes 54 seconds East, a distance of 66.05 feet to a point; thence

21. North 79 degrees 14 minutes 06 seconds West, a distance of 12.62 feet to a point; thence

22. North 10 degrees 45 minutes 54 seconds East, a distance of 82.43 feet to a point; thence

23. North 79 degrees 14 minutes 06 seconds West, a distance of 11.50 feet to a point; thence

24. North 10 degrees 45 minutes 54 seconds East, a distance of 24.98 feet to a point; thence

25. North 55 degrees 44 minutes 06 seconds West, a distance of 30.07 feet to a point; thence

26. North 10 degrees 45 minutes 54 seconds East, a distance of 23.99 feet to a point; thence

27. North 55 degrees 44 minutes 06 seconds West, a distance of 101.51 feet to a point; thence

28. North 34 degrees 15 minutes 22 seconds East, a distance of 88.71 feet to a point to the point of BEGINNING.

Reservations

SUBJECT to such non-exclusive easements and rights-of-way upon, over, under, across and through the Premises, including rights of ingress and egress, as may be necessary or desirable to permit Landlord to exercise its rights and/or perform its obligations under this Lease.

SUBJECT to an easement upon, over, under, across and through the Premises for construction, repair, maintenance and replacement of AVAC.

SUBJECT to a thirty-five foot wide easement upon, over, under, across and through the Premises for repair, maintenance and replacement of sewer line.

SUBJECT to non-exclusive easements and rights-of-way in favor of the public upon, over, across and through those portions of the Premises outside of the portions of the Premises dedicated to the use of the Building's residents, including rights of ingress and egress, necessary or desirable to permit the use and enjoyment of public facilities, including, without limitation, public portions of the Octagon Tower.

If Landlord enters the Premises to perform work pursuant to the rights reserved herein, Landlord shall, at its own expense, restore any damage caused to the Premises by the performance of such work.

EXHIBIT B

TITLE MATTERS

1. Terms, covenants and conditions of the Agreement of Lease of Roosevelt Island by and among New York City, UDC and UDC's subsidiary, Welfare Island Development Corporation, dated December 23, 1969, recorded on December 24, 1969 in Reel 160 at Page 1757, as amended by Amendments dated July 26, 1972, December 6, 1973 and December 16, 1977, and as assigned to RIOC on July 21, 1988.

2. State of facts shown on survey dated November 5, 2002 and last revised on October 25, 2004, made by Joseph E. Romano, and any changes since such date

3. Covenants and Restrictions recited in Preservation Covenant made by and between Roosevelt Island Operating Corporation and The State of New York dated 4/30/90 and recorded 2/5/96 in Reel 2288 page 1973,

4. Covenants and Restrictions recited in the unrecorded Preservation Covenant made by and between Roosevelt Island Operating Corporation and The State of New York dated December 18, 1991.

5. Premises or part of premises have been designated as a Landmark, Landmark Site, or Historic District, and are subject to the restricted use as provided in the New York City Charter. (Charter 8-a Section 205-1.0. to Section 207-21.0).

   Landmark designation recorded 5/28/76 in Reel 370 pages 809, 811, 813, 815, 817 and 819.

6. Easement recorded in Reel 288 page 1244.

7. Provisions, easements and restrictions contained in the General Development Plan referred to in the lease made by and between The City of New York (Landlord) and New York State Urban Development Corporation (Lessee) and Roosevelt Island Development Corporation (f/k/a Welfare Island Development Corporation (Subsidiary), dated 12/23/69 and recorded 12/24/69 in Reel 160 page 1757.

8. Zoning and other laws, ordinances, governmental regulations, orders and requirements pertaining to the Premises or this transaction as overridden by the Zoning Waiver.

9. Easements, rights, restrictions, covenants and matters of record.

10. Any New Covenant executed and recorded in accordance with the provisions of Section 23.06.

EXHIBIT C

MASTER LEASE

[Conformed]

THE CITY OF NEW YORK,

LESSOR

NEW YORK STATE
URBAN DEVELOPMENT CORPORATION,

LESSEE

WELFARE ISLAND DEVELOPMENT CORPORATION,

SUBSIDIARY

Lease

Dated: December 23, 1969

REPRINT—April 1974
(with Amendments dated July 26, 1972 and December 6, 1973)

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THIS LEASE, made this 23rd day of December, 1969 between THE CITY OF NEW YORK, a municipal corporation of the State of New York having an office at City Hall, Borough of Manhattan, City, County and State of New York ("Lessor"), the NEW YORK STATE URBAN DEVELOPMENT CORPORATION, a public benefit corporation of the State of New York having an office at 666 Fifth Avenue, Borough of Manhattan, City, County and State of New York ("Lessee"), and the WELFARE ISLAND DEVELOPMENT CORPORATION, a New York corporation having an office at 666 Fifth Avenue, Borough of Manhattan, City, County and State of New York ("Subsidiary"),

WITNESSETH:

1. *Leased Property; Term of Lease.* Lessor hereby leases to Lessee and Lessee hereby rents from Lessor the following described property (the "Leased Premises"):

(a) All the lands described in Schedule 1 attached hereto; and

(b) All building structures, facilities, equipment, paving, surfacing and other structures now or hereafter located on such lands;

SUBJECT, HOWEVER, to (i) the agreements of record and other exceptions referred to in such Schedule 1, and (ii) such state of facts as an accurate survey would show:

FOR a term commencing on the date hereof and expiring (unless this Lease shall sooner terminate as provided herein) at midnight on the 99th anniversary of the date hereof. 12/22/2068

2. *Lessee's Obligation to Prepare Plans and Construct Improvements; Lessor's Obligation to Relocate and Demolish; Agreement with Subsidiary.* Lessee shall prepare or cause to be prepared designs, plans and specifications for the Improvements called for by the General Development Plan, shall obtain or cause sublessees to obtain or shall otherwise arrange for financing upon such terms as Lessee shall deem appropriate for the development of the Improvements and shall construct the Improvements or cause the Improvements to be constructed. Construction shall commence, subject to

Enforced Delay, no later than eighteen months from the date hereof and shall be completed, subject to Enforced Delay, no later than the eighth anniversary of such date or, in the event subway service to the Leased Premises shall not have commenced by such eighth anniversary, then such construction shall be completed two years after the actual commencement of such service to the Leased Premises.

In the event of any delay in the completion of construction beyond the fifteenth (15th) anniversary of the date hereof on account of failure to commence such subway service, either Lessor or Lessee may upon 180 days' prior written notice terminate this Lease. Upon such termination Lessor shall

(a) pay to the trustee for the holders of any indebtedness of Lessee a sum of money sufficient to fully and completely redeem any such indebtedness of Lessee allocable to Public Facilities, with accrued interest, then outstanding, together with an opinion of Lessor's Corporation Counsel stating that the Lessor has power and is duly authorized to make such payment, or

(b) deliver to such trustee an instrument in writing duly executed on behalf of Lessor in form and substance satisfactory to such trustee, unqualifiedly assuming the full payment of any such indebtedness of Lessee allocable to Public Facilities, with accrued interest, then outstanding, together with an opinion of Lessor's Corporation Counsel stating that Lessor has power and is duly authorized to assume such payment and may assess, levy and collect taxes on all the taxable real property in The City of New York without limitation as to rate or amount to make any and all payments required under such indebtedness.

Lessor shall promptly and with all due diligence proceed to relocate all occupants and uses of the Leased Premises. Lessor will promptly and with all due diligence complete the demolition of all improvements on the Leased Premises listed on Schedule 3.

In connection with Lessee's obligation to design, finance and construct the Improvements, Lessee, Lessor and Subsidiary have simultaneously herewith entered into a contract in the form attached hereto as Exhibit A wherein the Subsidiary shall supply certain services in connection with the development of the Improvements. Lessor approves of and consents to said agreement.

3. *Lessor's Public Facilities.* In accordance with paragraph 2 hereof, Lessee shall finance with tax exempt financing from the sale of its own bonds and notes, from Lessor or from other sources of tax exempt financing, and shall design and construct all Public Facilities. Lessee shall deliver to Lessor to the person and at the place provided in paragraph 15 hereof complete sets of schematic and working drawings and specifications for each such Public Facility at the time of completion of such schematic and working drawings and specifications, respectively, in order to permit agents of the department of Lessor having jurisdiction of similar public facilities to inspect such drawings and to make recommendations or comments thereon.

Prior to the completion of each Public Facility which shall be a school or an appurtenance to a school, Lessor shall agree to purchase or lease each such school or appurtenance when and as completed in the manner provided herein and shall initiate and complete all procedures and appropriations necessary to permit Lessor to complete such purchase or lease as herein provided. Lessor may purchase each such school or appurtenance by payment to Lessee of a price equal to the cost to Lessee of the design, financing and construction of such school or appurtenance including Debt Service for Public Facilities and Normal Allowances allocable thereto and any premiums or penalties payable on the retirement of bonds or notes issued to finance such school or appurtenance. Such price shall be payable in a lump sum upon the next Rent Payment Day after completion, or within three months after completion if such next Rent Payment Day shall be less than three months after completion, after delivery to Lessor of Lessee's Certified Payment Statement with respect to such price, or in equal semi-annual installments on each Rent Payment Day after the completion of such school or appurtenance through the period of permanent financing thereof after delivery to Lessor of Lessee's Certified Payment Statement with respect to each such installment. In the event such price is paid in installments, such price shall be deemed fully paid at the time of the discharge and satisfaction of the financing of such school or appurtenance upon payment of any balance due on account of such price for the period from the date of such discharge and satisfaction to the last previous Rent

Payment Day. Upon completion of payment by Lessor, Lessee shall deliver to Lessor such deeds or other documents as may be necessary to transfer ownership of such school or appurtenance to Lessor and to provide Lessor with the right to maintain and operate such school or appurtenance on the Leased Premises during the term hereof.

Lessor may lease each such school or appurtenance upon completion by payment of an annual rent equal to the aggregate of Debt Service for Public Facilities and Normal Allowances allocable to such school or appurtenance for each year of the term of this Lease. Such annual rent shall be payable in installments after completion by payment on each Rent Payment Day of the portion of such annual rent accrued in the period for which payment is due on such Rent Payment Day, after delivery to Lessor of Lessee's Certified Payment Statement with respect to each such installment. Such lease shall provide Lessor with the right to maintain and operate such school or appurtenance on the Leased Premises during the term hereof. Lessor may purchase each such school or appurtenance for which annual rent shall have been paid through the period of permanent financing thereof by payment upon satisfaction and discharge of such financing of the sum of one ($1) dollar plus the balance of any annual rent due at the time of such purchase. Lessee shall deliver to Lessor against such payment such deeds or other documents as may be necessary to transfer ownership of such school or appurtenance to Lessor.

The cost to Lessee of the design, financing and construction of any school or appurtenance required to be purchased or leased as provided above, including Debt Service for Public Facilities and Normal Allowances allocable thereto, shall in no event exceed the average cost of the three (3) schools or appurtenances of similar size for similar age groups for which construction contracts have most recently been bid and let in The City of New York prior to the date of the commencement of construction of such school or appurtenance, plus 10%.

Lessee will use its best efforts to secure funds for the construction, operation and maintenance of the parks from the New York State Parks Commission for the City of New York. In the event that such funds are not secured by Lessee from such Commission, Lessee shall secure tax exempt financing for such parks from Lessor or from the proceeds

of sale of its own bonds and notes and shall undertake such construction, operation and maintenance.

Lessor shall not discriminate against residents of the Leased Premises with respect to the provision of police, fire, sanitation, health protection, public education and other municipal services. In order to provide such services Lessor shall, except with respect to each school or appurtenance required to be purchased or leased by Lessor as provided above and except with respect to each Public Facility to be maintained and operated by Lessee as provided in the General Development Plan, lease each Public Facility from Lessee upon completion for the sum of one ($1) dollar and Lessor thereafter during the term of this Lease shall have the right to operate and maintain such facility in conformity herewith.

Each Public Facility shall be deemed complete either when there shall have been issued by Lessee and delivered to Lessor a certificate of completion stating that such Public Facility has been completed in in accordance with all laws and regulations applicable to projects of Lessee and in accordance with the working drawings submitted to Lessor for inspection, as modified by Lessee to reflect such recommendations of Lessor as Lessee may in its sole discretion accept, or when there shall have been issued by Lessor and delivered to Lessee Lessor's temporary or permanent certificate of occupancy or any other certificate or license required to permit the occupancy or use of such Public Facility, whichever event shall first occur.

4. *Basic and Additional Rent.*

(a) *Basic Rent.* For each year of the term of this Lease, Lessee shall pay to Lessor, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, at the office of the Lessor at the Municipal Building, Borough of Manhattan, City, County and State of New York, or at such place or to such agent as Lessor may from time to time designate, as an annual tax equivalent payment and ground rent, a Basic Rent which shall be equal to the aggregate of

the following sums, less Debt Service for Public Facilities and Normal Allowances allocable to such year:

(1) The sum of (x) a ground rent equal to the product of $30 multiplied by the number of Completed Units of Subsidized Housing plus (y) a tax equivalent for Subsidized Housing equal to 10% of Annual Shelter Rent;

(2) The sum of (x) a ground rent equal to the product of $180 multiplied by the number of Completed Units of Middle Income Housing plus (y) a tax equivalent for Middle Income Housing equal to 10% of Annual Shelter Rent;

(3) The sum of (x) a ground rent equal to the product of $340 multiplied by the number of Completed Units of Conventionally Financed Housing plus (y) the Tax Equivalent for Conventionally Financed Housing;

(4) The sum of (x) a ground rent equal to the product of $.60 (sixty cents) multiplied by the number of square feet of Completed Commercial Space plus (y) the Tax Equivalent for Commercial Space.

(b) *Additional Rent.* In addition to the Basic Rent, Lessee shall pay, in the same manner as the Basic Rent, Additional Rent equal to Net Income for the preceding year.

(c) *Time of Payment.* The Basic Rent and the Additional Rent shall be payable in semi-annual installments on each Rent Payment Day. Lessee shall deliver to Lessor on or before each Rent Payment Day Lessee's Certified Payment Statement and pay to Lessor the Basic Rent and Additional Rent for the period for which Basic Rent and Additional Rent are payable on such Rent Payment Day.

(d) *Set Off; Deferral.* On each Rent Payment Day Lessor may set off against all sums then due and payable by it to Lessee, and Lessee may set off against all sums then due and payable by it to Lessor, all such sums due and payable to each by the other on any previous Rent Payment Day as shall not have been paid prior to such subsequent Rent Payment Day. In the event that on any Rent Payment Day the amount of Debt Service for Public Facilities and

Normal Allowances deductible as provided in paragraph 4(a) shall be greater than (i) the aggregate of the sums computed in accordance with subparagraphs (1), (2), (3) and (4) of paragraph 4(a) above or (ii) Gross Income. Lessee may defer any sum by which such amount exceeds the lesser of (i) or (ii) and deduct such sum on any subsequent Rent Payment Day or Days. Any such sum remaining to be deducted as of the termination hereof shall be adjusted upon such termination.

5. *Adjustment of Rent.* The Basic Rent shall be adjusted as follows:

(a) the ground rents set forth in subparagraphs 1(x), 2(x), 3(x) and 4(x) of paragraph 4(a) hereof shall be adjusted on each Rent Adjustment Date by substituting after such date the Then Current Ground Rent for the Improvement or part of an Improvement adjusted as of such date for the ground rent payable on account of such Improvement or part of an Improvement prior to such date, provided, however, that in the event the Then Current Ground Rent on such Rent Adjustment Date shall be less than the ground rent for such Improvement set forth in subparagraph 1(x), 2(x), 3(x) or 4(x) of such paragraph, as appropriate, no such adjustment shall be made;

(b) the tax equivalents set forth in subparagraphs 1(y) and 2(y) of paragraph 4(a) hereof shall be adjusted as of each Tax Equivalent Adjustment Date by substituting after such date the Tax Equivalent for Conventionally Financed Housing for the Improvement adjusted as of such date for the tax equivalent payable on account of such Improvement prior to such date; and

(c) from and after the 10th anniversary of the date on which Basic Rent shall have become payable on all Improvements consisting of Subsidized, Middle Income and Conventionally Financed Housing and Commercial Space, the Basic Rent shall be equal to the aggregate of the sums set forth in subparagraphs 1, 2, 3 and 4 of paragraph 4(a) hereof less Debt Service for Public Facilities. Lessee may deduct Normal Allowances deferred from the period previous to such 10th anniversary as provided in subparagraph 4(d) from any Basic Rent due after such 10th anniversary.

6. *Payment of Charges for Municipal and Public Utilities.* (a) Except as specified in (b) below, Lessee will pay or cause to be paid all rents, rates and charges, excises, levies, license fees, permit fees, and other authorization fees, and, except as otherwise herein provided, all other charges of every character which at any time during the term of this Lease may be legally and properly assessed, levied, confirmed or imposed upon the Leased Premises. Lessee may contest, by appropriate legal proceedings diligently conducted in good faith without any cost to Lessor, the amount, validity or application of any imposition or any lien, encumbrance or charge against the Leased Premises.

(b) Lessor and Lessee agree that Lessee by this Lease is acquiring in the Leased Premises a leasehold interest only; that the tax equivalent payments provided in paragraph 4(a) hereof are in lieu of all local and municipal taxes, including real estate taxes on land and buildings, on the Leased Premises or on the Improvements, other than assessments for local improvements; and that in the event Lessee is required to pay any local or municipal taxes, Lessee may deduct the amount or amounts thereof from Basic Rent.

7. *Insurance.* Lessee at its expense will maintain or cause to be maintained with insurers licensed by the State of New York:

(a) standard fire and extended insurance coverage, including war risks when obtainable, with respect to the Improvements against loss or damage by fire, lightning, windstorm, hail, explosion, riot attending a strike, civil commotion, aircraft, vehicles, and smoke in an amount not less than 80% of the full insurable value of such Improvements;

(b) coverage for leakage of sprinkler systems and explosion of high pressure boilers and other heaters;

(c) loss of rental insurance;

(d) Workmen's Compensation Insurance; and

(e) comprehensive general public liability and property damage insurance applicable to the Leased Premises in amounts of at least $5,000,000 for any one accident, $1,000,000 for injury

to or death of any one individual and $500,000 for damage to property, written on an occurrence basis.

All insurance policies maintained by Lessee pursuant to this paragraph shall (i) name Lessor and Lessee and any leasehold mortgagee and any trustee for bondholders as insureds, as their respective interests may appear; (ii) provide (where such provision is obtainable) that any loss shall be payable notwithstanding any act or negligence of Lessee; (iii) provide that no cancellation thereof shall be effective until at least ten (10) days after receipt by Lessor and Lessee of written notice thereof; (iv) provide that the insurer shall waive any right of subrogation against the Lessor or Lessee resulting from negligence of the Lessor or Lessee or any assignee or subtenant of the Leased Premises; (v) provide that Lessor's interest therein shall not be subject to cancellation by reason of any act or omission of Lessee or any leasehold mortgagee; and (vi) provide that any loss is to be adjusted with and payable solely to Lessee, Lessor or any leasehold mortgagee or trustee for bondholders, as their respective interests may appear. Lessee shall deliver to Lessor a copy of all policies of insurance required by this Lease, accompanied by a a certificate of the insurer as to the issuance and effectiveness of the policy and the amount of the coverage with respect to the Leased Premises.

8. *Fire or Casualty.* In the event of any damage or loss to improvements on the Leased Premises by fire or other casualty, whether or not insured, Lessee shall at its sole cost and expense repair or rebuild the same, or cause any sublessee to repair or rebuild the same, so as to make the improvements at least as nearly as possible equal to the condition, quality, character and class of the Improvements existing immediately prior to the occurrence or with such changes or alterations as Lessee shall elect to make in conformity with the General Development Plan. All insurance proceeds under fire or casualty insurance, after deduction of any cost of collection, shall be applied by Lessee for such repairing or rebuilding.

9. *Mechanic's Liens.* Notice is hereby given that Lessor shall not be liable for any labor or materials furnished or to be furnished to Lessee upon credit, and that no mechanic's or other lien for any such labor or materials shall attach to or affect the reversion or other estate or interest of Lessor in and to the Leased Premises. Whenever and as often as any mechanic's lien shall have been filed against the Leased Premises, based upon any act or interest of Lessee or of anyone claiming through Lessee, or if any title retention agreement, conditional bill of sale, chattel mortgage or otherwise shall have been filed for or affecting any materials, machinery or fixtures used in the repair or operation thereof or annexed thereto by Lessee or its successors in interest, Lessee shall forthwith take such action by bonding, deposit or payment as will remove or satisfy the lien, title retention agreement, conditional bill of sale or chattel mortgage, and if Lessee shall fail to take such action for twenty (20) days after notice to Lessee, Lessor may pay the amount of such mechanic's lien, title retention agreement, contional bill of sale or chattel mortgage, or discharge the same by deposit, and the amount so paid or deposited, with interest thereon, shall be deemed rent reserved under this Lease, and shall be payable forthwith with interest at the rate of seven per centum (7%) per annum from the date of such advance, and with the same remedies to Lessor as in case of default in the payment of rent.

10. *Use.* Lessee shall use and occupy the Leased Premises in the manner and for the purposes described in the General Development Plan and shall not use or occupy the Leased Premises or permit the same to be occupied other than for lawful purposes, or for a purpose or in a manner likely to cause structural injury in any building to be erected on the Leased Premises or for any dangerous or noxious trade or business.

11. *Indemnity.* Lessee shall not do or permit any act or thing upon the Leased Premises which may subject Lessor to any liability by reason of any violation of law, but shall exercise such control over the Leased Premises as to protect the Lessor notwithstanding

that joint or concurrent liability may be imposed upon Lessor by statute, ordinance, rule, regulation or order. Lessee shall indemnify and hold harmless Lessor from and against any and all liability, suits, claims, demands, actions, judgments, costs and expenses, to the extent that any of the same should not be covered by insurance maintained by Lessee, arising from conduct on or management of or from any work or thing whatsoever done in or on the Leased Premises or out of any breach, violation or non-performance of any Lessee's covenants or conditions of this Lease, by damage to property or any injury to person or persons occasioned by Lessee's use and occupancy of the Leased Premises or by any use or occupancy which Lessee may permit or suffer to be made thereof. Should Lessee be required to defend any action or proceeding to which Lessor is made a party, Lessor may appear, defend or otherwise take part in such action or proceeding at its election by counsel of its own choosing, provided such action by Lessor does not limit or make void any liability of any insurer of Lessor or Lessee with respect to the claim in such action. Lessee's liability hereunder shall be reduced by the net proceeds actually collected by any insurance maintained by Lessee for Lessor's benefit.

12. *Assignment; Subleasing; Mortgaging.* Lessee may at any time assign this Lease with the consent of Lessor. Lessee may at any time assign this Lease without the consent of Lessor to Subsidiary, provided that Subsidiary affirmatively and unconditionally assumes in writing the applicable covenants of Lessee and the provisions of this Lease. Subsidiary shall accept such assignment and assume Lessee's obligations hereunder as set forth in this paragraph, provided, however, that such assignment shall not release Lessee from any of its obligations to Lessor hereunder, in the absence of a written release of Lessee from such obligations executed by Lessor.

Lessee may at any time sublease the whole of the Leased Premises with the consent of Lessor, which consent shall not be unreasonably withheld. Lessee may sublease at any time any portion or portions of the Leased Premises without the consent of Lessor in order to carry out the development required by the General Development Plan.

Each sublease shall provide that such sublease may not be assigned without the approval of the Lessee in each case first obtained.

Lessee may mortgage or hypothecate this Lease without the consent of Lessor. Upon request of Lessee, Lessor shall execute and deliver all such instruments with respect to this Lease, including amendments hereto, as Lessee shall reasonably request to facilitate Lessee's obtaining, or otherwise arranging for, the financing of the Improvements as provided in paragraph 2. At Lessor's request, Lessee shall deliver to Lessor copies of every bond indenture, mortgage or like instrument relating to any indebtedness of Lessee incurred or currently planned to be incurred in whole or in part to finance the Improvements. No provision in any such instrument shall alter the respective rights of Lessor and Lessee under this Lease.

Lessor agrees, for the benefit of each sublessee under each sublease and the holder or holders of each leasehold mortgage of any sublease, that, upon the termination of this Lease pursuant to any of the provisions of paragraph 1 or paragraph 14 hereof, Lessor will recognize the sublessee under such sublease or any transferee or assignee of the sublessee's interest therein by assignment or foreclosure as the direct tenant of the Lessor under such sublease, provided that at the time of the termination of this Lease (a) no default exists under the sublease and (b) the sublessee, transferee or assignee shall deliver to the Lessor an instrument confirming the attornment to the Lessor and recognizing the Lessor as such sublessee's, transferee's or assignee's lessor under such sublease.

13. *Condemnation.* Should a court of final jurisdiction determine that any governmental body, agency or other authority may condemn the Leased Premises or any portion thereof, then if, at any time during the term of this Lease, there shall be a total taking or a constructive total taking of the fee title to any part of the Leased Premises or of the Lessee's leasehold interest therein in condemnation proceedings or by any right of eminent domain, this Lease shall terminate as to that portion of the Leased Premises so taken on the date of such taking and the rent and other charges payable by the Lessee

hereunder with respect to such portion shall be apportioned and paid to the date of such taking. For the purposes of this paragraph, the term "a constructive total taking" shall mean a taking of such scope that the portion of the Leased Premises not so taken is insufficient to permit the restoration of the Improvements thereon so as to constitute a complete, rentable building or buildings, capable of producing a proportionately fair and reasonable net annual income. The average net annual income produced by the Improvements on the portion of the Leased Premises so taken during the five (5) year period immediately preceding such taking shall be deemed to constitute a fair and reasonable net annual income for the purposes of this paragraph.

In the event of any such total taking or constructive total taking and the termination of this Lease as to the portion of the Leased Premises so taken, the award or awards for said taking (herein referred to as the "Condemnation Proceeds"), shall be distributed in the following order of priority:

(a) upon the request of the trustee of the holders of any indebtedness of Lessee, there shall first be paid to such trustee a sum sufficient to fully and completely redeem any such indebtedness allocable to the Leased Premises, or to that portion of the Leased Premises so taken, with accrued interest, then outstanding;

(b) from the balance, if any, the Lessor shall then be paid a sum equal to the value of the land plus the value of any Public Facilities, to the extent the same shall have been paid for for by Lessor (herein referred to as the "Land Award");

(c) then the balance remaining, if any, shall be divided between the Lessor and the Lessee in accordance with their respective interests in the Leased Premises immediately prior to such termination of this Lease. The value of Lessor's interest shall be the aggregate of (a) the then value of Lessor's interest in the Leased Premises at the expiration of the term of this Lease. plus (b) the then present worth of the then future rents reserved under this Lease. The value of Lessee's interest shall include the then value of its interest in the remainder of the term of this Lease and the then value of the Improvements.

In the event of a taking less than a constructive total taking, this Lease shall not terminate or be affected in any way, except as hereinafter provided, and the Lessee shall first be entitled to receive, subject to the rights of any trustee for bondholders or leasehold mortgagee, that portion of the Condemnation Proceeds with interest thereon as shall equal the fair market value of the Leased Premises or portions thereof, unimproved and unencumbered by this Lease, plus the fair market value of any Public Facilities constructed or installed at the expense of the Lessee on the part of the Leased Premises so taken. That part of the Condemnation Proceeds with interest thereon as shall be awarded for restoration of the Improvements on the portion of the Leased Premises so taken, plus so much thereof as shall represent compensation for the value of the portion of the Improvements so taken, shall be payable in trust to the Lessee or the holder of any leasehold mortgage constituting a lien on the Leased Premises for application by the Lessee, or such holder, to the cost of restoring, repairing, replacing or rebuilding the Improvements, any balance of the Condemnation Proceeds to be shared equally by Lessor and Lessee.

In the event of a taking less than a constructive total taking, the Lessee shall proceed, or shall cause the sublessee under a sublease of the property affected by such taking to proceed, with due diligence to restore, repair, replace or rebuild the remaining part of the Improvements to substantially their former condition or with such changes or alterations as the Lessee may deem desirable in general conformity with the General Development Plan.

If the whole or any part of the Leased Premises shall be taken in condemnation proceedings or by any right of eminent domain for temporary use or occupancy, then this Lease shall remain in full force and effect, and the Lessee shall continue, to the extent Lessee shall not be prohibited from so doing by any condemning authority, to pay, in the manner and at the times herein specified, the full amounts of the Basic and Additional Rent and other charges payable by the Lessee hereunder.

14. *Default by Lessee.* In case one or more of the following events shall have occurred and shall not have been remedied:

(a) default shall be made in the payment of Basic Rent or Additional Rent and such default shall continue for twelve months after written notice from Lessor thereof, specifying such default, shall have been given to the Lessee, each sublessee and the Trustee for any bondholders and the holder of any leasehold mortgage; or

(b) Lessee shall fail to perform or cause to be performed any term, covenant or condition of this Lease on the part of the Lessee to be performed, other than the covenant for the payment of Basic Rent and Additional Rent, and shall have failed promptly after written notice thereof from Lessor to commence with due diligence and dispatch the curing of such default or, having so commenced the curing of such default, shall thereafter fail to prosecute and complete the same within a reasonable time, *provided* that Lessee may dispute any matter contained in such notice by giving Lessor written notice thereof within 30 days after receipt by Lessee of such notice of Lessor, and in such case, such dispute shall be determined by arbitration in accordance with the provisions of paragraph 16 hereof and no default under this paragraph (b) shall be deemed to arise unless the arbitrators' determination is adverse to Lessee and Lessee (subject to Enforced Delay) shall have failed to commence promptly thereafter with due diligence and dispatch the curing of such default, or, having commenced the curing of such default, shall thereafter fail to prosecute and complete the same within a reasonable time:

then in case of a default Lessor may, subject to the rights of the trustee for any bondholders and the holder of any leasehold mortgage as set forth herein, at its option, give to Lessee and to each sublessee, and to any trustee and leasehold mortgagee, a notice of election to terminate this Lease at the expiration of thirty (30) days from the date of service of such second notice, whereupon, unless such rent in case of a default under (a) above, together with interest at the rate of 7% per annum, shall have been paid, or any other default cured by Lessee, before the expiration of said thirty (30)

days, the term of this Lease and all right, title and interest of the Lessee hereunder shall expire as fully and completely as if that day were the date herein specifically fixed for the expiration of the term of this Lease, and the Lessee will then quit and surrender the Leased Premises to the Lessor, subject, however, to any sublease which the Lessor pursuant to the provisions hereof has agreed to recognize. Upon such termination of this Lease as provided in (a) above, the Lessor shall have the right to enter upon and take possession of the Leased Premises by summary proceedings or other legal proceedings, without being liable in damages therefor, and take and have again the Leased Premises and every part thereof, free, clear and discharged of this Lease, and of all the rights of the Lessee hereunder.

Lessor shall not so terminate this Lease upon the occurrence of a default unless Lessor shall

(a) pay to the trustee for the holders of any indebtedness of Lessee a sum of money sufficient to fully and completely redeem any such indebtedness of Lessee allocable to Public Facilities, with accrued interest, then outstanding, together with an opinion of Lessor's Corporation Counsel stating that the Lessor has power and is duly authorized to make such payment, or

(b) deliver to such trustee an instrument in writing duly executed on behalf of Lessor in form and substance satisfactory to such trustee, unqualifiedly assuming the full payment of any such indebtedness of Lessee allocable to Public Facilities, with accrued interest, then outstanding, together with an opinion of Lessor's Corporation Counsel stating that Lessor has power and is duly authorized to assume such payment and may assess, levy and collect taxes on all the taxable real property in The City of New York without limitation as to rate or amount to make any and all payments required under such indebtedness.

No re-entry by the Lessor shall be deemed an acceptance of a surrender of this Lease. A surrender of this Lease may be accepted only by the Board of Estimate of Lessor and only in the manner provided by law at the time thereof.

Lessor agrees, for the benefit of the trustee or holders of any leasehold mortgage, that Lessor's right, title and interest in and to rent and other charges payable under any sublease shall be subject and subordinate to the rights of any leasehold mortgagee to any rent and other charge pledged as security for the payment thereof until payment in full of the indebtedness, with accrued interest, secured by any leasehold mortgage.

15. *Notices.* Any notice, demand or request which, under the terms of this Lease or under any statute, must or may be given or made by the parties hereto, shall be in writing, and shall be given by mailing the same by registered or certified mail addressed to (a) Lessor addressed as follows: Administrator, New York City Housing and Development Administration, 100 Gold Street, Borough of Manhattan, City, County and State of New York; (b) Lessee addressed as follows: General Manager, New York State Urban Development Corporation, 666 Fifth Avenue, Borough of Manhattan, City, County and State of New York; and (c) Subsidiary addressed as follows: President, Welfare Island Development Corporation, 666 Fifth Avenue, Borough of Manhattan, City, County and State of New York. Any notice given hereunder shall be deemed delivered when deposited in a United States general or branch post office, enclosed in a registered or certified prepaid wrapper, addressed as hereinbefore provided. Any such address may be changed from time to time upon notice given by the addressee in the manner herein provided.

If requested in writing by the holder of any leasehold mortgage or any sublessee, which shall have duly registered with Lessor its name and address, any such notice or demand shall also be given or made by Lessor in the manner herein specified and contemporaneously to such holder of a leasehold mortgage or sublessee. Any such holder or sublessee shall be subrogated to all rights of the Lessee with respect to the remedying of any default of Lessee.

16. *Arbitration.* In the event of any dispute with respect to any matter in this Lease, such dispute shall be determined in the City of New York by arbitration in accordance with commercial arbitration

rules then obtaining of the American Arbitration Association (or, if such Association shall not then be in existence, such other organization, if any, as shall then have become the successor of said Association and if there shall be no successor, then in accordance with the then prevailing provisions of the laws of the State of New York relating to arbitration). Lessor and Lessee shall each appoint a fit and impartial person as arbiter who shall have had at least ten (10) years' experience in the County of New York connected with the subject matter of the dispute. In case either the Lessor or the Lessee shall fail to appoint an arbiter for a period of thirty (30) days after written notice from the other party to make such appointment, then the arbiter appointed by the party not in default hereunder shall appoint a second arbiter for and on behalf of the party so failing to appoint an arbiter. In the case of the failure of the arbiters so appointed to agree upon the matter in dispute, said arbiters shall appoint a third party to act as umpire. In the case of the failure of such arbiters to agree upon an umpire, then such umpire shall be appointed by the Presiding Justice of the Appellate Division of the Supreme Court of the State of New York for the First Department. The arbiters so appointed, after being duly sworn to perform their duties with impartiality and fidelity, shall proceed promptly to determine the matter in dispute in accordance with the Rules of Civil Procedure and may hold hearings at which the Lessor and Lessee may adduce evidence and witnesses may give sworn testimony.

17. *No Waiver.* Failure of any party to insist upon a strict performance of any of the covenants and conditions hereof shall not be deemed a waiver of any rights or remedies that such party may have and shall not be deemed a waiver by such party of any subsequent breach or default. This Lease may not be changed orally, but only by an instrument in writing signed by the party against whom enforcement or change is sought.

18. *Quiet Enjoyment.* Lessor covenants that the Lessee, upon paying the rent and all other charges herein provided for and upon

observing and keeping all of the covenants, agreements and provisions of this Lease on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Leased Premises during the term of this Lease without hindrance or molestation by or from anyone.

19. *Certificate of Lessor.* Within thirty (30) days after delivery to Lessor of written notice of Lessee's request for such statement, Lessor shall execute, acknowledge and deliver to Lessee a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there shall have been modifications, that the Lease is in full force and effect as modified and stating the modifications) and the dates to which the rent has been paid, and stating whether or not to the best knowledge of the signer of such statement Lessee is in default in performing any term, covenant, agreement, provisions, condition or limitation contained in this Lease, and if Lessee shall be in default, specifying each such default of which the signer may have knowledge, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective sublessee or any leasehold mortgagee, but reliance on such certificate may not extend to any default as to which the signer shall have had no actual knowledge.

20. *Lessor's Inspection and Audit of Books and Records; Lessee's and Subsidiary's Reports.* The Lessee and the Subsidiary shall keep proper books of record and account in which full and correct entries shall be made of all financial transactions, revenues, losses, charges and expenses paid or incurred by Lessee or Subsidiary in respect to its operations on the Leased Premises and the performance by Lessee and Subsidiary of all terms and conditions of this Lease, all in accordance with generally accepted accounting principles. Lessor shall have the right to inspect and audit such accounts on its behalf annually and at such other reasonable times as it may in its sole discretion deem advisable or necessary. The performance of all conditions and terms of this Lease shall be subject to audit and review by Lessor's Comptroller on behalf of Lessor. Lessee and Subsidiary shall cooperate

EXHIBIT D

PRESERVATION COVENANT

Octagon Building Stabilized Ruin

PRESERVATION COVENANT

THIS INDENTURE, made this 18th day of DECEMBER, 1991, by and between Roosevelt Island Operating Corporation, hereinafter referred to as the "LOCAL SPONSOR," the City of New York, hereinafter referred to as the "OWNER" and the State of New York acting by and through the Office of Parks, Recreation and Historic Preservation, hereinafter referred to as "PARKS."

W I T N E S S E T H:

WHEREAS, pursuant to the Environmental Quality Bond Act of 1986, Title 9 of Article 52 of the Environmental Conservation Law, the PARKS administers a program providing grants to municipalities and not-for-profit corporations to restore and develop historic properties which are listed on the National or State Register of Historic Places; and

WHEREAS, the OWNER has title to certain historic real property alon with the improvements located thereon, which is more particularly described in a deed from Mr. James Blackwell to the OWNER dated July 19, 1828, and recorded in the New York County Clerk's Office, in Liber 239 of Deeds at Page 287 hereinafter referred to as the HISTORIC PROPERTY; and

WHEREAS, the LOCAL SPONSOR has an interest in the HISTORIC PROPERTY more particularly described in a lease from OWNER to LOCAL SPONSOR dated December 23, 1969 and recorded in the New York County Clerks Office in Reel 160 of Deeds at Page 1758 hereinafter referred to as the HISTORIC PROPERTY; and

WHEREAS, the LOCAL SPONSOR has been awarded $250,000 for the purpos of interior and exterior repair and stabilization of Octagon Building Stabilized Ruin, such award being conditioned on the satisfaction of certain duties and obligations.

NOW, THEREFORE, in consideration of the receipt of the State funds mentioned above, the LOCAL SPONSOR and the OWNER do hereby covenant and agree to the following restriction in relation to the HISTORIC PROPERTY.

1. Scope of Covenant. This restriction shall be binding on the LOCAL SPONSOR and the OWNER in relation to the following portions of the HISTORIC PROPERTY that was aided with State funds, i.e., Octagon Building Stabilized Ruin, hereinafter referred to as the SUBJECT PROPERTY.

2. Covenant Running with the Land. This restriction constitutes a covenant running with the land, and all successive future owners shall have the same obligations as the LOCAL SPONSOR and the OWNER for as long as the restriction is in effect.

3. Purpose. The purpose of this restriction is to secure the preservation of historic resources and to ensure that a public benefit is derived from the expenditure of public funds.

4. Public Access. The LOCAL SPONSOR and the OWNER agree to permit the public to have access to the SUBJECT PROPERTY as follows: the SUBJEC PROPERTY is not visible from a public right-of-way, nor is it generally accessible to the public; therefore the LOCAL SPONSOR agrees that the SUBJECT PROPERTY will be open to the public at reasonably spaced interval a minimum of 12 times a year (i.e., once a month; six weekends during the summer; etc.) for 23 years, commencing upon project completion. A public notice shall be placed in an appropriate local paper or a sign placed on the site in public view one week prior to and on the day of public access If applicable the LOCAL SPONSOR and the OWNER shall submit verification o such access to PARKS.

5. Term of Restriction. This restriction shall be binding upon the the LOCAL SPONSOR and the OWNER for 23 years or the useful life of the improvements, made with funds provided pursuant to this agreement, whichever is longer.

6. Maintenance Required. The SUBJECT PROPERTY shall be kept and maintained in reasonably good order, condition and repair and in accordance with the Secretary of the Interior's Standards and Guidelines for Archeology and Historic Preservation, 48 Federal Register 44716, et seq.

7. Alterations to SUBJECT PROPERTY.

(a) Before plans for any proposed construction, alteration or demolition affecting the SUBJECT PROPERTY are finalized, the LOCAL SPONSOR or the OWNER will provide such information to PARKS as will reasonably inform PARKS as to the work to be performed, the scope of the work, details of the treatment and materials and application, along with any other documentation requested by PARKS that is reasonably needed to define the nature and character of the work to b performed and the anticipated period of time in which the work is estimated to be completed. The provisions of this paragraph, as well as those of paragraph eight, shall not apply if the changes are (1) clearly of a minor nature and not affecting architectural, archeological or historic values or (2) immediate actions required by casualty or other emergency to stabilize or prevent the loss of the SUBJECT PROPERTY and promptly reported to PARKS pursuant to paragraph eight of this agreement.

(b) Secretary of the Interior's Standards. No work affecting the SUBJECT PROPERTY shall commence until the LOCAL SPONSOR or the OWNER has received written certification from PARKS that all work is anticipated to be in substantial conformance with the Secretary of the Interior's Standards and Guidelines for Archeology and Historic Preservation, 48 Federal Register 44716, et seq.

8. Damage or Destruction to SUBJECT PROPERTY.

(a) As early as practicable after damage or destruction to the SUBJECT PROPERTY, whether caused by the LOCAL SPONSOR, the OWNER or through a cause beyond the LOCAL SPONSOR's or OWNER'S control, the LOCAL SPONSOR or the OWNER will notify PARKS in writing of such damag or destruction. The notice will include (1) an assessment of the nature and extent of the damage; (2) an estimate of the restoration/reconstruction work necessary to return the SUBJECT PROPERTY to the condition existing at the time of completion of the State-funded work, along with any plans and specifications prepared for the work required; and (3) a description of any emergency work already completed. The LOCAL SPONSOR or the OWNER shall restore/reconstruct the SUBJECT PROPERTY according to paragraph seven of this agreement, if in the opinion of PARKS the purpose and intent of this restriction will thereby be served.

(b) If restoration/ reconstruction is not feasible and the SUBJECT PROPERTY has been so damaged that the qualities that resulted in its being listed on the National or State Register of Historic Places have been lost, PARKS will take steps to remove the SUBJECT PROPERTY from the National or State Register. If the SUBJECT PROPERTY is removed, PARKS will notify the LOCAL SPONSOR and the OWNER in writing that the restriction is null and void. In no case will the required cost of any restoration/reconstruction be more than the amount of State funds expended on the SUBJECT PROPERTY.

(c) If destruction is determined to be due to a deliberate act of the LOCAL SPONSOR or the OWNER or caused by the gross negligence of the LOCAL SPONSOR or the OWNER, the LOCAL SPONSOR or OWNER may be required to repay to PARKS an amount equal to one and one-half times the State funds expended on the SUBJECT PROPERTY.

9. Violations. In the event of a violation of any provision of this covenant PARKS may, at its option, exercise any or all of the following remedies: after first giving the LOCAL SPONSOR reasonable notice of a violation and an opportunity to cure such violation:

i. declare the grant forfeited and demand the return of all funds disbursed under this agreement.

ii. declare the grant forfeited and demand the return of all funds disbursed under this agreement plus a penalty equal to 1/2 of the amount of the grant; provided the violation giving rise to the forfeiture and penalty wa in the opinion of PARKS caused by the intentional acts or gross negligence of the LOCAL SPONSOR.

iii. enter the SUBJECT PROPERTY, correct any violation of the terms of this covenant, restore the SUBJECT PROPERTY to its prior condition, and hold the owner or any successor in interest responsible for the cost thereof.

iv. institute suit against the LOCAL SPONSOR or the OWNER to enjoin such violations and, if appropriate, require the restoration of the SUBJECT PROPERTY to its prior condition

In addition to the remedies set forth above, PARKS shall have all legal and equitable remedies to enforce the LOCAL SPONSOR's and the OWNER'S obligations under this agreement, and in the event the LOCAL SPONSOR, the OWNER or any successor in interest is found to have violated such obligations, the LOCAL SPONSOR, the OWNER or such successor shall reimburse PARKS for any costs and expenses incurred in connection with th enforcement of this agreement, including court costs and attorney's fees.

10. Approvals. The LOCAL SPONSOR, the OWNER and any successor in interest may at any time request the approvals required under paragraphs seven and eight above, or request temporary or permanent relief from any of the restrictions contained in this agreement, by delivering such request in writing to PARKS, addressed to the Commissioner of Parks, Recreation and Historic Preservation.

Approval of such requests shall not be unreasonably withheld, and the LOCAL SPONSOR or the OWNER or its successor may cause the reasonableness of any such denial to be reviewed by an appropriate proceeding instituted in the Supreme Court of the county where the property is located.

11. OWNER'S Rights to Use. Except as provided in paragraph four of this agreement, nothing in this covenant shall be construed to convey to the public a right of access or use of the property and the OWNER, its heirs, successors and assigns shall retain the exclusive right to such access and use.

12. Waivers. A waiver of any breach of any covenant, term, condition or limitation of this agreement shall not constitute a waiver of any othe or any later breach of any covenant, term, condition or limitation, nor shall it otherwise prevent the enforcement of such breach.

13. Severability. The parties to this agreement agree that all covenants, easements and restrictions in this agreement shall be severable, and that should any covenant, easement or restriction in this agreement be declared invalid or unenforceable, the remaining covenants, easements and restrictions shall not terminate.

14. Binding Upon Successors. The foregoing representation, covenants, terms and conditions are expressly understood as being binding upon the LOCAL SPONSOR, the OWNER, all heirs, executors, administrators, assigns and successors of the LOCAL SPONSOR or OWNER and all other persons whatsoever, real or artificial, having or claiming any interest in the SUBJECT PROPERTY and, together with this paragraph, shall be inserted in all instruments which dispose of any interest in the SUBJECT PROPERTY, bu whether or not so inserted, shall be deemed by all persons to have been inserted.

15. Recording of Covenant. PARKS shall record this instrument in the County Clerk's Office and shall provide the LOCAL SPONSOR and the OWNER with proof of such recording.

IN WITNESS WHEREOF, the LOCAL SPONSOR and the OWNER and PARKS have hereunto set their hands the day and year first above written.

Roosevelt Island Operating Corporation

By _____

Title President/Chief Operating Officer

OFFICE OF PARKS, RECREATION AND HISTORIC PRESERVATION

By _____

Deputy Commissioner for Historic Preservation

Whenever the LOCAL SPONSOR does not have clear title to the property, all persons having or claiming interest in the property, including but not limited to joint owners and mortgagees, must execute this agreement. Additional pages may be affixed as necessary, including additional acknowledgement blocks.

The City of New York

Signed _____

By Barbara J. Fife

Title Deputy Mayor for Planning & Development

Signed _____

By _____

Title _____

Signed _____

By _____

Title _____

MUNICIPALITY

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On this 18th day of December , 1991, before me personally came to me known, who being by me duly sworn, did depose and say that he or she is the President/Chief Operating Officer Jean Lerman xxxx

INDIVIDUAL

STATE OF NEW YORK)
) SS.:
COUNTY OF)

On this day of , 19 , before me personally came , to me known and known to me to be the person described in and who executed the foregoing instrument and he duly acknowledged that he or she executed the same

Notary Public

OFFICE OF PARKS, RECREATION AND HISTORIC PRESERVATION

STATE OF NEW YORK)
) SS.:
COUNTY OF Albany)

On this 22nd day of January, 1992, before me personally came Julie D. Stokes to me known and known to me to be the Deputy Commissione of Historic Preservation of Parks, Recreation and Historic Preservation the person described as such in and who executed the foregoing instrument and he or she duly acknowledgedto me that he or she executed the same as such Deputy Commissioner of Historic Preservation of Parks, Recreation and Historic Preservation for the purpose therein mentioned.

Lorraine B. DeRosa
Notary Public

LORRAINE B. DeROSA
Notary Public, State of New York
No. 4720000
Qualified in Montgomery County
Commission Expires Dec. 31, 1992

EXHIBIT E

NON-DISCRIMINATION AND AFFIRMATIVE ACTION PROGRAM

Affirmative Action and Non-Discrimination and
New York State Business Enterprises Requirements

It is the policy of New York State to maximize opportunities for the participation of New York State business enterprises, including minority and women-owned business enterprises as bidders, subcontractors and suppliers on its procurement contracts.

Information on the availability of New York State subcontractors and suppliers is available from:

NYS Department of Economic Development
Division for Small Business
One Commerce Plaza
Albany, NY 12245
Phone: 518-474-7756
Fax: 518-486-6416

The Contractor is required to utilize Minority and Women-Owned Business Enterprises ("M/WBEs") with respect to subcontracts it may enter into under this Contract for labor, services, supplies, equipment, materials or any combination of the foregoing to be performed for, or rendered or furnished to RIOC, in the event that the Contract price exceeds $25,000, in compliance with the provisions of Articles 15-A and 4-A of the Executive Law.

As a guide for Contractor participation in this program, RIOC has established goals with respect to subcontracts as follows:

Construction – 21.5%, Commodities – 18.18%, Services – 18.18% participation by New York State Certified MBEs;

Construction – 13.67%, Commodities – 20.45%, Services – 20.45% participation by New York State Certified WBEs; as percentages of the total Contract price.

The directory of minority and women-owned business enterprises is available from:

NYS Department of Economic Development
Minority and Women's Business Development Division
One Commerce Plaza
Albany, NY 12245
Phone: 518-474-6346
Fax: 518-473-0665

The directory is for use only as a resource that lists the names of businesses that qualify as M/WBEs under the definition set forth in the Appendix hereto.

In order to maximize participation of Certified M/WBEs as subcontractors and suppliers with respect to this Contract, Contractors are required to make the following efforts:

(1) Attend meetings scheduled by Developer where bidders will be advised of general contract requirements and M/WBE program;

(2) Advertise, where appropriate, in general circulation media, trade association publications and small business media;

(3) Notify small, minority and women contractor associations by written solicitation of specific subcontracts;

(4) Send written notification to Certified M/WBEs that their interest in the Work is solicited.

In each bid, the Contractor shall include a proposed list of subcontractors to demonstrate that the goals of this section will be achieved.

The Contractor shall list the proposed subcontractors and report the participation of MBEs and WBEs in the form entitled, "Vendor/Contractor's Utilization Form" attached hereto and made a part hereof.

Joint ventures with Minority and Women-Owned Business Enterprises will be considered toward meeting the goals.

In accordance with Article 15 of the Executive Law (also known as the Human Rights Law) and all other State and Federal statutory and constitutional non-discrimination provisions, the Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, sex, national origin, age, disability or marital status. Furthermore, in accordance with Section 220-e of the Labor Law, if this is a contract for the construction, alteration or repair of any public building or public work or for the manufacture, sale or distribution of materials, equipment or supplies, and to the extent that this Contract shall be performed within the State of New York, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, disability, sex or national origin: (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee hired for the performance of work under this Contract. If this is a building service contract as defined in Section 230 of the Labor Law, then, in accordance with Section 239 thereof, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, national origin, age, sex or disability: (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee hired for the performance of work under this Contract. Contractor is subject to fines of $50.00 per person per day for any violation of Section 220-e or Section 239 as well as possible termination of this Contract and forfeiture of all moneys due hereunder for a second or subsequent violation.

Definitions under Article 15-A Regulations

(a) "Certified business" shall mean either a business certified by New York State as a minority or women owned business enterprise pursuant to Section 315 of the Executive Law and 9 NYCRR 544.2(a)-1(c) or a business verified as minority or women owned and additionally identified under 9 NYCRR 455.2(d).

(b) "Minority group member" shall mean a United States Citizen or permanent resident alien who is and can demonstrate membership in one of the following groups:

(i) Black persons having origins in any of the Black African racial groups;
(ii) Hispanic persons of Mexico, Puerto Rican, Dominican, Cuban, Central or South American of either Indian or Hispanic origin, regardless of race;
(iii) Native American or Alaskan native persons having origins in any of the original peoples of North America; or
(iv) Asian and Pacific Islander persons having origins in any of the Far East countries, Southeast Asia, the Indian subcontinent or the Pacific Islands.

(c) "Minority-owned business enterprise" shall mean a business enterprise, including a sole proprietorship, partnership or corporation that is:

(i) At least fifty-one percent owned by one or more minority group members;
(ii) An enterprise in which such minority ownership has and exercises the authority to control and operate, independently, the day-to-day business decisions of the enterprise; and
(iii) An enterprise authorized to do business in New York State and independently owned and operated.

(d) "Women-owned business enterprise" shall mean a business enterprise, including a sole proprietorship, partnership or corporation that is:

(i) At least fifty-one percent owned by one or more United States Citizens or permanent resident aliens who are women;
(ii) An enterprise in which the ownership interest of such women is real, substantial and continuing;
(iii) An enterprise in which the ownership has and exercises the authority to control independently the day-to-day business decisions of the enterprises; and
(iv) An enterprise authorized to do business in New York State and independently owned and operated.

EEO Policy Statement

(1) Contractors and subcontractors shall undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination because of race, creed, color, national

origin, sex, age, disability or marital status. For these purposes, affirmative action shall apply in the areas of recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff, or termination and rates of pay or other forms of compensation.

(2) Prior to the award of a contract, the Contractor shall submit an Equal Employment Opportunity ("EEO") Policy Statement to the contracting agency within the time frame established by that agency.

(3) The Contractor's EEO Policy Statement shall contain, but not necessarily be limited to, and the Contractor, as a precondition to entering into a valid and binding State contract, shall, during the performance of the State contract, agree to the following:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, age, disability or marital status, will undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination, and shall make and document its conscientious and active efforts to employ and utilize minority group members and women in its work force on State contracts.

(b) The Contractor shall state in all solicitations or advertisements for employees that, in the performance of the contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

(c) At the request of the contracting agency, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union, or representative will not discriminate n the basis of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will affirmatively cooperate in the implementation of the Contractor's obligations herein.

(4) Except for construction contracts, prior to an award of a State contract, the Contractor shall submit to the contracting agency a staffing plan of the anticipated work force to be utilized on the State contract or, where required, information on the Contractor's total work force, including apprentices, broken down by specified ethnic background, gender, and Federal Occupational Categories or other appropriate categories specified by the contracting agency. The form of the staffing plan shall be supplied by the contracting agency.

(5) After an award of a State contract, the Contractor shall submit to the contracting agency a work force utilization report, in a form and manner required by the agency, of the work force actually utilized on the State contract, broken down by specified ethnic background,

gender, and Federal Occupational Categories or other appropriate categories specified by the contracting agency.

Nondiscrimination in Employment in Northern Ireland:
MacBride Fair Employment Principles

In accordance with Chapter 807 of the Laws of 1992 the bidder, by submission of this bid, certifies that if it or any individual or legal entity in which the bidder holds a 10% or greater ownership interest, or any individual or legal entity that holds a 10% or greater ownership interest in the bidder:

> has business operations in Northern Ireland, such bidder, shall take lawful steps in good faith to conduct any business operations in Northern Ireland in accordance with the MacBride Fair Employment Principles relating to nondiscrimination in employment and freedom of workplace opportunity regarding such operations in Northern Ireland, and shall permit independent monitoring of their compliance with such Principles.

The Omnibus Procurement Act of 1992 requires that by signing this bid/proposal, Contractors certify that whenever the total bid amount is greater than $1 million:

(1) The Contractor has made reasonable efforts to encourage the participation of New York State Business Enterprises as suppliers and subcontractors on this project, and has retained the documentation of these efforts to be provided upon request to the State.

(2) The Contractor has complied with the Federal Equal Opportunity Act of 1972 (P.L. 92-261), as amended.

(3) The Contractor agrees to make reasonable efforts to provide notification to New York State residents of employment opportunities on this project through listing of any such positions with the Job Service Division of the New York State Department of Labor, or providing such notification in such manner as is consistent with existing collective bargaining contracts or agreements. The contractor agrees to document these efforts and to provide said documentation to the State upon request.

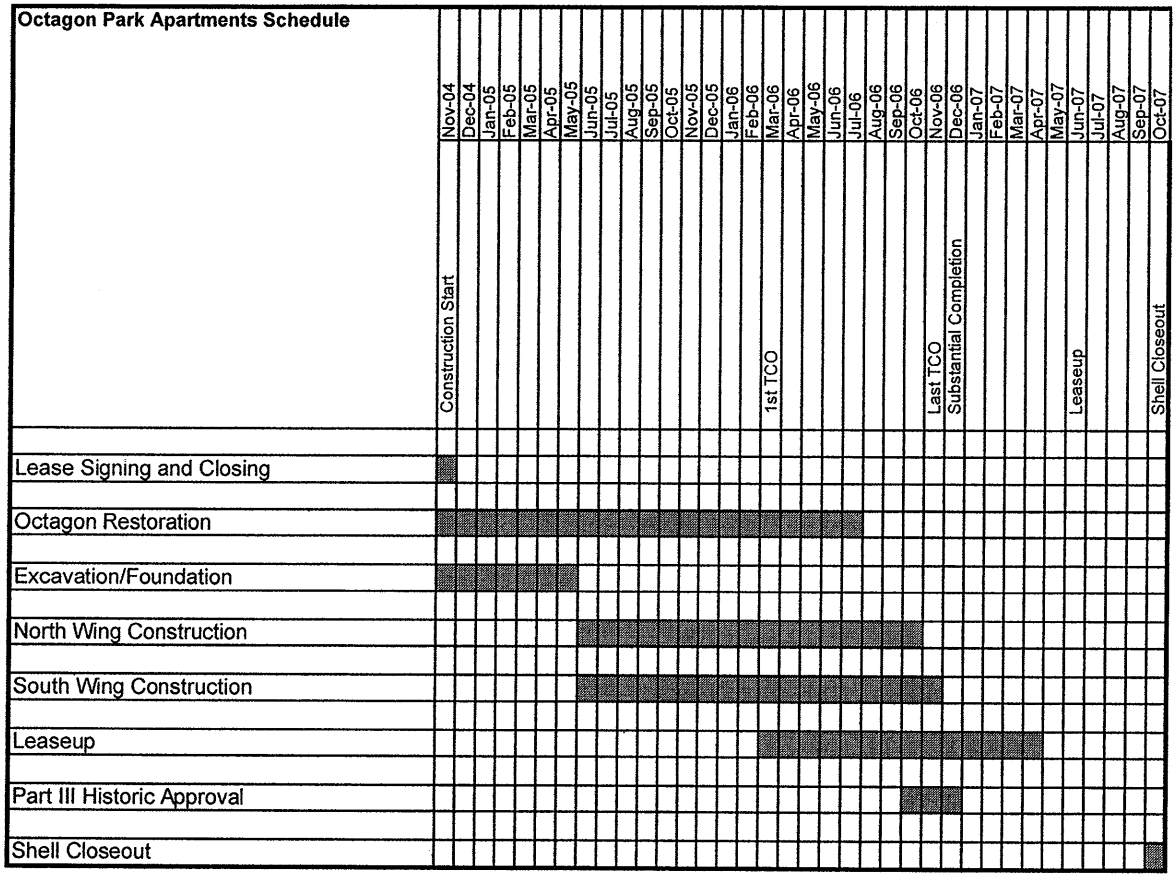
(4) The Contractor acknowledges notice that New York State may seek to obtain offset credits from foreign countries as a result of this contract and agrees to cooperate with the State in these efforts.

(Note: The Contractor shall include the language of the above provisions in every subcontract in such a manner that the requirements of the provisions will be binding upon each subcontractor as to work in connection with the State contract, including the requirement that subcontractors shall undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination, and, when requested, provide to the Contractor information on the ethnic background, gender, and Federal Occupational categories of the employees to be utilized on the State contract.)

EXHIBIT F

DEVELOPMENT SCHEDULE

EXHIBIT F - DEVELOPMENT SCHEDULE



Note: Completion of activities is scheduled for the end of each month indicated.

EXHIBIT G

CONSTRUCTION RULES AND REGULATIONS

(a) maintain reasonably clean, securely enclosed construction site with fencing and lighting within and surrounding structures;

(b) store all equipment and park all vehicles (other than vehicles of construction workers or employees of the site, who may park as designated in paragraph (f) below) within the Construction site;

(c) refill and restore as soon as feasible any Streets or other existing facilities which shall remain but which Tenant has excavated or otherwise disturbed;

(d) keep the Streets, the spiral ramp and entrance , and the Bridge reasonably free from dirt and debris resulting from the construction, and take all action to limit airborne dirt and dust in accordance with standard New York City construction standards and applicable laws, rules regulations and orders;

(e) prohibit construction equipment, trailers, trucks, automobiles, construction vehicles, delivery trucks, employee automobiles and other equipment and vehicles from standing or parking on the Streets;

(f) require construction workers and employees to park either in Motorgate or within the Construction site provided that Tenant shall not permit the number of vehicles parked within the Construction site at any one time to exceed that number of vehicles which may from time to time be reasonably approved by Owner;

(g) include or cause to be included a provision in the general contract and all subcontracts requiring all construction workers and employees to park either in Motorgate or within the Construction site, and specifying that the number of vehicles parked within the Construction site at any one time shall not exceed that number of vehicles which may be approved by Owner as provided in Subparagraph (f) above, including therein a warning that vehicles in violation of such provision will be towed;

(h) provide competent watchmen for the Construction site in accordance with New York City Requirements during all hours when construction operations are not in progress;

(i) conduct and permit blasting, if otherwise permitted, only between the hours of 8 a.m. and 5 p.m., Mondays through Fridays, except holidays, or during times for which a special permit may be obtained from New York City and in strict compliance with applicable codes and regulations with respect to the size of charges and coordinate with blasting being undertaken for other developers on Roosevelt Island; provide and maintain portable seismic monitoring devices

at all facilities located within 100 feet of blasting operations and/or in accordance with NYCTA requirements.

(j) comply with all applicable noise control laws and regulations, and take additional actions to minimize and control noise in accordance with New York City construction standards;

(k) promptly restore and repair any damage caused by Tenant or resulting from the construction of the Buildings by Tenant to the Streets, Motorgate I, Motorgate II and the Bridge (to the extent Owner may be required to restore the Bridge under the provisions of the Master Lease), and for a period of two (2) years after Completion of the Buildings make such repairs to the Streets as are necessitated by any settling caused by Tenant or resulting from the construction of the Buildings by Tenant;

(l) comply with the New York City Building Code and Rules and Regulations not in conflict or inconsistent therewith with respect to the Building, load limitations on the Bridge and other construction matters, including, without limitation, the location of cranes and construction elevators;

(m) no trucks or construction vehicles will be permitted to park or unload on Main Street. No material storage will be permitted on RIOC property;

(n) due to the proximity of occupied buildings adjacent to the site, the contractor(s) shall take special care to minimize objectionable noise levels. In addition, to insure compliance with OSHA (federal law) and Section 222-a of the New York State Labor Law, the contractor(s) shall install, maintain and effectively operate such appliance and methods for the elimination of silica dust and other harmful dust as shall have been approved by the New York State Board of Standards and Appeals. Dust dirt and debris accumulating on Main Street as a result of the construction shall be swept up daily. Hosing down of Main Street shall be done during each work day when directed by authorized RIOC personnel; use of flusher trucks and motorized sweepers is encouraged.

(o) the entire site shall be enclosed with a solid fence, 8 feet high with secure locks for the sliding or inswinging entrance gates. The structure and area immediately around the structure and access routes from the fence gates through the site shall be lighted each night from dusk to dawn at a minimum lighting level of 1/2 foot candle at the ground level throughout the entire site, including each floor level of structures;

(p) prior to the start of any site excavation, the contractor(s) shall provide to RIOC or its representative written confirmation that it has obtained the latest drawings showing the locations of all underground utilities including AVAC lines, fire and telephone conduit, electrical utilities, water, storm and sanitary piping, etc., and have conspicuously marked these locations for the purpose of preventing accidental damage to these services in accordance with Code Rule 53. It will also post a bond in the amount of $100,000 to secure the repairs of any public facilities damaged in the course of construction. Any damage done to any services shall be immediately remedied by the contractor(s). The incidental costs to RIOC and, or the housing management companies resulting from such damage(s) shall be promptly reimbursed to RIOC or

the housing management companies upon presentation of bills attesting to such costs. This reimbursement does not relieve the contractor(s) from bearing full costs of the actual repairs. In addition, RIOC will access penalty of $1,000 per day for each day that service is disrupted;

(q) Developer shall have competent supervisory personnel on site at all times and maintain a full service, full time on-site operations office with emergency telephone numbers posted at all times;

(r) certain permits will be required to be obtained from RIOC or its representative relative to connections between existing services and the new development. These include but are not limited to water, storm, sewer, street openings and AVAC systems. Requests for permits shall be submitted a minimum of 72 working hours prior to start of such work. The permit request shall state the length of time such work will take to be performed and whether or not a shutdown of existing services will be required. RIOC may reject or grant such permit on terms and conditions including but not limited to, times, dates and locations, as it determines to be necessary in order to protect Roosevelt Island residents and services. Any incidental costs incurred by RIOC or housing management companies resulting from the planned shutdown shall be reimbursed upon presentation of bills attesting to such costs; all other permits for such work must be obtained by Developer with copies delivered to RIOC or its representative;

(s) the NYC 36th Avenue bridge and Roosevelt Island arrival deck and ramp are designed for an HS20-44 loading. This load limit shall not be exceeded unless approval is first granted by the NYCDOT and RIOC in writing; competent flag persons are to be provided by Developer on the 36th Avenue Bridge to monitor and record this compliance;

(t) should any contractor find it necessary to work weekends and holidays, no written permission shall be required from RIOC; any required NYC weekend or off-hour work permits must be obtained by Developer;

(u) in addition to City agency approvals for connections to existing utilities, RIOC shall review and approve the shop drawings and installation of the AVAC system within the Project and the piping and connection(s) to the existing AVAC piping and including the electrical and pneumatic systems. Langan Associates will design the AVAC extension with design input from AVAC System. If there is a design fee, it will be incorporated into the Infrastructure Design costs.

(v) prior to the start of any work the contractor shall take preconstruction photographs of the entire area surrounding the site as directed by RIOC and provide monthly updates contained in a comprehensive monthly report delivered to RIOC or its representative;

(w) prior to the start of clearing and grubbing or excavation the contractor shall take photographs showing the marked locations of all underground utilities on the site. A complete set of photographs shall be provided to RIOC immediately upon their being developed;

(x) no access to the construction site will be permitted via the easterly service road nor from the west promenade between the seawall and construction site;

(y) the contractor(s) will not be permitted to burn trash on the construction site;

(z) if street openings are required, and upon issuance of a permit from RIOC, the contractor(s) shall maintain one full width traffic lane free from obstruction and shall provide all necessary barricades as well as a flagperson as a safety precaution;

(aa) authorized RIOC personnel and their agents shall be permitted access to the site at all reasonable times to assure compliance by the contractor(s) to all applicable rules and regulations;

(bb) site drainage shall be so controlled as to prevent runoff onto offsite areas on all sides;

(cc) major bulk barging of items such as demolition materials, concrete, brick, precast structural members, if part of southern site development of Roosevelt Island, including underground utilities, shall be granted special consideration by the Roosevelt Island Operating Corporation;

(dd) Developer and each of general contractor or subcontractors of any tier shall furnish to RIOC on demand a verified copy of his payroll, and also any other information required by RIOC to satisfy RIOC that the provisions of the Labor Law as to the hours of employment and rates of wages are being observed.

EXHIBIT H

DESIGN GUIDELINES

The Roosevelt Island Operating Corporation ("RIOC"), a New York State agency, as designated Octagon Development LLC as developer ("Developer") for Octagon Park Apartments. The Project shall be developed in conformance with the General Development Plan, Master Plan and the Design Guidelines outlined herein, which shall apply in lieu of the New York City Zoning Resolution. The construction of all buildings and public improvements shall conform to all other applicable statutory or regulatory requirements, including the New York City Building Code, Multiple Dwelling Law and federal ADA.

Certain items and concepts used in these Design Guidelines are based upon and are intended to have the same meaning as similar terms and concepts contained in the NYC Zoning Resolution, and where so identified, those provisions of the NYC Zoning Resolution shall be incorporated by reference in these Design Guidelines.

1.0 DEFINITIONS

1.1 Interpretation of inconsistent provisions

In the case of inconsistency between these Design Guidelines and the incorporated provisions of the NYC Zoning Resolution, the provision that is more restrictive or imposes higher standards or requirements shall govern; otherwise, these Design Guidelines shall govern. The diagram(s) complement the text and are as binding as if fully described in the text.

1.2 Rules for construction of language

The word "shall" or "required" is always mandatory and not discretionary. The word "may" or "permitted" is discretionary.

1.3 Definitions

Terms which require definition are indicated in *italics* in the text and are listed below.

Accessory use, or accessory: A use conducted in the same building as the principal use to which it is related, and it is a use which is clearly incidental to, and customarily found in connection with, such principal use. An *accessory use* includes:

(1) Swimming pools not located within a *residential* building provided that the use of such pools shall be restricted to occupants of the principal use and guests for whom no admission or membership fees are charged;
(2) *Home occupations;*
(3) A newsstand primarily for the convenience of the occupants of a building;

(4) *Accessory* off-street loading berths;
(5) *Accessory* signs.

Awning: Glazing or fabric on metal frame structure supported entirely from the building to provide weather protection at doors, windows and/or *storefronts*; may be retractable.

Base plane: A plan from which the height of a building is measured. The level of the base plane is the average elevation of the final grade adjoining the building, excluding entrance to loading.

Basement: A *story* (or portion of a *story*) partly below the *base plane*, with at least one half its height (measured from floor to ceiling) above the *base plane*.

Canopy: Glazing, fabric and/or metal structure with vertical supports located on the sidewalk to provide weather protection at a building's primary entrance.

Cellar: A *story* (or a portion of a *story*) wholly or partly below the *base plane*; with more than one half its height (measured from floor to ceiling) below the *base plane*.

Community *facility use*: Uses listed in Use Groups 3 or 4 in the NYC Zoning Resolution.

Expression band: A distinctive linear architectural element occurring on the building façade. The height of the *expression band* shall be no less than 2'-0" and no more than the actual floor to floor height. The length of the *expression band* shall be a minimum of 70% of the aggregate width of the required street wall. The band shall be contrasting in color, texture, material and/or fenestration from the adjacent building façade. Projections may occur within an *expression band.*

Floor area: The sum of the gross areas of the several floors of a building measured from the exterior faces of exterior walls or from the center lines of walls separating two buildings. In particular, *floor area* includes:

(1) Basement space;
(2) Elevator shafts or stairwells at each floor;
(3) Floor space in penthouses;
(4) Attic space providing structural headroom of 8'-0" or more;
(5) Floor space in interior mezzanines or bridges.

However, the *floor area* of a building shall not include:

(1) *Cellar* space, except that *cellar* space used for *retail* shall be included for the purpose of calculating requirements for *accessory* off-street loading berths;
(2) Elevator or stair bulkheads, *accessory* water tanks, or cooling towers;
(3) Uncovered steps;
(4) Attic space providing structural headroom of less than 8'-0";
(5) Floor space in open or roofed terraces and exterior balconies;
(6) Floor space used for *accessory* off-street loading berths;

(7) Floor space used for mechanical equipment.

Home occupation: As defined in the NYC Zoning Resolution sec. 12-10.

Leaseline: The line of tenant leased premises extends inward from the outermost exterior face of the *storefront.*

Legally required window: A window or portion of a window (including a window either in addition to or as a substitute for mechanical ventilation), which is required by any applicable law or statute to provide light or ventilation to a "living room" as defined in Section 4 of the Multiple Dwelling Law.

Lot: A tract of land intended for development, defined by *lot lines* or *street lines.*

Lot line: A line defining the boundary of a tract of land intended for development.

Marquee: A permanent glazing and/or metal structure supported entirely from the building to provide weather protection at a building's primary entrance.

Maximum number of stories: The maximum number of stores permitted, measured from a *base plane.*

Required street wall: A wall or portion of a wall of a building facing a *street* or plaza, as indicated in Figure 1.

Required street wall articulation, aggregate width of: The sum of the maximum widths of all segments of *required street wall articulation* on a *street* at the level of any *story.* The width of a *required street wall articulation* is measured in plan as the width of the *street line* from which perpendicular lines may be drawn to such required *street wall articulation.*

Residential use: Uses listed in Use Group 1, 2, 3 and 4 in the NYC Zoning Resolutions. *Residential* uses may include *residential, community facility, accessory* recreation, *accessory* loading and open space.

Retail use: Uses listed in Use Group 6, 9 and 12 and bicycle rental or repair shops as listed in the NYC Zoning Resolution. *Retail* establishments are intended primarily to provide convenience services for the use of residents of the project area including *retail* sales, restaurants and service establishments.

Storefront: The architectural façade, including doorways, of any tenant-leased premise perimeter adjacent to public circulation areas. *Storefront* refers to all permitted *retail* uses including *retail,* service, restaurants and cultural establishments.

Story: That part of a building between the surface of a floor (whether or not counted for purposes of computing *floor area*) and the ceiling immediately above. However, a *cellar* is not a *story.*

Street: A way shown on the City Map, as defined the NYC Zoning Resolution sec. 12-10, or indicated as Main Street on the Roosevelt Island Master Plan.

Street line: A *lot line* separating a *street* from other land.

Street wall: A wall or portion of a wall of a building facing a *street* or plaza.

2.0 BUILDING PLAN

The Master Plan establishes one building for the Project and the permitted uses for the Project. The buildings is permitted *residential* and *community facility use*. Uses shall comply with the requirements for Octagon Park Apartments detailed in the amended General Development Plan.

3.0 ARCHITECTURAL ELEMENTS

3.1 Building materials and color

These Design Guidelines define the general design objectives for the material and color of distinct portions of the buildings and prescribe the treatment required.

(a) Above the second story to the top of the building, any combination of vision glass, spandrel glass or metal panels shall not exceed 60% of façade area. Reflective glass shall not be permitted anywhere on the building façade. All glass shall comply with the New York State Energy Code.

(b) Tower wings: Reflective glass shall not be permitted anywhere on the building facade. All glass shall comply with the New York State Energy Code.

3.2 Grade level controls

(a) Ground floor height: Minimum 9'-0" clear height floor to ceiling.

(b) Ground floor glazing: When any building wall fronts or adjoins Main Street, at least 25% of the total surface area of such wall between ground floor elevation and the ceiling shall be transparent. Door or window openings or unglazed openings within such walls shall be considered as transparent. Such openings shall have a minimum width of 2'-0". The lowest point of any transparency that is provided to satisfy the requirements of this section shall not be higher than 4'-0" above the ground floor elevation.

(c) Building entrance: See Section 3.3 *marquees, canopies, awnings*; Section 6.0 for signage controls, and Section 7.0 for lighting controls.

3.3 *Marquees, canopies, awnings*

(a) Location by use:

(1) *Residential use*: *Marquee or canopy* is permitted at the primary building entrance; *canopy* or *awning* is permitted at secondary.

(2) *Community facility* use and professional office: *Canopy* or *awning* is permitted.

(b) *Marquees*: 10'-0" minimum clear height shall be provided above the sidewalk; maximum 1 story above adjacent sidewalk; 2'-0" minimum horizontal distance from face of curb. Maximum width permitted of a *marquee* is 30'.

(c) *Canopies, awnings*: 8'-0" minimum clear height shall be provided above the sidewalk; maximum 1 story above adjacent sidewalk; 2'-0" minimum horizontal distance from face of curb. Maximum continuous length permitted is 15', with a minimum of 2'-0" spacing between *awnings*.

3.3 Fenestration

(a) Windows: All perimeter glazing of residential apartments shall be double paned with insulating interpane spacers. Glazing shall be clear or essentially neutral in its spectral filtering of visible light. Reflective glass is not allowed.

(b) Louvers, wall openings: Shall be designed to integrate with building architecture. Maximum uninterrupted louver or grille permitted is 8'-0" in height and 8'-0" in width.

3.4 Rooftops and setbacks

(a) General requirements:

(1) Rooftops and setbacks are highly visible and may provide a significant amenity. They may be designed with consideration for use and to be visually attractive when viewed from locations adjacent and above.

(2) All roof surfaces and setbacks shall provide surface materials which are not reflective or high contrast colors. All obtrusive features such as vents, bulkheads and cooling units shall be minimized and finished in materials which are compatible in color and interest to the surrounding building surfaces.

(b) Rooftops and setbacks adjacent to *residential* units:

(1) Rooftops and setbacks may be finished with materials suitable for use and landscaping.

(2) Waterproof electrical outlets and exterior water source may be provided for each residential unit or at 50' intervals if a single unit abuts a rooftop or setback greater than 50' in length.

3.6 Parapets, handrails, roof mechanical equipment screening

(a) Parapets and handrails: If part of an expression band, shall be finished in a distinctive manner.

(b) Roof mechanical equipment: Shall be screened; materials and design to be consistent with the building architecture.

4.0 CIRCULATION

The infrastructure and landscape contract will establish the character of streetscape and public open space areas. This includes the location the service drives, curb cuts for vehicular drop-offs and loading, and the location of bus stops and cross walks.

4.1 Parking

Below grade parking is permitted in the basement of the Octagon Park Apartments. Off street vehicular move in areas are provided at each tower. Visitor surface parking is also provided.

4.2 Loading

Loading areas are provided at each tower. *Accessory* off-street loading areas or service areas are permitted with access from 11th and 12th roads.

5.0 OPEN SPACE: COURTYARDS

The infrastructure and landscape contract will establish the character of streetscape and public open space areas. This includes the active tennis courts, central courtyard, landscaping adjacent to the waterfront service drive/walks, the vehicular drop-offs, the loading areas, and residential landscaped ecological park. The following design guidelines are for the courtyard.

5.1 Design intent

The courtyard is intended to be a "rear yard" providing light and air to apartments removed from the adjacent streets of the building. It is a semi-private, primarily passive recreational open space for residential adults with an adjacent playground space for children. The northwestern end of the courtyard will house a fenced swimming pool. The courtyard is to be visually attractive when viewed from the public waterfront and apartments located adjacent and above.

5.2 Size of courtyard

The courtyard shall be developed for use as a landscaped amenity for building residents. The area shall be primarily at one level and have no dimension less than 30'. The planted area shall comprise a minimum of 50% of the courtyard area. The remaining area shall have a durable, attractive paved surface. The courtyard shall be open to the sky except that building projections,

not to exceed 5'-0" in depth, may cover up to 10% of the courtyard provided that the lowest level of the projection is above the second story ceiling.

5.3 Permitted obstructions in a courtyard

(a) Terraces, balconies, bay windows, architectural façade details, *accessory* non-commercial greenhouses, planting boxes, steps and ramps for access by the handicapped, vents bulkheads or other mechanical equipment;

(b) Eaves, gutters, or downspouts projecting not more than 16";

(c) Arbors, trellises, fences, flag poles, *awnings or canopies*;

(d) Chimneys projecting not more than 3'-0"; and

(e) Recreational equipment, benches and similar amenities.

5.4 General requirements

(a) Areas with play equipment for young children may be provided.

(b) Vents, vaults, bulkheads or other mechanical equipment penetrations shall be located so as not to obstruct access to and usefulness of the courtyard. Surface finishes of projecting structures shall be finished with materials compatible with vertical building materials. No exhaust vents are permitted unless such intakes and vents are more than 10'-6" above the level of the courtyard.

5.5 Landscape requirements

(a) The minimum soil depths for planting are:

Trees	36"
Shrubs	30"
Lawns, ground cover	18"

Each planted area shall have provision for proper drainage and shall be equipped with automatic irrigation.

(b) Planting requirements:

(1) The landscaped area(s) shall be planted with seasonally diverse plant material appropriate for this location.

(2) Planters may be designed with a coping to provide seating if the coping is minimum 12" wide and does not exceed 18" in height.

(c) New York City is classified as Zone 6b by the U.S. Department of Agriculture in their revised Plant Hardiness Zone map of 1990. For selection of trees, shrubs, groundcovers, grasses, perennials and annuals, the consideration of wind tolerance, exposure to sun/shade and climate zone shall apply.

5.6 Furnishings

(a) Furnishings such as seating, tables, gazebos or other shade structures are encouraged. Furnishings may be movable or fixed. If fixed, they shall be oriented to provide maximum variety in relationship to planted areas, sun and shade.

(b) Surfacing beneath play equipment for young children shall comply with Federal safety standards and equipment shall be anchored in accordance with manufacturer's guidelines. Play equipment shall be such as is normal acceptable to the NYC Department of Parks as appropriate for child use.

(c) Provision for outdoor lighting: Refer to Section 7.0.

6.0 SIGNAGE

6.1 Signage at grade

Developers are required to provide building identification signage for the predominant use of the building, and may provide additional signage as indicated, other than those required by the New York City Building Department.

(a) *Residential use* streetscape signage

(1) Design intent: To ensure a high quality of *residential use* signage that can express the variety and liveliness of the *residential* spirit at Roosevelt Island Octagon Park Apartments.

(2) Main sign at *marquee* or *canopy*: At any major entry of any residential building, one main sign is permitted above the entry as part of the *marquee* or *canopy* above the entry and projecting over the sidewalk at the vehicular drop off. This signage is a band which wraps around all three (3) sides of the *marquee* or *canopy*. Permitted messages are: Name of building (if applicable) and address of building. The signage shall be flush to the face of the *marquee* or *canopy* and none of the graphics shall be taller than 12". That is, the maximum area for graphics is a band 12" tall. Paint or dimensional letters in metal may be used. Methods not permitted are flashing or animated signs or dimensional letters or signs fabricated of plastic materials.

If no *marquee* or *canopy* is provided, the main sign may be flush mounted to the face of the building. Construction of the sign may be dimensional metal, incised letters in – or dimensional letters on – stone or metal so as to compliment the

architectural materials palette of the building, or other methods. Methods not permitted are flashing or animated signs or signs fabricated of plastic materials. The maximum height of letters in this sign shall be 12".

(3) Additional signs: A total of not more than two (2) additional signs may be used, one to the side of the main entry, the other to the side of the service entry. The total surface area of each such sign shall not exceed 2 square feet. This additional sign shall be mounted flush to the face of the building, extending no higher than 8'-0" above grade level at any point, projecting no further from 1" from the face of the building, and no further than 5'-0" from a door that is part of the entry, except in the case that the entry is very deeply recessed from the sidewalk.

Construction for the additional sign may be dimensional metal, incised letters in – or dimensional letters on – stone or metal so as to compliment the architectural materials palette of the building, or other methods. Methods not permitted are flashing or animated signs or signs fabricated of plastic materials.

(b) *Community facility use* streetscape signage:

(1) Design intent: To ensure a high quality of signage which is closely allied with that of *residential use* signage, the guidelines for *community facility use* signage are the same as those for *residential use* signage, with the following addition:

(2) Additional sign: Directory or bulletin board
One (1) additional sign, either a directory or a bulletin board, or both at once, shall be permitted at the entry to any *community facili*ty use. The location of this sign shall be limited as in the limitations for the additional sign for *residential* application, and the maximum area of the face of this sign shall be four (4) square feet total.

The directory or bulletin board, if featuring changeable messages, may employ plastic lettering and/or surfaces to the degree that it is necessary to allow for change. The directory or bulletin board may be mounted into the face of the building so that it appears flush, or be freestanding. In the case of a changeable message sign, internal illumination may be provided. Methods not permitted are flashing or animated signs. The casework for a freestanding directory or bulletin board may not be fabricated of plastic materials.

(c) *Accessory* loading signage

(1) Design intent: To provide a consistent identifier at the streetscape to identify *accessory* loading facility locations in buildings in Octagon Park Apartments.

(2) Flush mounted overhead sign: One (1) sign may be placed above the loading berth entry. This sign shall be mounted flush with the surface of the building, and shall have only one face. The maximum height of letters in this sign shall be 12".

The bottom of the letters shall not be more than 2'-0" from the top of the loading entry. The width of the sign shall not exceed the width of the loading berth entry, and the sign shall be centered over the entry. Construction may be dimensional metal or stone, incised letters in – or dimensional letters on – metal or stone so as to compliment the architectural materials palette of the building. Methods not permitted are flashing, animated, internally illuminated or plastic signs.

6.2 Other signs

(a) Portable/movable signs: RIOC approval is required for portable/movable signs for short term special events.

(b) Rooftop signage: RIOC approval is required for rooftop signage on buildings for corporate or building identification purposes. RIOC approval is required for billboards and other forms of paid advertising.

(c) Leasing signage: Developer shall be allowed to erect signage for initial lease-up or sales period.

7.0 LIGHTING

The Developer may provide lighting on the building. Lighting shall not be disturbing to any persons occupying their *residential* living space, including other *residential* buildings inside and outside the Project. Lighting shall meet all applicable codes and standards, including the New York State Energy Code. The use of the most current recommendations of the Illuminating Engineering Society of North America is encouraged.

7.1 Exterior building and lot lighting

The Developer is permitted to provide exterior building and lot lighting, and may provide additional lighting as indicated.

(a) Design intent: Lighting located at the perimeter of the *lot* is permitted to supplement the *street* lighting. Its purpose is to improve color rendering, fill in shadows, light pedestrians' faces, articulate the building facades, reinforce the *residential* and pedestrian character of the development and adjoining neighborhoods, increase security, and visually activate the nighttime streetscape. Lighting for this purpose shall be energy efficient, attractive, and easy to maintain.

(b) Supplemental lighting shall meet the following requirements:

(1) Supplemental sidewalk lighting for pedestrians may be provided on all sides of the *lot*.

(2) Lighting shall be operated nightly from dusk to dawn, and be controlled by photocells or astronomical time clocks.

(3) Face light lighting elements shall provide at least the minimum average maintained luminance listed below, calculated on an imaginary vertical plane. The required illumination shall fall on the building-side of a pedestrian's face when the pedestrian is walking down the middle of sidewalk. That is, the reference plane runs parallel to the lot line and is located midway between the curb and the lot line. Average illumination is calculated on the zone from finished walking surface up to 5'-6" high on the lot side of the plane. Sources for face light shall be mounted 7'-0" or higher above finished walking surface.

Type	Min. Maintained Illumination (Vertical Plane)	Average/Min. Ratio
Residential	0.50	10:1
Community facility	0.75	10:1
Courtyard/ tennis courts	0.10	10:1
Building entrances	2.00	6:1

(4) Steps and ramps shall be lighted with a minimum of 1.0 footcandle (maintained), on the horizontal plane, in a uniform manner so as to reinforce the perception of a change in level.

(5) Lighted elements shall demonstrate a design approach which is consistent for each building, and occur on a regular frequency, with not more than 30' between elements. Lighted elements may include any of the following:

- Decorative luminaries mounted to building walls, posts, fences or pedestals;
- Lighted display cases;
- Light reflected from building surfaces;
- Lighting attached to *marquees* or *canopies*;
- Lighting transmitted through translucent materials, e.g. glass block;
- Lighting from retail display windows (shall be lighted whether or not occupied by a tenant).

(6) Lighting elements are recommended in the zone of 8'-15" above adjacent sidewalk.

(c) Responsibility for maintenance: Building owner is responsible for maintenance of all lighting associated with the property and for the maintenance of tenant lighting used to meet these requirements. The building owner shall obtain and store adequate spares of any custom, modified or difficult to obtain luminaries, equipment or materials associated with the lighted elements. No luminaire or lighted element which is used to meet these requirements shall be out of commission for more than 3 consecutive days.

(d) Additional decorative lighting: May be used on a building, such as plant lighting, colored lighting, lighted signage, step lights, etc. The hours of operation for such additional lighting are at the discretion of the building owner.

(e) Industrial lighting elements: Shall not be used, unless attractive in appearance and well shielded for glare.

(f) Lighting for gardens, roof decks, or other outdoor living spaces: Visible from the *street* or other *residential* living spaces shall be decorative in nature and not disturbing in pedestrians or any *residential* occupants.

(g) Lighting for areas located inside the building and visible from the *street*: Such as loading docks, or service areas, shall be lighted with 'white" light sources in attractive and/or concealed luminaries.

7.2 Signage, *marquee* and *canopy* lighting

(a) Prohibitions: Signage lighting shall not flash, pulsate, or otherwise change rapidly, unless concealed from view of *residential* units by *canopies* or other architectural barriers.

(b) *Residential marquees* or *canopies*: With identification signage may be lighted on the vertical sides and or street face. Such signage lighting shall utilize concealed sources or cut-out type lettering. Pedestrian lighting for residential marquees or canopies at building entrances shall utilize white light sources for any direct illumination. Sources shall typically be well-shielded or concealed unless decorative in nature.

7.3 Other Lighting

The Developer is permitted to provide lighting as indicated on the drawings.

(a) Design intent: In keeping with the *residential* character of the development, all lighting effects are intended to be less bright and generally more subtle than the lighting found on typical Manhattan office buildings. Lighting shall emphasize architectural form, shapes, special features or elements, rather than emphasize large surface areas. Features and forms emphasized by the night lighting shall be prominent features during the day, so that lighting promotes recognition of buildings from day to night.

(b) General requirements

(1) Light sources shall be appropriate for the application and materials. No light sources are absolutely restricted, but colored sources, including HPS, shall be specially identified and shall require specific design review and approval by RIOC.

(2) The building owner shall be responsible for maintenance of all lighting associated with his/her property. The building owner shall obtain and store spares of all luminaries or components, including lamps and ballasts, which are not readily available. No luminaire or lighted element used for façade lighting shall be out of commission for more than 3 consecutive days.

EXHIBIT I

INSURANCE REQUIREMENTS

1. Acceptance and/or approval by RIOC does not and shall not be construed to relieve Tenant of any obligations, responsibilities or liabilities under this Lease.

2. All insurance required by this Lease shall be obtained at the sole cost and expense of the Tenant, shall be maintained with insurance carriers licensed to do business in New York State, and reasonably acceptable to RIOC, and shall be primary and non-contributing to any insurance or self insurance maintained by RIOC.

3. Tenant shall be solely responsible for the payment of all deductibles and self insured retentions to which such policies are subject.

4. Each insurance carrier providing insurance coverage required under this Lease must be AM Best rated A-VIII or better in the most recently published Best's Insurance Report. If, during the term of the policy, a carrier's rating falls below "A" Class "VIII", the insurance must be replaced no later than the renewal date of the policy with an insurer acceptable to RIOC and rated at least "A" Class "VIII" in the most recently published Best's Insurance Report.

5. The Tenant shall cause all insurance to be in full force and effect prior to the commencement of any construction, as the case may be, and to remain in full force and effect until completion of the Project and, thereafter, as otherwise required throughout the term of the Lease. Tenant shall not shall take any action, or omit to take any action that would suspend or invalidate any of the required coverages during the period of time such coverages are required to be in effect.

6. Not less than thirty (30) days prior to the expiration date or renewal date, Tenant shall supply, or cause to be supplied to RIOC updated replacement Certificates of Insurance, and amendatory endorsements, or, at Landlord's request, a complete certified copy of the policy.

7. Tenant shall require that any construction manager ensures that all subcontractor it hires carry insurance with the same limits and provisions as provided in this Lease.

8. The Tenant shall certify that the Architects and any other engineering or architectural firm which enters into a contract with respect to the Project be required to maintain professional liability insurance in the amount of $2,000,000 with tail coverage for two (2) years, if applicable. Deductibles or self-insured retentions shall not exceed $50,000. If coverage is provided on a claims made basis, the retroactive date should be retroactive to the date that work of any plans commenced on the Project.

9. All insurance provided by Tenant, Becker Tenant and Gotham, as required by this Lease and the Master Lease, shall name as additional insureds Roosevelt Island Operating Corporation, Urban Development Corporation, Division of Housing and Community Renewal and the City of New York and the State of New York, and Landlord's representative as their respective interests may appear, and, if applicable, the coverage provided by Tenant as required

herein also shall name each Mortgagee as an insured under a standard mortgagee clause.

10. Each policy of insurance required to be obtained hereunder by Tenant, and each certificate therefor issued by the insurer shall contain (1) a provision that no act or omission of Tenant shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained and (2) an agreement by the insurer that such policy shall not be cancelled or modified, voided, suspended, materially altered or have the limits reduced except after thirty (30) days' prior written notice to Landlord sent by United States mail, certified mail, return receipt requested, or by some other form of receipted mail.

11. Anything contained in this Exhibit I to the contrary notwithstanding. Tenant shall also cause Landlord and Master Landlord to be named as an additional insured. The insurance required pursuant to this Lease shall be in addition to, and not in lieu of the insurance coverages required by the Master Lease. Tenant shall provide such insurance as shall be sufficient to comply with the requirements of the Master Lease. To the extent that the insurance requirements under this Lease duplicate those required by the Master Lease, Tenant shall not be required to maintain such coverages in duplicate, but in each instance the more extensive coverage shall be maintained; and provided, however, that wherever the Master Lease shall require that the landlord thereunder shall be named as an additional insured, Tenant shall also cause Landlord under this Lease to be named as an additional insured.

12. Each of the parties providing insurance in accordance with the requirements of this Lease shall include in each of its policies insuring against loss, damage or destruction by fire or other insured casualty relating to the Premises a waiver of the insurer's right of subrogation against the other party hereto, or, if such waiver is unobtainable (i) an express agreement that such policy shall not be invalidated if Tenant (or the insured, if other than Tenant) waives or has waived before the casualty the right of recovery against the other party hereto or (ii) any other form of permission for the release of the other party hereto, provided such waiver, agreement or permission is obtainable under normal commercial insurance practice at the time. If such waiver, agreement or permission shall not be, or shall cease to be, obtainable without additional charge or at all, the party hereto shall so notify the other party hereto promptly after notice thereof. If the other party hereto shall agree in writing to pay the insurer's additional charge therefor, such waiver, agreement or permission shall (if obtainable) be included in the policy.

EXHIBIT J

PLANS AND SPECIFICATIONS

Plans, Drawings, References and Specifications listed below are herein made as part of this Agreement and shall govern unless modified elsewhere. Drawings as prepared by Becker and Becker Associates; SLCE, Ettinger, Langan Engineering, Civil, Mechanical

LIST OF DRAWINGS:

(*indicates that drawing and specification were issued to the Subcontractor).

ARCHITECTURAL			
A-000	Cover Sheet	12/18/03	
A-000.1	Drawing List	12/18/03	
EC-S1	Proposed Lease Line and Topographic Survey	10/06/03	
Z-1	Zoning	11/10/03	
A-001	General notes	12/18/03	
A-002	General notes sheet (2)	11/10/03	
A-010	Travel distance - Cellar, 1st Floor	11/10/03	
A-011	Travel distance - 2-5th Flr, 6-13th Flr	11/10/03	
A-100-1	Cellar Floor Plan - Part 1	12/18/03	
A-100-2	Cellar Floor Plan - Part 2	12/18/03	
A-100-3	Cellar Floor Plan - Part 3	12/18/03	
A-100-4	Cellar Floor Plan - Part 4	12/18/03	
A-100-5	Cellar Floor Plan - Part 5	12/18/03	
A-101A	1st Floor Plan - Part A	12/18/03	
A-101B	1st Floor Plan - Part B	12/18/03	
A-101C	1st Floor Plan - Part C	12/18/03	
A-101D	1st Floor Plan - Part D	12/18/03	
A-101E	1st Floor Plan - Part E	12/18/03	
A-102A	2nd-5th Floor Plan - Part A	12/18/03	
A-102B	2nd-5th Floor Plan - Part B	12/18/03	
A-102C	2nd-5th Floor Plan - Part C	12/18/03	
A-102D	2nd-5th Floor Plan - Part D	12/18/03	
A-102E	2nd-5th Floor Plan - Part E	12/18/03	
A-103A	6th-13th Floor Plan - Part A	12/18/03	
A-103B	6th-13th Floor Plan - Part B	12/18/03	
A-103C	6th-13th Floor Plan - Part C	12/18/03	
A-103D	6th-13th Floor Plan - Part D	12/18/03	
A-103E	6th-13th Floor Plan - Part E	12/18/03	
A-104	13th Floor Part Plans	12/18/03	
A-105A	Roof Floor Plan - Part A	12/18/03	

	A-105B		Roof Floor Plan - Part B	12/18/03	
	A-105C		Roof Floor Plan - Part C	12/18/03	
	A-105D		Roof Floor Plan - Part D	12/18/03	
	A-105E		Roof Floor Plan - Part E	12/18/03	
	A-108		1st Floor South Wing RCP	12/18/03	
	A-109		1st Floor North Wing RCP	12/18/03	
	A-110		2nd-5th Floor South Wing RCP	12/18/03	
	A-111		2nd-5th Floor North Wing RCP	12/18/03	
	A-112		6th-12th Floor South Wing RCP	12/18/03	
	A-113		6th-12th Floor North Wing RCP	12/18/03	
	A-113A		13th Floor RCP - South Wing	12/18/03	
	A-113B		13th Floor RCP - North Wing	12/18/03	
	A-200		Elevations 1	12/18/03	
	A-201		Elevations 2	12/18/03	
	A-202		Elevations 3	12/18/03	
	A-203		Building Section	11/10/03	
	A-204		Stair Plans, Sections & Details 1	11/10/03	
	A-205		Stair Plans, Sections & Details 2	11/10/03	
	A-205A		Garage ramp plans& sections	12/18/03	
	A-206		Bulkheads	12/18/03	
	A-207		Window Schedule	12/18/03	
	A-301		Partition Types and Details	11/10/03	
	A-302		Door Schedule and Details	11/10/03	
	A-303		Door Schedule and Details	12/18/03	
	A-304		Wall Section (1)	12/18/03	
	A-305		Wall Section (2)	02/06/04	
	A-306		Wall Section (3)	12/18/03	
	A-307		Wall Section (4)	02/06/04	
	A-308		Wall Section (5)	12/18/03	
	A-309		Wall Section (6)	12/18/03	
	A-310		Wall Section (7)	02/06/04	
	A-320		Partial Elevations & Plans @ Entrances	02/06/04	
	A-321		Partial Sections @ Entrances	11/10/03	
	A-330		Plan Details	02/06/04	
	A-340		Section Details	02/06/04	
	A-341		Section Details	02/06/04	
	A-342		Section Details	02/06/04	
	A-401		Kitchen Plans	12/18/03	
	A-402		Kitchens Elevations	12/18/03	
	A-403		Bathroom Plans & Elevations	12/18/03	
	A-404		Bathroom Plans & Elevations	11/10/03	
	A-405		Finish Schedule	11/10/03	
	LI-1-2		1st-2nd Floor Low Income	12/18/03	

	LI-3-4		3rd-4th Floor Low Income	11/10/03	
	LI-5-6		5th-6th Floor Low Income	11/10/03	
	LI-7-8		7th-8th Floor Low Income	11/10/03	
	LI-9-10		9th-10th Floor Low Income	11/10/03	
	LI-11-12		11th-12th Floor Low Income	11/10/03	
	LI-13		13th Floor Low Income	11/10/03	
	DAY CARE CENTER - ARCHITECTURAL				
	A-501		Day Care Elevations	12/18/03	
	A-502		Day Care Elevations	12/18/03	
	A-503		Day Care Elevations	12/18/03	
	CON EDISON VAULTS				
	A-601		340001 CON EDISON VAULT - PLANS & ELEVATIONS	11/10/03	
	A-602		340002 CON EDISON VAULT - SECTIONS	11/10/03	
	A-603		340003 CON EDISON VAULT - STRUCTURAL DWG.	11/10/03	
	INTERIOR DESIGN				
	AI 0.00L		Cover Sheet	11/10/03	
	AI1.11L		First Floor Plan	12/18/03	
	AI1.12L		Second Floor Plan	12/18/03	
	AI1.13L		Third Floor Plan	12/18/03	
	AI1.14L		Fourth Floor Plan	12/18/03	
	AI1.145L		Four 1/2th Floor Plan	12/18/03	
	AI1.15L		Fifth Floor Plan	12/18/03	
	AI1.155L		Fifth 1/2th Floor Plan	12/18/03	
	AI1.16L		Sixth Floor Plan	11/10/03	
	AI1.17L		Dome Floor Plans	11/10/03	
	AI1.21L		First Floor RCP	12/18/03	
	AI1.22L		Second Floor RCP	12/18/03	
	AI1.23L		Third Floor RCP	11/10/03	
	AI1.24L		Fourth Floor RCP	11/10/03	
	AI1.245L		Four 1/2th Floor RCP	11/10/03	
	AI1.25L		Fifth Floor RCP	12/18/03	
	AI1.26L		Sixth Floor RCP	12/18/03	
	AI1.31L		First Floor Finish Plan	12/18/03	
	AI1.32L		Second Floor Finish Plan	11/10/03	
	AI1.33L		Third Floor Finish Plan	11/10/03	
	AI1.34L		Fourth Floor Finish Plan	11/10/03	
	AI1.345L		Four 1/2th Floor Finish Plan	11/10/03	
	AI1.35L		Fifth Floor Finish Plan	11/10/03	
	AI1.36L		Sixth Floor Finish Plan	11/10/03	
	AI1.41L		First Floor Furniture Plan	11/10/03	

	AI1.42L		Second Floor Furniture Plan	11/10/03	
	AI1.43L		Third Floor Furniture Plan	11/10/03	
	AI1.44L		Fourth Floor Furniture Plan	11/10/03	
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	02115		ARBORICULTURE	11/17/03	
	02150		SHORING AND BRACING	11/17/03	
	02151		PROTECTION OF EXISTING OCTAGON BUILDING	11/17/03	
	02200		EARTHWORK (CIVIL)	11/17/03	
	02220		EXCAVATION, GRADING & FILLING	11/17/03	
	02276		MODULAR RETAINING SYSTEM (CIVIL)	11/17/03	
	02310		EXCAVATION/BACKFILL FOR UTILITIES/STORM DRAINAGE (CIVIL)	11/17/03	
	02505		PAVING BASE COURSE(CIVIL)	11/17/03	
	02513		ASPHALTIC CONCRETE PAVEMENT (CIVIL)	11/17/03	
	02515		UNIT PAVERS (LANDSCAPE)	11/17/03	

	02516		STABILIZED CRUSHED STONE PAVING	11/17/03	
	02520		CONCRETE SIDEWALK(BUILDING)	11/17/03	
	02522		PIPE HANDRAIL (LANDSCAPE)	11/17/03	
	02525		CURBS AND SIDEWALK (CIVIL)	11/17/03	
	02533		COLORED ATLETIC WEARING SURFACE (LANDSCAPE)	11/17/03	
	02534		WOOD FIBER SAFETY SURFACE	11/17/03	
	02575		ASPHALT ROADWAY PAVEMENT REPAIR (CIVIL)	11/17/03	
	02580		TRACK/COURT/PLAYGROUND MARKINGS (LANDSCAPE)	11/17/03	
	02590		SITE LIGHTING(LANDSCAPE)	11/17/03	
	02660		WATER SERVICE (CIVIL)	11/17/03	
	02721		TRENCH DRAINS (SITE)	11/17/03	
	02723		STORM DRAINAGE SYSTEMS (CIVIL)	11/17/03	
	02730		SANITARY SEWERS (CIVIL)	11/17/03	
	02735		SANITARY SEWER PUMP STATION AND FORCE MAIN	11/17/03	
	02774		STONE PAVERS AND CURBS (LANDSCAPE)	11/17/03	
	02795		POROUS PAVEMENT SYSTEM	11/17/03	
	02800		OTHER UTILITIES	11/17/03	
	02810		IRRIGATION (LANDSCAPE)	11/17/03	
	02830		ORNAMENTAL FENCE AND GATES (LANDSCAPE)	11/17/03	
	02831		CHAINLINK FENCES AND GATES	11/17/03	
	02846		TRAFFIC SIGNAGE	11/17/03	
	02850		SITE FURNISHINGS (LANDSCAPE)	11/17/03	
	02860		POURED IN PLACE SAFETY SURFACE (LANDSCAPE)	11/17/03	
	02861		EARLY CHILDHOOD PLAY EQUIPMENT	11/17/03	
	02862		OUTDOOR GAME EQUIPMENT (LANDSCAPE)	11/17/03	
	02900		LANDSCAPE PLANTING (LANDSCAPE)	11/17/03	
	02920		SOIL PREPARATION AND MIXES (LANDSCAPE)	11/17/03	
	02930		LAWNS AND GRASSES(LANDSCAPE)	11/17/03	
	DIVISION 3				
	03050		CONCRETE RESTORATION	11/17/03	
	03300		CAST-IN-PLACE CONCRETE (FOUNDATION)	11/17/03	
	03304		REINFORCED/INTEGRALLY COLORED CONCRETE (LANDSCAPE)	11/17/03	
	03310		CAST-IN-PLACE CONCRETE (SUPERSTRUCTURE)	11/17/03	
	03450		ARCHITECTURAL PRECAST CONCRETE (BUILDING)	11/17/03	
	03450		PLANT ARCHITECTURAL PRECAST CONCRETE (LANDSCAPE)	11/17/03	
	DIVISION 4				
	04105		RESTORATION MORTARS	11/17/03	
	04200		UNIT MASONRY (BUILDING)	11/17/03	
	04200		UNIT MASONRY (LANDSCAPE)	11/17/03	

	04915		MASONRY POINTING (RESTORATION)	11/17/03	
	04920		STONE MASONRY RESTORATION	11/17/03	
	04925		BRICK MASONRY RESTORATION	11/17/03	
	04945		MASONRY CLEANING(RESTORATION)	11/17/03	
	DIVISION 5				
	05120		STRUCTURAL STEEL	11/17/03	
	05300		METAL DECK	11/17/03	
	05500		METAL FABRICATION	11/17/03	
	05725		ORNAMENTAL RAILINGS (RESTORATION)	11/17/03	
	DIVISION 6				
	06100		ROUGH CARPENTRY	11/17/03	
	06100-R		ROUGH CARPENTRY FOR RESTORATION	11/17/03	
	06200		FINISH CARPENTRY	11/17/03	
	06200-R		FINISH CARPENTRY FOR RESTORATION	11/17/03	
	06402		INTERIOR ARCHITECTURAL WOODWORK	11/17/03	
	06610		GLASSFIBER REINFORCED PLASTIC FABRICATIONS(RESTORATION)	11/17/03	
	DIVISION 7				
	07110		SHEET MEMBRANE WATERPROOFING	11/17/03	
	07120		MECHANICAL ROOM WATERPROOFING	11/17/03	
	07140		METAL OXIDE WATEPROOFING	11/17/03	
	07160		BITUMINOUS DAMPROOFING	11/17/03	
	07200		MISCELLANEOUS INSULATION	11/17/03	
	07270		FIRESTOPPING	11/17/03	
	07350		SLATE SHINGLE ROOFING (RESTORATION)	11/17/03	
	07412		MANUFACTURED WALL PANELS	11/17/03	
	07552		SBS-MODIFIED BITUMINOUS MEMBRANE ROOFING	11/17/03	
	07562		POLYESTER MEMBRANE ROOFING (RESTORATION)	11/17/03	
	07600		FLASHING & SHEET METAL	11/17/03	
	07622		SHEETMETAL FLASHING & ACCESSORIES (RESTORATION)	11/17/03	
	07720		ROOF ACCESSORIES	11/17/03	
	07900-R		JOINT SEALANTS FOR RESTORATION (RESTORATION)	11/17/03	
	07901		JOINT SEALANTS	11/17/03	
	07921		SEALANTS – SITE (LANDSCAPE)	11/17/03	
	DIVISION 8 – DOORS & WINDOWS				
	08111		STANDARD STEEL DOORS AND FRAMES	11/17/03	
	08211		FLUSH WOOD DOORS	11/17/03	
	08215		STILE & RAIL WOOD DOORS (RESTORATION)	11/17/03	
	08295		WOOD DOOR RESTORATION	11/17/03	

	08305		ACCESS DOORS	11/17/03	
	08330		OVERHEAD COILING SERVICE DOORS	11/17/03	
	08350		HOLLOW CORE FOLDING DOORS	11/17/03	
	08400		ALUMINUM ENTRANCES & STOREFRONTS	11/17/03	
	08520		ALUMINUM WINDOWS	11/17/03	
	08610		CUSTOM WOOD WINDOWS	11/17/03	
	08700		FINISH HARDWARE	11/17/03	
	08705R		HARDWARE FOR RESTORATION	11/17/03	
	08800		GLASS & GLAZING	11/17/03	
	DIVISION 9 – FINISHES				
	09225		PORTLAND CEMENT STUCCO (RESTORATION)	11/17/03	
	09250		GYPSUM DRYWALL	11/17/03	
	09270		GYPSUM BOARD SHAFT WALL SYSTEMS	11/17/03	
	09300		CERAMIC TILE	11/17/03	
	09511		ACOUSTICAL PANEL CEILINGS	11/17/03	
	09550		WOOD FLOORING	11/17/03	
	09654		LINOLEUM FLOOR COVERING	11/17/03	
	09660		RESILIENT FLOORING	11/17/03	
	09680		CARPETS	11/17/03	
	09900		PAINTING	11/17/03	
	09900-R		PAINTING FOR RESTORATION	11/17/03	
	09950		WALL COVERING	11/17/03	
	DIVISION 10 – SPECIALTIES				
	10155		TOILET COMPARTMENTS	11/17/03	
	10200		LOUVERS	11/17/03	
	10350		FLAGPOLES (RESTORATION)	11/17/03	
	10425		SIGNS	11/17/03	
	10500		METAL LOCKERS	11/17/03	
	10550		POSTAL SPECIALTIES	11/17/03	
	10605		WIRE MESH PARTITIONS	11/17/03	
	10800		TOILET & BATHROOM ACCESSORIES	11/17/03	
	DIVISION 11 – EQUIPMENT				
	11900		KITCHEN APPLIANCES	11/17/03	
	DIVISION 12 – FURNISHINGS				
	12319		KITCHEN CABINETS	11/17/03	
	DIVISION 13 – SPECIAL CONSTRUCTION				
	13650		PHOTOVOLTAICS	11/17/03	
	13651		DATA ACQUISITIONS	11/17/03	

	DIVISION 14 – CONVEYING SYSTEMS				
	14210		ELECTRIC TRACTION ELEVATORS	11/17/03	
	14560		RUBBISH CHUTES	11/17/03	
	DIVISION 15 – MECHANICAL				
	15010		BASIC HVAC REQUIREMENTS	11/17/03	
	15060		PIPE AND FITTINGS (HVAC)	11/17/03	
	15100		VALVES.(HVAC)	11/17/03	
	15120		PIPING SPECIFICATIONS	11/17/03	
	15125		EXPANSION COMPENSATION	11/17/03	
	15130		THERMOMETERS AND GAUGES	11/17/03	
	15140		HANGERS, SUPPORT AND ANCHORS (HVAC)	11/17/03	
	15190		MECHANICAL IDENTIFICATION	11/17/03	
	15240		VIBRATION ISOLATION (NON-SEISMIC)	11/17/03	
	15260		PIPING INSULATION	11/17/03	
	15280		EQUIPMENT INSULATION	11/17/03	
	15290		DUCTWORK INSULATION	11/17/03	
	15400		BASIC PLUMBING REQUIREMENTS	11/17/03	
	15410		PLUMBING PIPING	11/17/03	
	15415		VALVES FOR PLUMBING SYSTEMS	11/17/03	
	15420		PLUMBING EQUIPMENT	11/17/03	
	15425		PLUMBING SYSTEM ACCESSORIES	11/17/03	
	15430		PIPING AND EQUIPMENT INSULATION FOR PLUMBING SYSTEMS	11/17/03	
	15440		HANGERS AND SUPPORTS FOR PLUMBING & FIRE PROTECTION SYSTEMS	11/17/03	
	15450		FIXTURES AND TRIM	11/17/03	
	15455		DOMESTIC HOT WATER STORAGE TANKS	11/17/03	
	15500		FIRE PROTECTION & SPRINKLER SYSTEMS	11/17/03	
	15515		HYDRONIC SPECIALTIES	11/17/03	
	15516		WATER TREATMENT	11/17/03	
	15540		HVAC PUMPS	11/17/03	
	15575		BREECHING, CHIMNEYS & STACKS	11/17/03	
	15835		ELECTRIC UNIT HEATERS	11/17/03	
	15836		ELECTRIC RADIATION	11/17/03	
	15852		ROOFTOP AIR COOLED ELECTRIC AIR HANDLING UNITS	11/17/03	
	15857		WATER SOURCE HEAT PUMPS	11/17/03	
	15860		CENTRIFUGAL FANS	11/17/03	
	15870		ROOF FANS & CURBS	11/17/03	
	15891		DUCTWORK	11/17/03	
	15910		DUCTWORK ACCESSORIES	11/17/03	
	15915		DAMPERS	11/17/03	

	15940		REGISTERS & DIFFUSERS	11/17/03	
	15990		MOTORS & MOTOR CONTROLS	11/17/03	
	15992		CLEANING AND TESTING	11/17/03	
	15993		BALANCING	11/17/03	
	15995		AUTOMATIC TEMPERATURE CONTROL SYSTEM	11/17/03	
	15996		SEQUENCE OF OPERATION	11/17/03	
	DIVISION 16 – ELECTRICAL				
	16000		SPECIFIC REQUIREMENTS	11/17/03	
	16020		BASIC MATERIALS & METHODS	11/17/03	
	16050		PAINTING	11/17/03	
	16163		DISTRIBUTION, POWER & BRANCH CIRCUIT PANELS	11/17/03	
	16170		DISCONNECT SWITCHES	11/17/03	
	16181		FUSES	11/17/03	
	16190		SUPPORTING DEVICES	11/17/03	
	16191		FIELD TESTING	11/17/03	
	16401		ELECTRIC SERVICE EQUIPMENT	11/17/03	
	16450		GROUNDING	11/17/03	
	16490		TEMPORARY ELECTRICAL FACILITY	11/17/03	
	16510		LIGHTING	11/17/03	
	16650		SPECIAL ELECTRICAL	11/17/03	
	16721		FIRE ALARM SYSTEM	11/17/03	
	16760		COMMUNICATION SYSTEM	11/17/03	

List of Parking Redesign Preliminary Drawings dated as of November 2, 2004

ARCHITECTURAL		
EC-S1	Proposed Lease Line and Topographic Survey	10/25/04
A-100-2	Cellar Floor Plan - Part 2	10/12/04
STRUCTURAL		
S-1	Foundation Plan - Part 1	10/28/04
S-2	Foundation Plan - Part 2	10/28/04
S-3	Foundation Plan - Part 3	10/28/04
S-4	Foundation Sections & Details	10/28/04
S-4A	Foundation Sections & Details Cont.	10/28/04
S-5	Column Schedule Garage	10/28/04
MECHANICAL		
M-100.2	HVAC Schedules	10/13/04
M-101-1	HVAC Basement Floor Plan - Part Plan 1	10/13/04
ELECTRICAL		
E-101-1	Electrical Basement Floor Plan - Part Plan 1	10/13/04
E-201	Electrical Schedules	10/13/04
E-300	Site Lighting Plan	10/27/04
PLUMBING		
P-100-1	Plumbing Basement Floor Plan - Part Plan 1	10/13/04
P-100-2	Plumbing Basement Floor Plan - Part Plan 2	10/13/04
P-110-1	Plumbing Underground Plan - Part Plan 1	10/13/04
SPRINKLER		
SP-100-1	Sprinkler Basement Floor Plan - Part Plan 1	10/13/04
SP-100-2	Sprinkler Basement Floor Plan - Part Plan 2	10/13/04
CIVIL		
C-202	Partial Site Layout & Materials Plan	10/13/04
C-301	Overall Grading and Drainage Plan	10/13/04
C-303	Utility Plan	10/29/04

EXHIBIT K

MEMBERS OF TENANT AND BECKER TENANT

TENANT:

Sole member - Riggs Bank N.A., as Trustee of the Riggs Bank N.A. Multi-Employer Property Trust, a trust organized under 12 C.F.R. Section 9.18.

BECKER TENANT:

Sole General Partner - Octagon GP, LLC

Members of General Partner: Bruce R. Becker
John E. McConnaughy
Robert Levinson
Levinson 1980 Family Trust

Sole Limited Partner - Banc of America Historic Capital Assets LLC

EXHIBIT L

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT WITH BECKER TENANT

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

Dated as of November __, 2004

by and among

ROOSEVELT ISLAND OPERATING CORPORATION,

Landlord

and

MEPT OCTAGON LLC

Tenant

and

OCTAGON, L.P.,

Subtenant

relating to premises commonly known as

Octagon Park Site
Roosevelt Island, New York

a portion of Section 5, Block 1373, Part of Lot 1
County of New York

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (this "**Agreement**") made as of the ____ day of November, 2004, by and among ROOSEVELT ISLAND OPERATING CORPORATION, a body corporate and politic constituting a political subdivision of the State of New York and a public benefit corporation having an office at 591 Main Street, Roosevelt Island, New York 10044 (the "**Landlord**"), MEPT OCTAGON LLC, a Delaware limited liability company having an office at c/o Riggs Bank, N.A., 808 17th Street, N.W., Washington, D.C. 20006 (the "**Tenant**"), and OCTAGON, L.P., a New York limited partnership, having an office at 95 Reef Road, Fairfield, CT 06824 (the "**Subtenant**"),

W I T N E S S E T H :

WHEREAS (1) Landlord leased to Tenant a portion of Section 5, Block 1373, Part of Lot 1 known as the Octagon Park Site, Roosevelt Island, New York, New York, more particularly described in Exhibit A annexed hereto and made a part hereof (the "**Premises**") pursuant to a certain Agreement of Lease dated November __, 2004 by and between Landlord and Tenant, a memorandum of which is being submitted for recording in the Office of the City Register in and for the County of New York, as the same may have been or may hereafter be amended, renewed, extended or otherwise modified from time to time (collectively, the "**Lease**"); and

WHEREAS (2) Tenant has entered into a sublease dated November __, 2004 between Tenant, as sublandlord, and Subtenant, as subtenant, with respect to the entire Premises (said sublease, as heretofore or hereafter amended and supplemented, the "**MEPT Lease**"); and

WHEREAS (3) Landlord, Tenant and Subtenant desire to enter into this Agreement upon the terms, covenants and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Landlord, Tenant and Subtenant hereby covenant and agree as follows:

1. Subtenant agrees that the MEPT Lease is and at all times shall be subject and subordinate to the Lease and all renewals, amendments, modifications, consolidations, replacements and extensions thereof.

2. Landlord hereby agrees that (i) so long as the MEPT Lease shall be in full force and effect, (ii) Subtenant shall not be in default beyond the expiration of any applicable notice and cure period, in the payment of rent or additional rent due under the MEPT Lease or in the performance of any of the other terms, conditions and covenants on its part to be performed under the MEPT Lease, and (iii) Completion of the Project has occurred (as such term is defined in the Lease) ((i) - (iii) being collectively referred to as the "**Nondisturb Conditions**"): (a) Landlord shall not join Subtenant as a party defendant in any action or proceeding which may be instituted or taken by Landlord under the Lease, by reason of any default by Tenant thereunder,

to terminate the Lease, to remove or evict the Tenant or to recover possession of the Premises, unless required by law in order to make such action or proceeding effective; (b) Subtenant shall not be evicted from the Premises; and (c) Subtenant's sub-subleasehold estate under the MEPT Lease shall not be terminated or disturbed.

3. Subtenant hereby agrees that in the event of any act or omission by Tenant which would give Subtenant the right, either immediately or after the lapse of a period of time, to terminate the MEPT Lease, or to claim a partial or total eviction, Subtenant shall not exercise any such right: (a) until it has given written notice of such act or omission to Landlord; and (b) until a reasonable period for remedying such act or omission shall have elapsed following such giving of notice. Subtenant from and after the date hereof shall send a copy of any notice of default or notice in connection with the commencement of any action to terminate the MEPT Lease or similar statement under the MEPT Lease to Landlord at the same time such notice or statement is sent to Tenant under the MEPT Lease and agrees that, notwithstanding any provisions of the MEPT Lease to the contrary, such notice shall not be effective unless Landlord shall have been given such notice and shall have failed to cure such default as herein provided. All notices given under this Agreement shall be sent by certified or registered mail, postage prepaid, return receipt requested, or shall be delivered to the parties hereto at the following addresses set forth above (or at such other addresses as the parties hereto shall specify in a written notice to the other parties as the addresses specified herein). Any notices hereunder shall be deemed to be given on the earlier to occur of: (i) the day of receipt; and (ii) three (3) days after deposit in the mail.

4. Subtenant and Tenant hereby agree that, in the event that Landlord shall enter into and become possessed of the Premises by reason of default on the part of Tenant under the Lease or by reason of the termination of the Lease other than as a result of casualty or condemnation, then, so long as the Nondisturb Conditions shall be satisfied, Subtenant shall attorn to and recognize Landlord as Subtenant's landlord under the MEPT Lease, such attornment to be effective and self-operative, without the need to execution of any further instruments, and Landlord shall accept such attornment. Upon such attornment, the MEPT Lease shall continue as a direct lease between Landlord and Subtenant upon all the terms, covenants, conditions and agreements as set forth in the Lease (not the MEPT Lease), and Subtenant agrees to be bound thereby; provided, however, that Landlord shall not:

(a) be liable for any act or omission or negligence of any prior landlord under the MEPT Lease;

(b) be subject to any counterclaim, offset or defense, which theretofore accrued to the Subtenant against the prior landlord under the MEPT Lease;

(c) be subject to any counterclaim, offset or defense at any time during the term of the MEPT Lease with respect to the payment of rent or additional rent by Subtenant;

(d) be liable for the payment of any monies to be paid by Tenant under the MEPT Lease, whether to Subtenant or any party affiliated with Subtenant or any parties holding, directly or indirectly, an ownership interest in Subtenant;

(e) be bound by any modification or amendment of the MEPT Lease (unless Landlord shall have theretofore received a copy of and consented in writing to such modification or amendment);

(f) be bound by any payment of rent or additional rent for more than one (1) month in advance (unless actually received by Landlord);

(g) be liable for any security deposit given by Subtenant under the MEPT Lease, unless to the extent actually received by Landlord; or

(h) be obligated to perform any work of any kind in, on or at the Premises, except to the extent Landlord is required to perform such work pursuant to the Lease.

As a material inducement to Landlord entering into this Subordination, Non-Disturbance and Attornment Agreement, Subtenant agrees that, upon attornment, it shall be bound by and shall perform all of the obligations of Tenant under the Lease for the remaining unexpired term of the Lease.

Upon the request of either Subtenant or Landlord, Subtenant or Landlord, as the case may be, shall promptly execute a deliver to the other an agreement or other instrument in recordable form which may be necessary or appropriate to evidence such attornment.

5. Tenant and Subtenant shall not change, or consent to a change in, the terms, covenants conditions and agreements of the MEPT Lease in any manner which would be binding on Landlord without the express consent in writing of Landlord.

6. This Agreement may not be changed, terminated or modified orally or in any other manner other than by an agreement in writing, signed by the parties hereto, which indicates that it is intended to modify, waive, terminate or change the time or manner of performance by any of Subtenant, Tenant or Landlord of some one or more of the rights or obligations of this Agreement and indicates which provision hereof is intended to be modified, waived, terminated or changed.

7. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

8. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

9. This Agreement may be executed in any number of counterparts, each of which shall constitute an original but all of which, taken together, shall constitute but one and the same instrument.

10. This Agreement shall not be recorded.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

LANDLORD:

ROOSEVELT ISLAND OPERATING CORPORATION

By: _____
Herbert E. Berman
President

TENANT:

MEPT OCTAGON LLC, a Delaware limited liability company
By: Riggs Bank N.A., as Trustee of the Riggs Bank N.A. Multi-Employer Property Trust, a trust organized under 12 C.F.R. Section 9.18, its member

By: _____
Patrick O. Mayberry
Senior Vice President

SUBTENANT:

OCTAGON, L.P., a New York limited partnership
By: Octagon GP, LLC, its general partner

By:_____
Bruce R. Becker
Managing Member

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ____ day of _____ in the year 2004 before me the undersigned, a Notary Public in and for said State, personally appeared Herbert E. Berman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

(Notarial Seal)

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ____ day of _____ in the year 2004 before me the undersigned, a Notary Public in and for said State, personally appeared Patrick O. Mayberry, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

(Notarial Seal)

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ____ day of _____ in the year 2004 before me the undersigned, a Notary Public in and for said State, personally appeared Bruce R. Becker, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

(Notarial Seal)

EXHIBIT A

Attached to and forming a part of the
Subordination, Non-Disturbance and Attornment Agreement
Dated as of November __, 2004
by and among
ROOSEVELT ISLAND OPERATING CORPORATION,
MEPT OCTAGON LLC and OCTAGON, L.P.,

LEGAL DESCRIPTION OF LAND

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, and being p/o Tax Lot 1 in Block 1373 on the Tax Map of The City of New York bounded and described as follows:

Commencing at the point of beginning as shown on the Survey prepared by Langan Engineering & Environmental Services dated 11/5/02, last revised 10/25/04 and titled "Proposed Lease Line Plan & Topographic Survey", said point having a coordinate of North 16688.43, East 19234.33 in the Roosevelt Island Coordinate System as per a plan supplied by the Roosevelt Island Operating Corporation entitled "Roosevelt Island Master Plan Prepared by Topo-Metrics, Inc., Hauppauge, NY" Sheets 3 of 15 and 4 of 15, and running, thence:

1. South 50 degrees 53 minutes 09 seconds East, a distance of 9.49 feet to a point; thence

2. South 50 degrees 54 minutes 33 seconds East, a distance of 37.99 feet to a point; thence

3. South 52 degrees 32 minutes 28 seconds East, a distance of 44.57 feet to a point; thence

4. South 52 degrees 32 minutes 28 seconds East, a distance of 44.04 feet to a point; thence

5. South 53 degrees 01 minutes 34 seconds East, a distance of 99.92 feet to a point; thence

6. South 34 degrees 16 minutes 22 seconds West, a distance of 12.34 feet to a point; thence

7. South 55 degrees 43 minutes 45 seconds East, a distance of 61.40 feet to a point; thence

8. North 79 degrees 57 minutes 28 seconds East, a distance of 30.46 feet to a point; thence

9. South 55 degrees 53 minutes 30 seconds East, a distance of 40.19 feet to a point; thence

10. South 10 degrees 35 minutes 35 seconds East, a distance of 8.16 feet to a point; thence

11. South 55 degrees 43 minutes 45 seconds East, a distance of 92.83 feet to a point; thence

12. South 30 degrees 01 minutes 37 seconds East, a distance of 85.42 feet to a point; thence

13. North 83 degrees 53 minutes 37 seconds West, a distance of 116.76 feet to a point; thence

14. South 34 degrees 16 minutes 24 seconds West, a distance of 243.26 feet to a point; thence

15. North 55 degrees 43 minutes 44 seconds West, a distance of 78.99 feet to a point; thence

16. North 62 degrees 28 minutes 46 seconds West, a distance of 97.69 feet to a point; thence

17. North 62 degrees 48 minutes 40 seconds West, a distance of 67.48 feet to a point; thence

18. North 34 degrees 16 minutes 59 seconds East, a distance of 99.96 feet to a point; thence

19. South 55 degrees 44 minutes 05 seconds East, a distance of 17.50 feet to a point; thence

20. North 34 degrees 15 minutes 54 seconds East, a distance of 66.05 feet to a point; thence

21. North 79 degrees 14 minutes 06 seconds West, a distance of 12.62 feet to a point; thence

22. North 10 degrees 45 minutes 54 seconds East, a distance of 82.43 feet to a point; thence

23. North 79 degrees 14 minutes 06 seconds West, a distance of 11.50 feet to a point; thence

24. North 10 degrees 45 minutes 54 seconds East, a distance of 24.98 feet to a point; thence

25. North 55 degrees 44 minutes 06 seconds West, a distance of 30.07 feet to a point; thence

26. North 10 degrees 45 minutes 54 seconds East, a distance of 23.99 feet to a point; thence

27. North 55 degrees 44 minutes 06 seconds West, a distance of 101.51 feet to a point; thence

28. North 34 degrees 15 minutes 22 seconds East, a distance of 88.71 feet to a point to the point of BEGINNING.

Reservations

SUBJECT to such non-exclusive easements and rights-of-way upon, over, under, across and through the Premises, including rights of ingress and egress, as may be necessary or desirable to permit Landlord to exercise its rights and/or perform its obligations under this Lease.

SUBJECT to an easement upon, over, under, across and through the Premises for construction, repair, maintenance and replacement of AVAC.

SUBJECT to a thirty-five foot wide easement upon, over, under, across and through the Premises for repair, maintenance and replacement of sewer line.

SUBJECT to non-exclusive easements and rights-of-way in favor of the public upon, over, across and through those portions of the Premises outside of the portions of the Premises

dedicated to the use of the Building's residents, including rights of ingress and egress, necessary or desirable to permit the use and enjoyment of public facilities, including, without limitation, public portions of the Octagon Tower.

If Landlord enters the Premises to perform work pursuant to the rights reserved herein, Landlord shall, at its own expense, restore any damage caused to the Premises by the performance of such work.

EXHIBIT M

MEMORANDUM OF LEASE

MEMORANDUM OF LEASE
(Pursuant to Section 291-c of the
Real Property Law of the State of New York)

Dated as of November __, 2004
between
ROOSEVELT ISLAND OPERATING CORPORATION, Landlord,
and
MEPT OCTAGON LLC, Tenant
relating to
Octagon Park Site
Roosevelt Island, New York, New York,
a portion of Section 5, Block 1373, Part of Lot 1
Please Record and Return To:
Carter Ledyard & Milburn LLP
2 Wall Street
New York, New York 10005
Attention: Barbara B. Brown, Esq.

MEMORANDUM OF LEASE

Pursuant to Section 291-c of the Real Property Law of the State of New York

1. Name and Address of the Landlord ("Landlord"):

Roosevelt Island Operating Corporation
591 Main Street
Roosevelt Island, New York 10044

2. Name and Address of the Tenant ("Tenant"):

MEPT Octagon LLC
c/o Riggs Bank, N.A.
808 17th Street, N.W.
Washington, D.C. 20006

3. Date of the Lease (the "Lease"):

November __, 2004

4. Description of Leased Premises:

The vacant land known as the Octagon Park Site (the "Leased Premises"), which is identified as a portion of Section 5, Block 1373, Part of Lot 1, as more particularly described in the legal description attached hereto and made a part hereof as Exhibit A.

6. Term of the Lease:

The term of the Lease is for approximately sixty-four (64) years, commencing on November __, 2004 and expiring on December 18, 2068 (unless sooner terminated in accordance with the terms, covenants or conditions of the Lease or pursuant to law).

7. Renewal Option:

If the City of New York conveys its reversionary interest in the Master Lease (as hereinafter defined) to Landlord, or if the term of the Master Lease is extended, then, commencing on the later of (i) July 1, 2065, or (ii) ninety days after the Master Lease has been amended to extend the term thereof, Tenant has a right of first negotiation for a period of not less than two (2) months nor more than six (6) months to extend the Lease at the then fair market

rental. The Master Lease is the lease between the City of New York, as Landlord, and New York State Urban Development Corporation (now known as the Empire State Development Corporation), as Tenant, and Welfare Island Development Corporation (subsidiary), (now known as Roosevelt Island Development Corporation), dated December 23, 1969, as heretofore and hereafter amended, modified or supplemented, and as assigned to Landlord on July 21, 1988 (collectively referred to as the "Master Lease").

8. Memorandum of Lease Only:

This Memorandum of Lease has been signed and delivered solely for the purpose of providing an instrument for recording pursuant to the provisions of Section 291-c of the Real Property Law of the State of New York. This Memorandum has been prepared to record some (but not all) of the provisions, covenants and conditions set forth in the Lease, and is not intended to be a construction of, or to modify or affect any rights and obligations of the Landlord and the Tenant under, the Lease. The Lease sets forth all of the terms, covenants, conditions, provisions, rights, obligations and privileges of such letting, and reference is made to the Lease for the full terms thereof. In case there is any inconsistency between the provisions of this Memorandum of Lease and those of the Lease, the Lease shall control.

IN WITNESS WHEREOF, the Landlord and the Tenant have each signed this Memorandum of Lease as of November __, 2004.

LANDLORD:

ROOSEVELT ISLAND OPERATING CORPORATION

By: _____
Herbert E. Berman
President

TENANT:

MEPT OCTAGON LLC, a Delaware limited liability company

By: Riggs Bank N.A., as Trustee of the Riggs Bank N.A. Multi-Employer Property Trust, a trust organized under 12 C.F.R. Section 9.18, its member

By: _____
Patrick O. Mayberry
Senior Vice President

STATE OF NEW YORK)
: ss.:
COUNTY OF)

On the ____ day of November in the year 2004 before me the undersigned, a Notary Public in and for said State, personally appeared Herbert E. Berman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

(Notarial Seal)

STATE OF NEW YORK)
: ss.:
COUNTY OF)

On the ____ day of November in the year 2004 before me the undersigned, a Notary Public in and for said State, personally appeared Patrick O. Mayberry, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

(Notarial Seal)

EXHIBIT A

LEGAL DESCRIPTION OF LAND

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, and being p/o Tax Lot 1 in Block 1373 on the Tax Map of The City of New York bounded and described as follows:

Commencing at the point of beginning as shown on the Survey prepared by Langan Engineering & Environmental Services dated 11/5/02, last revised 10/25/04 and titled "Proposed Lease Line Plan & Topographic Survey", said point having a coordinate of North 16688.43, East 19234.33 in the Roosevelt Island Coordinate System as per a plan supplied by the Roosevelt Island Operating Corporation entitled "Roosevelt Island Master Plan Prepared by Topo-Metrics, Inc., Hauppauge, NY" Sheets 3 of 15 and 4 of 15, and running, thence:

1. South 50 degrees 53 minutes 09 seconds East, a distance of 9.49 feet to a point; thence

2. South 50 degrees 54 minutes 33 seconds East, a distance of 37.99 feet to a point; thence

3. South 52 degrees 32 minutes 28 seconds East, a distance of 44.57 feet to a point; thence

4. South 52 degrees 32 minutes 28 seconds East, a distance of 44.04 feet to a point; thence

5. South 53 degrees 01 minutes 34 seconds East, a distance of 99.92 feet to a point; thence

6. South 34 degrees 16 minutes 22 seconds West, a distance of 12.34 feet to a point; thence

7. South 55 degrees 43 minutes 45 seconds East, a distance of 61.40 feet to a point; thence

8. North 79 degrees 57 minutes 28 seconds East, a distance of 30.46 feet to a point; thence

9. South 55 degrees 53 minutes 30 seconds East, a distance of 40.19 feet to a point; thence

10. South 10 degrees 35 minutes 35 seconds East, a distance of 8.16 feet to a point; thence

11. South 55 degrees 43 minutes 45 seconds East, a distance of 92.83 feet to a point; thence

12. South 30 degrees 01 minutes 37 seconds East, a distance of 85.42 feet to a point; thence

13. North 83 degrees 53 minutes 37 seconds West, a distance of 116.76 feet to a point; thence

14. South 34 degrees 16 minutes 24 seconds West, a distance of 243.26 feet to a point; thence

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17. North 62 degrees 48 minutes 40 seconds West, a distance of 67.48 feet to a point; thence

18. North 34 degrees 16 minutes 59 seconds East, a distance of 99.96 feet to a point; thence

19. South 55 degrees 44 minutes 05 seconds East, a distance of 17.50 feet to a point; thence

20. North 34 degrees 15 minutes 54 seconds East, a distance of 66.05 feet to a point; thence

21. North 79 degrees 14 minutes 06 seconds West, a distance of 12.62 feet to a point; thence

22. North 10 degrees 45 minutes 54 seconds East, a distance of 82.43 feet to a point; thence

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25. North 55 degrees 44 minutes 06 seconds West, a distance of 30.07 feet to a point; thence

26. North 10 degrees 45 minutes 54 seconds East, a distance of 23.99 feet to a point; thence

27. North 55 degrees 44 minutes 06 seconds West, a distance of 101.51 feet to a point; thence

28. North 34 degrees 15 minutes 22 seconds East, a distance of 88.71 feet to a point to the point of BEGINNING.

Reservations

SUBJECT to such non-exclusive easements and rights-of-way upon, over, under, across and through the Premises, including rights of ingress and egress, as may be necessary or desirable to permit Landlord to exercise its rights and/or perform its obligations under this Lease.

SUBJECT to an easement upon, over, under, across and through the Premises for construction, repair, maintenance and replacement of AVAC.

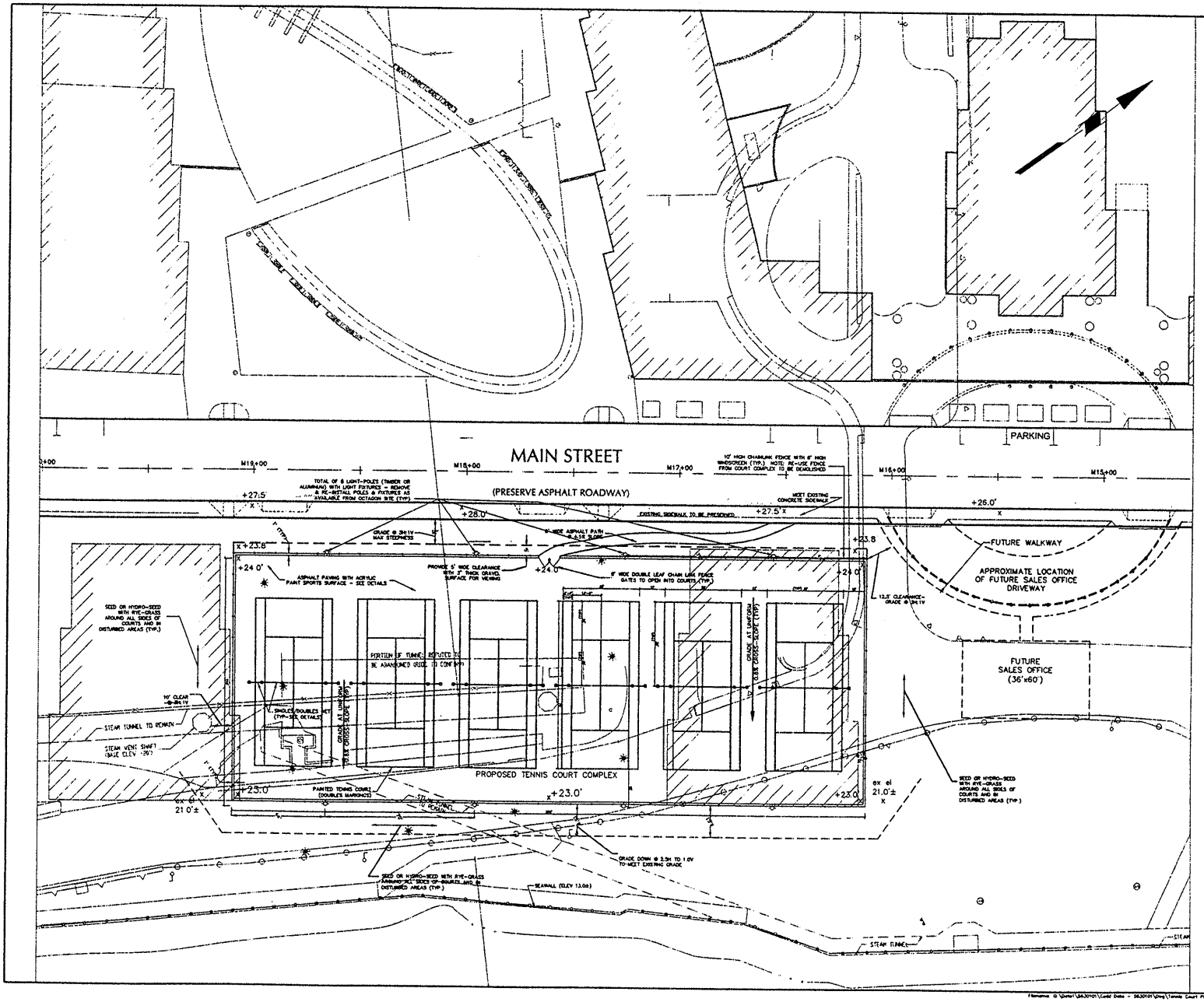
SUBJECT to a thirty-five foot wide easement upon, over, under, across and through the Premises for repair, maintenance and replacement of sewer line.

SUBJECT to non-exclusive easements and rights-of-way in favor of the public upon, over, across and through those portions of the Premises outside of the portions of the Premises dedicated to the use of the Building's residents, including rights of ingress and egress, necessary or desirable to permit the use and enjoyment of public facilities, including, without limitation, public portions of the Octagon Tower.

If Landlord enters the Premises to perform work pursuant to the rights reserved herein, Landlord shall, at its own expense, restore any damage caused to the Premises by the performance of such work.

EXHIBIT N

LOCATION OF TEMPORARY TENNIS COURTS



CONSTRUCTION NOTES

1. Skim off 4" approx. thickness of cover soil, to remove root systems, and dispose of on-site in adjacent location.

2. Grade Site to produce uniform and consistent cross-slope shown. Numeric elevations shown are for guidance only.

3. Cross-slope shall be uniform and consistent min. 0.80%, max. 1.00%; however, grades and contours shown are for guidance only - exact final elevations shall be determined by earthwork and grading considerations.

4. The import or export of soils for this project should not be necessary.

5. Provide, install, roll, seal and paint (sports' surface) asphalt pavement to produce finished court free of bird-baths.

6. Lay out, mark, and install nets for 8 doubles' tennis courts as shown.

7. Fence court as shown; fence-posts to have individual (not continuous-curb) footings.

8. Finish adjacent area and construct asphalt path as shown.

9. Disposal of surface-water shall be by means of percolation through exposed brick aggregate immediately to south and west of court.

10. Remove all construction debris upon completion of project.

11. Do not pollute River or litter Park during construction. Take protective measures in compliance with recognized standards to protect public and environment.

12. Fence fabric & windscreen (all 4 sides) to be provided by dismantling and removal from Octagon Tennis Site and by immediate installation. Contractor to be responsible for any additional galvanized chain-link fencing needed and may provide unit price alternate.

13. Fence hardware to be provided by dismantling and removal from Octagon Tennis Site and by immediate installation. Contractor to be responsible for any additional galvanized hardware needed and may provide unit price alternate.

14. Contractor to price lighting based upon his assessment of electrical power and wiring/conduit needs. Re-use poles by removal and transport from Octagon's site. Show separate price for new timber poles and fixtures.

15. Re-use tennis nets from Octagon complex.

16. Provide gravel area 5' wide as shown on north-west side for viewing purposes.

Date	Description	No.
	Revisions	

LANGAN
ENGINEERING & ENVIRONMENTAL SERVICES
River Drive Center 1
619 River Drive
Elmwood Park, NJ 07407
P: 201.794.6900 F: 201.794.0366
www.langan.com
NEW JERSEY PENNSYLVANIA NEW YORK CONNECTICUT FLORIDA

Project

INTERIM TENNIS COURTS ROOSEVELT ISLAND

SOUTH TOWN

NEW YORK NEW YORK

Drawing Title

TENNIS COURT PLAN

Project No.	5430101	Drawing No.	
Date	8/10/2004		TC-1
Scale	1"=20'		
Drn. By	A.C.		
Last Revised	P.G.M.		Of

© 2004 Langan Engineering and Environmental Services, Inc.

F:\Langan\...\5430101\Cadd Data - 5430101\dwg\Tennis Court Plan.dwg Date: 8/10/2004 Time: 17:00 User: scott-provence Style Table: Langan_002.stb Layout: Layout1

EXHIBIT O

PROPOSED NEW COVENANT

Contract Number C002057
EQ-89-HP3-10136

ROOSEVELT ISLAND OPERATING CORPORATION
OCTAGON BUILDING STABILIZED RUIN

PRESERVATION COVENANT

THIS INDENTURE, made this day of , 2003, by and between the State of New York acting by and through the **New York State Office of Parks, Recreation and Historic Preservation** (hereinafter referred to as "PARKS") with offices at **Agency Building One, Empire State Plaza, Albany, New York 12238**, the **Roosevelt Island Operating Corporation** (hereinafter referred to as "the LOCAL SPONSOR") with offices at **591 Main Street, Roosevelt Island, New York 10044**, and the **City of New York,** (hereinafter referred to as "the OWNER") with offices at **City Hall, New York, New York 10007.**

WITNESSETH:

WHEREAS, pursuant to the Environmental Quality Bond Act, of 1986, Title 9 of Article 52 of the Environmental Conservation Law, PARKS administers a program providing grants to municipalities and not-for-profit corporations to restore and develop historic properties which are listed on the National or State Register of Historic Places.

WHEREAS, the OWNER has title to certain historic real property along with the improvements located thereon, which is more particularly described in a deed from **Mr. James Blackwell** to the OWNER dated **July 19, 1828**, and recorded in the **New York** County Clerk's Office, in Liber **239** of Deeds at Page **287**, hereinafter referred to as the HISTORIC PROPERTY; and

WHEREAS, the LOCAL SPONSOR has an interest in the HISTORIC PROPERTY which is more particularly described in a lease from the **OWNER** to the LOCAL SPONSOR dated **December 23, 1969** and recorded in the **New York** County Clerk's Office in Reel **160** of Deeds at Page **1758**, hereinafter referred to as the HISTORIC PROPERTY; and

WHEREAS, the LOCAL SPONSOR has been awarded $250,000.00 for the purpose of interior and exterior repair and stabilization of Octagon Building Stabilized Ruin, such award being conditioned on the satisfaction of certain duties and obligations.

NOW, THEREFORE, in consideration of the receipt of the State funds mentioned above, the LOCAL SPONSOR and the OWNER do hereby covenant and agree to the following restriction in relation to the HISTORIC PROPERTY.

1. Scope of Covenant. This restriction shall be binding on the LOCAL SPONSOR and the OWNER in relation to the following portions of the HISTORIC PROPERTY that was aided with State funds, i.e., Octagon Building Stabilized Ruin, hereinafter referred to as the SUBJECT PROPERTY.

2. Covenant Running with the Land. This restriction constitutes a covenant running with the land, and all successive future owners shall have the same obligations as the LOCAL SPONSOR and the OWNER for as long as the restriction is in effect.

3. Purpose. The purpose of this restriction is to secure the preservation of the historic resources, and to ensure that a public benefit is derived from the expenditure of public funds.

4. Public Access. The LOCAL SPONSOR and the OWNER agree to permit the public to have access to the SUBJECT PROPERTY as follows: Since the SUBJECT PROPERTY is not visible from a public right-of-way, nor is it generally accessible to the public, the LOCAL SPONSOR agrees that the SUBJECT PROPERTY will be open to the public at reasonably spaced intervals a minimum of 12 times a year (i.e., once a month; six weekends during the summer; etc.) for a minimum of 23 years from the date of the final disbursement of State funds under this AGREEMENT. A public notice shall be placed in an appropriate local paper or a sign placed in the site in public view one week prior to and on the day of public access. If applicable, the LOCAL SPONSOR and OWNER shall submit verification of such access to PARKS.

5. Term of Restriction. This restriction shall be binding upon the LOCAL SPONSOR and the OWNER for 23 years from the date of final disbursement of State funds under this agreement, or the useful life of the improvement made with funds provided pursuant to this agreement, whichever is longer.

6. Maintenance Required. The SUBJECT PROPERTY shall be kept and maintained in reasonably good order, condition and repair and in accordance with the Secretary of the Interior's Standards and Guidelines for Archeology and Historic Preservation, 48 Federal Register 44716, et seq. or any other applicable Secretary of the Interior's Standards (collectively referenced as STANDARDS).

7. Alterations to SUBJECT PROPERTY.

(a) Before plans for any proposed construction, alteration or demolition affecting the SUBJECT PROPERTY are finalized, the LOCAL SPONSOR or the OWNER will provide such information to PARKS as will reasonably inform PARKS as to the work to be performed, the scope of the work, details of the treatment and materials and application, along with any other documentation requested by PARKS that is reasonably needed to define the nature and character of the work to be performed and the anticipated period of time in which the work is estimated to be completed. The provisions of this paragraph, as well as those of paragraph eight, shall not apply if the changes are (1) clearly of a minor nature and not affecting architectural, archeological or historic values or (2) immediate actions required by casualty or other emergency to stabilize or prevent the loss of the SUBJECT PROPERTY and promptly reported to PARKS pursuant to paragraph eight of this agreement.

(b) Secretary of the Interior's Standards. No work affecting the SUBJECT PROPERTY shall commence until the LOCAL SPONSOR or the OWNER have received written certification from PARKS that all work is anticipated to be in substantial conformance with the STANDARDS.

8. Damage or Destruction to SUBJECT PROPERTY.

(a) As early as practicable after damage or destruction to the SUBJECT PROPERTY, whether caused by the LOCAL SPONSOR, the OWNER, or through a cause beyond the LOCAL SPONSOR'S or OWNER'S control, the LOCAL SPONSOR or the OWNER will notify PARKS in writing of such damage or destruction. The notice will include (1) an assessment of the nature and extent of the damage; (2) an estimate of the restoration/reconstruction work necessary to return the SUBJECT PROPERTY to the condition existing at the time of completion of the State-funded work, along with any plans and specifications prepared for the work required; and (3) a description of any emergency work already completed. The LOCAL SPONSOR or the OWNER shall restore/ reconstruct the SUBJECT PROPERTY according to paragraph seven of this agreement, if in the opinion of PARKS the purpose and intent of this restriction will thereby be served.

(b) If restoration/reconstruction is not feasible and the SUBJECT PROPERTY has been so damaged that the qualities that resulted in its being listed on the National or State Register of Historic Places have been lost, PARKS will take steps to remove the SUBJECT PROPERTY from the National or State Register. If the SUBJECT PROPERTY is removed, PARKS will notify the LOCAL SPONSOR and the OWNER in writing that the restriction is null and void. In no case will the required cost of any restoration/reconstruction be more than the amount of State funds expended on the SUBJECT PROPERTY.

(c) If destruction is determined to be due to a deliberate act of the LOCAL SPONSOR or the OWNER or caused by the gross negligence of the LOCAL SPONSOR or the OWNER, the LOCAL SPONSOR or the OWNER may be required to repay to PARKS an amount equal to one and one-half times the State funds expended on the SUBJECT PROPERTY.

9. Violations. In the event of a violation of any provision of this covenant PARKS may, at its option, and following reasonable notice of a violation and an opportunity to cure such violation, to the LOCAL SPONSOR and the OWNER, exercise any or all of the following remedies:

(a) declare the grant forfeited and demand the return of all funds disbursed under this agreement.

(b) declare the grant forfeited and demand the return of all funds disbursed under this agreement plus a penalty equal to 1/2 of the amount of the grant; provided the violation giving rise to the forfeiture and penalty was in the opinion of PARKS caused by the intentional acts or gross negligence of the LOCAL SPONSOR.

(c) enter the SUBJECT PROPERTY, correct any violation of the terms of this covenant, restore the SUBJECT PROPERTY to its prior condition, and hold the owner or any successor in interest responsible for the cost thereof.

(d) institute suit against the LOCAL SPONSOR or the OWNER to enjoin such violations and, if appropriate, require the restoration of the SUBJECT PROPERTY to its prior condition.

In addition to the remedies set forth above, PARKS shall have all legal and equitable remedies to enforce the LOCAL SPONSOR'S and the OWNER's obligations under this agreement, and in the event the LOCAL SPONSOR, the OWNER, or any successor in interest is found to have violated such obligations, the LOCAL SPONSOR, the OWNER, or such successor shall reimburse PARKS for any costs and expenses incurred in connection with the enforcement of this agreement, including court costs and attorney's fees.

10. Approvals. The LOCAL SPONSOR, the OWNER and any successor in interest may at any time request the approvals required under paragraphs seven and eight above, or request temporary or permanent relief from any of the restrictions contained in this agreement, by delivering such request in writing to PARKS, addressed to the Commissioner of Parks, Recreation and Historic Preservation. Approval of such requests shall not be unreasonably withheld, and the LOCAL SPONSOR, the OWNER or its successor may cause the reasonableness of any such denial to be reviewed by an appropriate proceeding instituted in the Supreme Court of the county where the property is located.

11. OWNER'S Right to Use. Except as provided in paragraph four of this agreement, nothing in this covenant shall be construed to convey to the public a right of access or use of the property and the OWNER, its heirs, successors and assigns shall retain the exclusive right to such access and use.

12. Waivers. A waiver of any breach of any covenant, term, condition or limitation of this agreement shall not constitute a waiver of any other or any later breach of any covenant, term, condition or limitation, nor shall it otherwise prevent the enforcement of such breach.

13. Severability. The parties to this agreement agree that all covenants, easements and restrictions in this agreement shall be severable, and that should any covenant, easement or restriction in this agreement be declared invalid or unenforceable, the remaining covenants, easements and restrictions shall not terminate.

14. Binding Upon Successors. The foregoing representation, covenants, terms and conditions are expressly understood as being binding upon the LOCAL SPONSOR, the OWNER, all heirs, executors, administrators, assigns and successors of the LOCAL SPONSOR or OWNER, and all other persons whatsoever, real or artificial, having or claiming any interest in the SUBJECT PROPERTY and, together with this paragraph, shall be inserted in all instruments which dispose of any interest in the SUBJECT PROPERTY, but whether or not so inserted, shall be deemed by all persons to have been inserted.

15. Recording of Covenant. PARKS shall record this instrument in the County Clerk's Office and shall provide the LOCAL SPONSOR and the OWNER with proof of such recording.

IN WITNESS WHEREOF, the LOCAL SPONSOR, the OWNER and PARKS have hereunto set their hands the day and year first above written.

ROOSEVELT ISLAND OPERATING CORPORATION

By _____

Title _____

CITY OF NEW YORK

By _____

Title _____

OFFICE OF PARKS, RECREATION AND HISTORIC PRESERVATION

By _____

Commissioner
State Historic Preservation Officer

Whenever the LOCAL SPONSOR or OWNER do not have clear title to the property, all persons having or claiming an interest in the property, including but not limited to joint owners and mortgagees, must execute this agreement. Additional pages may be affixed as necessary, including additional acknowledgement blocks.

Signed _____

By _____

Title _____

Signed _____

By _____

Title _____

ROOSEVELT ISLAND OPERATING CORPORATION

STATE OF NEW YORK)
)SS.:
County of)

On the day of in the year 2003, before me, the undersigned, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they/ executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public, State of New York

CITY OF NEW YORK

STATE OF NEW YORK)
)SS.:
County of)

On the day of in the year 2003, before me, the undersigned, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they/ executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public, State of New York

OFFICE OF PARKS, RECREATION AND HISTORIC PRESERVATION

STATE OF NEW YORK)
)SS.:
County of ALBANY)

On the day of in the year 2003, before me, the undersigned, personally appeared **Bernadette Castro**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public, State of New York

ADDITIONAL INTERESTED PARTIES:

STATE OF NEW YORK)
)SS.:
County of)

On the day of in the year 2003, before me, the undersigned, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they/ executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon bebalf of which the individual(s) acted, executed the instrument.

Notary Public, State of New York

STATE OF NEW YORK)
)SS.:
County of)

On the day of in the year 2003, before me, the undersigned, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they/ executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public, State of New York

APPENDIX A
Standard Clauses For All New York State Contracts

The parties to the attached contract, license, lease, amendment or other agreement of any kind (hereinafter, "the contract" or "this contract") agree to be bound by the following clauses which are hereby made a part of the contract (the word "Contractor" herein refers to any party other than the State, whether a contractor, licensor, licensee, lessor, lessee or any other party):

1. EXECUTORY CLAUSE. In accordance with Section 41 of the State Finance Law, the State shall have no liability under this contract to the Contractor or to anyone else beyond funds appropriated and available for this contract.

2. NON-ASSIGNMENT CLAUSE. In accordance with Section 138 of the State Finance Law, this contract may not be assigned by the Contractor or its right, title or interest therein assigned, transferred, conveyed, sublet or otherwise disposed of without the previous consent, in writing, of the State and any attempts to assign the contract without the State's written consent are null and void. The Contractor may, however, assign its right to receive payment without the State's prior written consent unless this contract concerns Certificates of Participation pursuant to Article 5-A of the State Finance Law.

3. COMPTROLLER'S APPROVAL. In accordance with Section 112 of the State Finance Law (or, if this contract is with the State University or City University of New York, Section 355 or Section 6218 of the Education Law), if this contract exceeds $5,000 ($20,000 for certain S.U.N.Y. and C.U.N.Y. contracts), or if this is an amendment for any amount to a contract which, as so amended, exceeds said statutory amount, or if, by this contract, the State agrees to give something other than money, it shall not be valid, effective or binding upon the State until it has been approved by the State Comptroller and filed in his office.

4. WORKERS' COMPENSATION BENEFITS. In accordance with Section 142 of the State Finance Law, this contract shall be void and of no force and effect unless the Contractor shall provide and maintain coverage during the life of this contract for the benefit of such employees as are required to be covered by the provisions of the Workers' Compensation Law.

5. NON-DISCRIMINATION REQUIREMENTS. In accordance with Article 15 of the Executive Law (also known as the Human Rights Law) and all other State and Federal statutory and constitutional non-discrimination provisions, the Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, sex, national origin, age, disability or marital status. Furthermore, in accordance with Section 220-e of the Labor Law, if this is a contract for the construction, alteration or repair of any public building or public work or for the manufacture, sale or distribution of materials, equipment or supplies, and to the extent that this contract shall be performed within the State of New York, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, disability, sex or national origin: (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee hired for the performance of work under this contract. If this is a building service contract as defined in Section 230 of the Labor Law, then, in accordance with Section 239 thereof, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, national origin, age, sex or disability: (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee hired for the performance of work under this contract. Contractor is subject to fines of $50.00 per person per day for any violation of Section 220-e or Section 239 as well as possible termination of this contract and forfeiture of all moneys due hereunder for a second or subsequent violation.

6. WAGE AND HOURS PROVISIONS. If this is a public work contract covered by Article 8 of the Labor Law or a building service contract covered by Article 9 thereof, neither Contractor's employees nor the employees of its subcontractors may be required or permitted to work more than the number of hours or days stated in said statutes, except as otherwise provided in the Labor Law and as set forth in prevailing wage and supplement schedules issued by the State Labor Department. Furthermore, Contractor and its subcontractors must pay at least the prevailing wage rate and pay or provide the prevailing supplements, including the premium rates for overtime pay, as determined by the State Labor Department in accordance with the Labor Law.

7. NON-COLLUSIVE BIDDING REQUIREMENT. In accordance with Section 139-d of the State Finance Law, if this contract was awarded based upon the submission of bids, Contractor warrants, under penalty of perjury, that its bid was arrived at independently and without collusion aimed at restricting competition. Contractor further warrants that, at the time Contractor submitted its bid, an authorized and responsible person executed and delivered to the State a non-collusive bidding certification on Contractor's behalf.

8. INTERNATIONAL BOYCOTT PROHIBITION. In accordance with Section 220-f of the Labor Law and Section 139-h of the State Finance Law, if this contract exceeds $5,000, the Contractor agrees, as a material condition of the contract, that neither the Contractor nor any substantially owned or affiliated person, firm, partnership or corporation has participated, is participating, or shall participate in an international boycott in violation of the Federal Export Administration Act of 1979 (50 USC App. Sections 2401 et seq.) or regulations thereunder. If such Contractor, or any of the aforesaid affiliates of Contractor, is convicted or is otherwise found to have violated said laws or regulations upon the final determination of the United States Commerce Department or any other appropriate agency of the United States subsequent to the contract's execution, such contract, amendment or modification thereto shall be rendered forfeit and void. The Contractor shall so notify the State Comptroller within five (5) business days of such conviction, determination or disposition of appeal (2 NYCRR 105.4).

9. SET-OFF RIGHTS. The State shall have all of its common law, equitable and statutory rights of set-off. These rights shall include, but not be limited to, the State's option to withhold for the purposes of set-off any moneys due to the Contractor under this contract up to any amounts due and owing to the State with regard to this contract, any other contract with any State department or agency, including any contract for a term commencing prior to the term of this contract, plus any amounts due and owing to the State for any other reason including, without limitation, tax delinquencies, fee delinquencies or monetary penalties relative thereto. The State shall exercise its set-off rights in accordance with normal State practices including, in cases of set-off pursuant to an audit, the finalization of such audit by the State agency, its representatives, or the State Comptroller.

10. RECORDS. The Contractor shall establish and maintain complete and accurate books, records, documents, accounts and other evidence directly pertinent to performance under this contract (hereinafter, collectively, "the Records"). The Records must be kept for the balance of the calendar year in which they were made and for six (6) additional years thereafter. The State Comptroller, the Attorney General and any other person or entity authorized to conduct an examination, as well as the agency or agencies involved in this contract, shall have access to the Records during normal business hours at an office of the Contractor within the State of New York or, if no such office is available, at a mutually agreeable and reasonable venue within the State, for the term specified above for the purposes of inspection, auditing and copying. The State shall take reasonable steps to protect from public disclosure any of the Records which are exempt from disclosure under Section 87 of the Public Officers Law (the "Statute") provided that: (i) the Contractor shall timely inform an appropriate State official, in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the State's right to discovery in any pending or future litigation.

11. IDENTIFYING INFORMATION AND PRIVACY NOTIFICATION:

(a) FEDERAL EMPLOYER IDENTIFICATION NUMBER AND/OR FEDERAL SOCIAL SECURITY NUMBER.

All invoices or New York State standard vouchers submitted for payment for the sale of goods or services or the lease of real or personal property to a New York State agency must include the payee's identification number, i.e., the seller's or lessor's identification number. The number is either the payee's Federal employer identification number or Federal social security number, or both such numbers when the payee has both such numbers. Failure to include this number or numbers may delay payment. Where the payee does not have such number or numbers, the payee, on his invoice or New York State standard voucher, must give the reason or reasons why the payee does not have such number or numbers.

(b) PRIVACY NOTIFICATION.

(1) The authority to request the above personal information from a seller of goods or services or a lessor of real or personal property, and the authority to maintain such information, is found in Section 5 of the State Tax Law. Disclosure of this information by the seller or lessor to the State is mandatory. The principal purpose for which the information is collected is to enable the State to identify individuals, businesses and others who have been delinquent in filing tax returns or may have understated their tax liabilities and to generally identify persons affected by the taxes administered by the Commissioner of Taxation and Finance. The information will be used for tax administration purposes and for any other purpose authorized by law.

(2) The personal information is requested by the purchasing unit of the agency contracting to purchase the goods or services or lease the real or personal property covered by this contract or lease. The information is maintained in New York State's Central Accounting System by the Director of State Accounts, Office of the State Comptroller, AESOB, Albany, New York 12236.

12. EQUAL EMPLOYMENT OPPORTUNITIES FOR MINORITIES AND WOMEN: In accordance with Section 312 of the Executive Law, if this contract is: (i) a written agreement or purchase order instrument, providing for a total expenditure in excess of $25,000.00, whereby a contracting agency is committed to expend or does expend funds in return for labor, services, supplies, equipment, materials or any combination of the foregoing, to be performed for, or rendered or furnished to the contracting agency; or (ii) a written agreement in excess of $100,000.00 whereby a contracting agency is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon; or (iii) a written agreement in excess of $100,000.00 whereby the owner of a State assisted housing project is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon for such project, then:

(a) The contractor will not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, and will undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination. Affirmative action shall mean recruitment, employment, job assignment, promotion, upgradings, demotion, transfer, layoff, or termination and rates of pay or other forms of compensation;

(b) at the request of the contracting agency, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will affirmatively cooperate in the implementation of the contractor's obligations herein; and

(c) the Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of the State contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

Contractor will include the provisions of "a", "b" and "c", above, in every subcontract over $25,000.00 for the construction, demolition, replacement, major repair, renovation, planning or design of real property and improvements thereon (the "Work") except where the Work is for the beneficial use of the Contractor. Section 312 does not apply to: (i) work, goods or services unrelated to this contract; or (ii) employment outside New York State; or (iii) banking services, insurance policies or the sale of securities. The State shall consider compliance by a contractor or subcontractor with the requirements of any federal law concerning equal employment opportunity which effectuates the purpose of his section. The contracting agency shall determine whether the imposition of the requirements of the provisions hereof duplicate or conflict with any such federal law and if such duplication or conflict exists, the contracting agency shall waive the applicability of Section 312 to the extent of such duplication or conflict. Contractor will comply with all duly promulgated and lawful rules and regulations of the Governor's Office of Minority and Women's Business Development pertaining hereto.

13. CONFLICTING TERMS. In the event of a conflict between the terms of the contract (including any and all attachments thereto and amendments thereof) and the terms of this Appendix A, the terms of this Appendix A shall control.

14. GOVERNING LAW. This contract shall be governed by the laws of the State of New York except where the Federal supremacy clause requires otherwise.

15. LATE PAYMENT. Timeliness of payment and any interest to be paid to Contractor for late payment shall be governed by Article XI-A of the State Finance Law to the extent required by law.

16. NO ARBITRATION. Disputes involving this contract, including the breach or alleged breach thereof, may not be submitted to binding arbitration (except where statutorily authorized) but must, instead, be heard in a court of competent jurisdiction of the State of New York.

17. SERVICE OF PROCESS. In addition to the methods of service allowed by the State Civil Practice Law & Rules ("CPLR"), Contractor hereby consents to service of process upon it by registered or certified mail, return receipt requested. Service hereunder shall be complete upon Contractor's actual receipt of process or upon the State's receipt of the return thereof by the United States Postal Service as refused or undeliverable. Contractor must promptly notify the State, in writing, of each and every change of address to which service of process can be made. Service by the State to the last known address shall be sufficient. Contractor will have thirty (30) calendar days after service hereunder is complete in which to respond.

Appendix B

OFFICE OF PARKS, RECREATION AND HISTORIC PRESERVATION

Participation by Minority Group Members and Women with Respect to State Contracts

In accordance with Article 15-A of the Executive Law, the parties to the attached contract, license, lease, amendment or other agreement of any kind (hereinafter, "the contract" or "this contract") agree to be bound by the following clauses which are hereby made a part of the contract (the word "contractor" refers to any party other than the State, whether referred to as a contractor, licensor, licensee, lessor, lessee, consultant, grant recipient, local sponsor or by any other name:

1. Definitions.

(a) "Certified business" shall mean either a business verified as a minority or women-owned business enterprise pursuant to section 314 of the Executive Law and 9 NYCRR 544.2(a)-(c) or a business verified as minority or women-owned and additionally identified under 9 NYCRR 544.2(d).

(b) "Minority group member" shall mean a United States citizen or permanent resident alien who is and can demonstrate membership in one of the following groups:

(i) Black persons having origins in any of the Black African racial groups;

(ii) Hispanic persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American of either Indian or Hispanic origin, regardless of race;

(iii) Native American or Alaskan native persons having origins in any of the original peoples of North America;

(iv) Asian and Pacific Islander persons having origins in any of the Far East countries, South East Asia, the Indian subcontinent or the Pacific Islands.

(c) "Minority-owned business enterprise" shall mean a business enterprise, including a sole proprietorship, partnership or corporation that is:

(i) at least fifty-one percent owned by one or more minority group members;

(ii) an enterprise in which such minority ownership is real, substantial and continuing;

(iii) an enterprise in which such minority ownership has and exercis the authority to control ndependently the day-to-day business decisions of the enterprise; and

(iv) an enterprise authorized to do business in this state and independently owned and operated.

(d) "Women-owned business enterprise" shall mean a business enterprise, including a sole proprietorship, partnership or corporation that is:

(i) at least fifty-one percent owned by one or more United States citizens or permanent resident aliens who are women;

(ii) an enterprise in which the ownership interest of such women is real, substantial and continuing;

(iii) an enterprise in which such woman ownership has and exercises the authority to control independently the day-to-day business decisions of the enterprise; and

(iv) an enterprise authorized to do business in this state and independently owned and operated.

2. Directory of Certified Businesses.

PARKS shall make copies of the Directory of Certified Businesses available for inspection at each of its regional offices and at its Albany office. The contractor may purchase a copy from the Governor's Office of Minority and Women's Business Development at the price of fifty-nine dollars for a printed copy and twenty-three dollars for the Directory on computer diskette.

3. Good Faith Efforts.

The contractor is encouraged to employ minority and women workers and to solicit and obtain the participation of minority and women-owned business enterprises certified pursuant to 9 NYCRR 544.2 (a)-(c) as subcontractors and suppliers on this contract at least to the extent of the goals, if any, established by PARKS for this contract.

4. Reports.

The contractor agrees to submit, and to require subcontractors to submit, reports showing the participation of all business enterprises on this contract, including minority and women-owned business enterprises. Failure to submit reports in a timely fashion shall be cause for scheduled payments to the contractor to be delayed.

Revised 9/90

Appendix B-I

OFFICE OF PARKS, RECREATION AND HISTORIC PRESERVATION

Participation by Minority Group Members and Women with Respect to State Contracts

In accordance with Article 15-A of the Executive Law, the parties to the attached contract, license, lease, amendment or other agreement of any kind (hereinafter, "the contract" or "this contract") agree to be bound by the following clauses which are hereby made a part of the contract (the word "contractor" herein refers to any party other than the State, whether referred to as a contractor, licensor, licensee, lessor, lessee, consultant, grant recipient, local sponsor or by any other name:

1. Definitions.

For purposes of these clauses, the following definitions shall apply:

(a) "Certified business" shall mean either a business verified as a minority or women-owned business enterprise pursuant to section 314 of the Executive Law and 9 NYCRR 544.2 (a)-(c) or a business verified as minority or women-owned and additionally identified under 9 NYCRR 544.2(d).

(b) "Day" shall mean a State business day unless otherwise specified.

(c) "Director" shall mean the Director of the Governor's Office of Minority and Women's Business Development established by section 311 of the Executive Law.

(d) "Minority group member" shall mean a United States citizen or permanent resident alien who is and can demonstrate membership in one of the following groups:

(i) Black persons having origins in any of the Black African racial groups;

(ii) Hispanic persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American of either Indian or Hispanic origin, regardless of race;

(iii) Native American or Alaskan native persons having origins in any of the original peoples of North America;

(iv) Asian and Pacific Islander persons having origins in any of the Far East countries, South East Asia, the Indian subcontinent or the Pacific Islands.

(e) "Minority-owned business enterprise" shall mean a business enterprise, including a sole proprietorship, partnership or corporation that is:

(i) at least fifty-one percent owned by one or more minority group members;

(ii) an enterprise in which such minority ownership is real, substantial and continuing;

(iii) an enterprise in which such minority ownership has and exercises the authority to control independently the day-to-day business decisions of the enterprise; and

(iv) an enterprise authorized to do business in this state and independently owned and operated.

(f) "Subcontract" shall mean an agreement providing for a total expenditure in excess of $25,000 for the construction, demolition, replacement, major repair, renovation, planning or design of real property and improvements thereon between a contractor and any individual or business enterprise, including a sole proprietorship, partnership, corporation, or not-for-profit corporation, in which a portion of a contractor's obligation under a state contract is undertaken or assumed, but shall not include work undertaken for the beneficial use of the contractor.

(g) "Women-owned business enterprise" shall mean a business enterprise, including a sole proprietorship, partnership or corporation that is:

(i) at least fifty-one percent owned by one or more United States citizens or permanent resident aliens who are women;

(ii) an enterprise in which the ownership interest of such women is real, substantial and continuing;

(iii) an enterprise in which such women ownership has and exercises the authority to control independently the day-to-day business decisions of the enterprise; and

(iv) an enterprise authorized to do business in this state and independently owned and operated.

2. Directory of Certified Businesses.

PARKS shall make copies of the Directory of Certified Businesses available for inspection at each of its regional offices and at its Albany office. The contractor may purchase a copy from the Governor's Office of Minority and Women's Business Development at the price of fifty-nine dollars for a printed copy and twenty-three dollars for the Directory on computer diskette.

3. Utilization Program; Equal Employment Opportunity Program; Waivers.

(a) If goals have been established by PARKS for the participation of certified M/WBEs on this agreement, at the direction of PARKS, but in no case later than execution of the agreement the contractor shall submit to PARKS a utilization program and an Equal Employment Opportunity (EEO) program on forms to be provided by PARKS. The utilization program shall list all subcontractors and suppliers the contractor intends to use on the contract and indicate which are M/WBEs. Likewise, the EEO program will show the composition of the workforce to be used by the contractor and its subcontractors.

(b) PARKS will review the utilization program and EEO program and will issue to the contractor a written notice of acceptance or deficiency within twenty days of receipt. A notice of deficiency shall include (i) the name of any M/WBE which is not acceptable for the purpose of complying with M/WBE participation goals; (ii) elements of the contract scope of work which PARKS has determined can be reasonably structured by the contractor to increase the likelihood of participation of M/WBEs; and (iii) other information which PARKS determines to be relevant to the utilization program.

(c) The contractor shall respond to the notice of deficiency within seven days of receipt by submitting to PARKS a written statement which remedies the deficiencies in the original plan. If the written remedy which the contractor submits in not timely or is found by PARKS to be inadequate, PARKS shall so notify the contractor within five days and direct the contractor to submit a request for a partial or total waiver of M/WBE participation goals on forms to be provided by PARKS. The request for waiver must be submitted within five days of the contractors receipt of a notice that the statement of remedy was untimely or inadequate.

(d) A contractor who has made good faith efforts to obtain commitments from M/WBE subcontractors and suppliers prior to submitting its utilization program may submit a request for waiver at the same time it submits its utilization program. If a request for waiver is submitted with the utilization program, and is not accepted by PARKS at that time, the provisions of clauses (b) and (c), regarding the notice of deficiency and written remedy will apply. In this case, the contractor may submit a second request for waiver as directed by PARKS.

(e) If the contractor does not submit a request for waiver, or if PARKS determines that the utilization program does not indicate that the M/WBE participation goals will be met and that the good faith efforts of the contractor have been inadequate to justify the granting of the request for waiver, PARKS shall terminate the contract, or if the contract has not been executed, PARKS shall withdraw from contract negotiations. Notice of termination or withdrawal, along with a denial of a request for waiver, where applicable, shall be delivered to the contractor no

later than twenty days after PARKS receives the request for waiver.

(f) The contractor shall attempt to utilize, in good faith, any MBE or WBE identified within its utilization program, at least to the extent indicated in the program.

4. Administrative Hearing on Disqualification of Contractor.

(a) If PARKS disqualifies the contractor on the ground that the contractor has failed to remedy deficiencies in its utilization program or document good faith efforts to remedy such deficiencies, the contractor shall be entitled to an administrative hearing, on the record, before a hearing officer appointed by PARKS, to review the determination of disqualification of the contractor.

(b) The hearing officer's determination shall be a final administrative determination of PARKS and shall be reviewable by a proceeding brought pursuant to the Civil Practice Law and Rules, provided such proceeding is commenced within thirty days of notice given by certified mail, return receipt requested, rendering such final administrative determination in accordance with the provisions of section 313 of the Executive Law.

(c) Such review shall be commenced in the Supreme Court, Appellate Division, Third Department, and shall be heard and determined in preference to all other civil business pending therein, except election matters, irrespective of position on the calendar. Appeals taken to the Court of Appeals of the State of New York shall be subject to the same preference.

5. Good Faith Efforts.

In order to show that it has made good faith efforts to comply with the M/WBE participation goals of this contract, the contractor shall submit such documentation as will enable PARKS to make a determination in accordance with the following criteria:

(a) Did the contractor submit a completed, acceptable utilization program and EEO program armed at meeting the goals for the participation of minorities and women in the contract?

(b) Did the contractor place advertisements in appropriate general circulation, trade and minority or women-owned publications in a timely fashion?

(c) Did the contractor make written solicitations to women and minority-owned business enterprises listed in the directory of certified businesses in a timely fashion and include plans, specifications and contract terms. Did the businesses solicited respond in a timely fashion?

(d) Could the contractor have reasonably structured the work to be performed under subcontracts so as to increase the likelihood of participation by certified businesses?

(e) Did the contractor attend any pre-bid or pre-award meetings scheduled by PARKS with M/WBEs which PARKS determined were capable of performing work or supplying materials on the contract?

(f) Did the contractor take any steps to contact and assess the financial ability of M/WBEs outside the region to perform work or supply materials on the contract?

(g) Were the subcontract terms and conditions offered to M/WBEs comparable to those offered in the ordinary course of the contractor's business to other subcontractors on the contract?

(h) Did the contractor make payments to M/WBE subcontractors and suppliers in a timely fashion?

6. Reports.

The contractor shall submit, and shall require subcontractors to submit, reports showing the participation of all business enterprises on this contract, including minority and women-owned business enterprises on forms and at intervals to be established by PARKS. Reports not submitted at such times as shall be required by PARKS shall be cause for PARKS to delay implementing scheduled payments to the contractor.

7. Contractor's Failure or Inability to Meet M/WBE Participation Goals.

(a) If the contractor, after making good faith efforts, is unable to comply with a contract's M/WBE participation goals, the contractor may submit a request for a partial or total waiver on forms provided by PARKS. If the documentation required with the request for waiver is complete, PARKS shall evaluate the request and issue a written notice of acceptance or denial within twenty days of receipt.

(b) If PARKS, upon review of the contractor's utilization program and compliance reports, determines that the contractor is failing or refusing to comply with M/WBE participation goals, and no waiver has been issued in regards to such non-compliance, PARKS may issue a notice of deficiency to the contractor. The contractor must respond to the notice within seven days of receipt. This response may include a request for partial or total waiver of M/WBE participation goals.

8. Contractor and Agency Complaints; Arbitration.

(a) If the contractor submits a request for waiver of M/WBE participation goals and PARKS denies the request or fails to respond within twenty days of receiving it, the contractor may file a complaint with the Director according to the provisions of section 316 of Article 15-A of the Executive Law. The complaint must be filed within twenty days of PARKS' receipt of the request for waiver, if PARKS has not responded in that time, or within twenty days of a notification that the request has been denied by PARKS.

(b) If the contractor fails to respond to a notice of deficiency, PARKS may file a complaint with the Director pursuant to section 316 of Article 15-A of the Executive Law.

(c) A complaint shall set forth the facts and circumstances giving rise to the complaint together with a demand for relief.

(d) The party filing a complaint, whether the contractor or PARKS, shall deliver a copy to the other party. Both the complaint and the copy shall be delivered by either personal service or by certified mail, return receipt requested.

(e) Upon receipt of a complaint, the Director shall provide the party against whom the complaint has been filed with an opportunity to respond to the complaint. If within thirty days of receipt of the complaint, the Director is unable to resolve the complaint to the satisfaction of PARKS and the contractor, the complaint shall be referred to the American Arbitration Association for resolution pursuant to section 316 of Article 15A of the Executive Law and the applicable requirements of Article 75 of the Civil Practice Law and Rules.

(f) Upon conclusion of the arbitration proceedings, the arbitrator will submit to the Director his or her award regarding the alleged violation of the contract or the refusal of PARKS to grant a waiver request by the contractor. The award of the arbitrator with respect to an alleged violation of the contract or the refusal of the state agency to grant a waiver shall be final and may be vacated or modified only as provided by Article 75 of the Civil Practice Law and Rules.

(g) Upon conclusion of the arbitration proceedings and the rendition of an award, the arbitrator will also recommend to the Director a remedy, including, if appropriate, the imposition of sanctions, fines or penalties. The Director will either (i) adopt the recommendation of the arbitrator; (ii) determine that no sanctions, fines or penalties should be imposed; or (iii) modify the recommendation of the arbitrator, provided that such modification shall not expand upon any sanction recommended or imposed any new sanction, or increase the amount of any recommended fine or penalty.

(h) The Director, within ten days of receipt of the arbitrator's award and recommendations, will file a determination of such matter and shall cause a copy of such determination to be served upon the parties by personal service or by certified mail, return receipt requested. The determination of the Director as to the imposition of any fines, sanctions, or penalties shall be reviewable pursuant to Article 78 of the Civil Practice Law and Rules.

(i) The determination of PARKS or the contractor to proceed with a complaint shall not preclude PARKS, in its discretion, from pursuing any other remedies which it may have pursuant to law and the contract.

9. Subcontracts.

The contractor will include the provisions of paragraphs five and eight above in every subcontract, as defined in paragraph one, in such a manner that such provisions will be binding upon the subcontractor as to work in connection with this contract.

EXHIBIT P

GOTHAM CCIP PROVISIONS

Contractor Controlled Insurance Program

EXHIBIT #1-INSURANCE RIDER

INSURANCE PROGRAM & REQUIREMENTS

I. CONSTRUCTION MANAGER'S INSURANCE PROGRAM

A. The Construction Manager shall procure and maintain during the life of this Agreement, a Contractor Controlled Insurance Program (the "**CCIP**"), which shall include the following types and amounts of insurance, naming as insureds the Owner, Construction Manager, any enrolled trade contractors ("Contractors")of any tier and each of their employees. ***Contractors of all tiers are required to provide information by completing all forms A, B, C to be enrolled in this CCIP. Forms D1 must be completed on a monthly basis, and Form E upon completion of your work.*** Said insurance shall apply only to the operations of the insureds thereunder in the performance of the Work at the Site and as more fully described in the Trade Contract and in this Agreement. The CCIP **shall not apply or extend** (1) to the activities and products of architects, engineers, consultants, vendors, fabricators, suppliers, material vendors, haulers, truckers, and owner/operators whose employees perform any work either on or off the Site or which are engaged solely in loading, unloading, hauling of equipment, supplies, or materials or to any other employees whose employer is not enrolled in the CCIP or (2) to Contractors and Subcontractors of any tier **not working at the Project Site** (such as delivery persons, truckers, haulers) and others who occasionally visit the Site, which the Construction Manager, at its own discretion, has elected not to enroll in the CCIP. Such persons or entities shall be required to provide their own insurance, as specified in Section II of the Insurance Program Requirements entitled "Contractor Insurance Program"; such "Contractor Insurance Program" shall also cover any "Off the Site Work".

The furnishing of said insurance by the Construction Manager shall in no way relieve or limit or be construed to relieve or limit the Contractor or lower tier subcontractor's responsibility or obligation whatsoever otherwise imposed by this Agreement except as to the requirements to provide insurance secured by the Construction Manager.

The Construction Manager assumes no obligation to provide insurance other than what is required under Section I. The Construction Manager, however, may purchase additional insurance coverage at its discretion. Any additional insurance coverage purchased by the Construction Manager will not apply to Contractors of any tier enrolled in the CCIP.

B. The following types of insurance with the limits as shown are being provided by the Construction Manager under the CCIP to those parties indicated in paragraph A above and only at the Site and all parties enrolled and covered by the CCIP shall comply with the provisions set forth on Schedule 1 annexed hereto.

(1) **ON-SITE WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY:**

Coverage A -	**Statutory Benefits** Liability imposed by the Workers' Compensation and/or Occupational Disease statute of the State of New York and any other governmental authority having jurisdiction for the work performed at the Project Site.
Coverage B -	**Employer's Liability** Limits of $1,000,000 bodily injury per accident/employee; $1,000,000 bodily injury per disease/employee; $1,000,000 policy by disease.
Extensions of Coverage -	Other State Endorsement Voluntary Compensation** United States Longshoreman's & Harborworkers' Act** Jones Act** A Sixty (60) day written notice of cancellation, non-renewal or Material change Amendment Notice of Occurrence ** To be included if Exposure Exists

Each Contractor, regardless of tier, will receive an insurance policy (at no cost to the Contractor/subcontractor) evidencing Workers' Compensation Coverage provided under this CCIP. However, each contractor and subcontractor shall have a mandatory duty to provide monthly Project payroll. If payroll information is not received as required, Construction Manager may delay payments.

Within two (2) days of any injury or illness to any employee of the Construction Manager or any enrolled Contractor arising out of, or alleged to have arisen out of or during the course of Work performed on the Project or at the Site shall provide a copy of the "Employer's First Report of Injury" or its equivalent both to:

Cathie McGrath,Vice President - Claims
Allied North America/Project Technologies International LLC
516-733-9288 phone, 516-704-6808 fax
cmcgrath@alliedna.com

(2) **ON-SITE COMMERCIAL GENERAL LIABILITY INSURANCE ***

Occurrence Form including:

Coverage A -	Bodily Injury & Property Damage
Coverage B -	Personal & Advertising Injury

Coverage C - Medical Payments

Limits of Liability (Limits Reinstated Annually-Except for Extended Completed Operations)

General Aggregate (Other than Products/Completed Operations)	$4,000,000
Products/Completed Operations	$4,000,000
Personal & Advertising Injury	$2,000,000
Each Occurrence Limit	$2,000,000
Fire Damage Legal Liability	$ 100,000
Medical Payments	$ 5,000

This insurance provides contractual liability, premises operations, products/completed operations, explosion, collapse and underground coverage, severability of interests provision and a waiver of subrogation. This policy also provides an Extended Products/Completed Operations – for three (3) years after final acceptance by the Construction Manager or three(3) years after the entire Project is placed into operation subject to available limits of liability.

Each Contractor and subcontractor thereof regardless of tier will receive a Certificate of Insurance evidencing coverage provided under this CCIP.

(3) **EXCESS INSURANCE ***

In addition, limits of $100,000,000 Each Occurrence / $100,000,000 Annual Aggregate will be provided. This insurance will contain three (3) years Extended Products/Completed Operations Coverage.

Construction Manager assumes no responsibility for any liability excess of the above policy limits stated. Contractor and subcontractors of every tier may purchase such additional limits, as it deems necessary for its own account, and at its own expense.

Each Contractor and any subcontractor thereof regardless of tier will receive a Certificate of Insurance evidencing coverage provided under this program.

*** Total Limits of Liability available for all participants.**

(4) **BUILDER'S RISK:**

Unless Contractors are notified to the contrary, Owner will purchase and maintain a standard Builder's "All Risk" Insurance Policy in a completed value form, subject to the exclusions, limitations, terms and conditions of the policy. The policy will cover the Work to be performed under this Agreement and the Contracts. The Builder's Risk Insurance Policy will cover all material and equipment that is to be or may be a permanent part of the completed building as part of the Project, only from the time such material and equipment is installed.
All Contractors are responsible for insuring material and equipment on their own account until such materials and equipment are installed. The Builder's Risk Insurance policy will not

cover Contractors' temporary structures, hoists, sheds, crane rentals, etc., or Contractors' materials, supplies, tools or equipment, or any other property not destined to become a permanent part of the completed building as part of the Project, whether owned or rented, or Contractor's materials and equipment while stored at off Site storage locations or while in transit to the Site, and the Contractors shall be solely responsible for such items and shall make the Indemnitees (as defined in this Agreement and Contracts) additional insureds in connection therewith.
The policy (ies) for such insurance shall be secured and maintained by the Owner in a form and amount determined by the Owner. The Owner, Construction Manager, and Contractors of all tiers hereby agree to waive all subrogation rights against each other.

C. **POLICY PERIOD**

The policy period is effective on the start date of the Work on the Site and will expire on the annual expiration date of the CCIP policy. If the Work has not been completed, a renewal policy/certificate of insurance may be issued and forwarded and forwarded failing which all enrolled Contractors/subcontractors shall be required to provide directly the coverages required in Section II hereof.

D. **COVERAGE EXPIRATION:**

Except for completed operations, it is intended the insurance furnished by the Construction Manager under this Agreement will discontinue for each Contractor upon certified completion of their respective Work and final acceptance of such Work by Construction Manager.

The CCIP may also be discontinued in the event the Project is substantially delayed for an extended period of time or the Project is terminated for any cause.

E. **AVAILABILITY OF COVERAGE:**

Subject to market availability all insurance specified herein shall be maintained continuously until the final completion of the Project as certified by the Architect and SLCE and until accepted or approved by the Construction Manager. All insurance shall provide for the Construction Manager to take occupancy of the Project or any part thereof during the term of said insurance. If coverage is diminished or cannot be renewed due to market constraints and limitations, all insured Contractors will be notified within 30 days of cancellation or non-renewal period provided in the policies.

In the event Contractors must subsequently provide their own insurance coverage, either due to market constraints or when completing "punch list" items (This does not apply if a Contractor has to return to perform Warranty Work-You will provide your own insurance as required within this contract) after the CCIP coverage has officially been discontinued, then, Contractors shall comply with Contractor's Insurance Program as set forth in Section II and obtain replacement insurance under the provisions of such Section II and, notwithstanding anything to the contrary contained in this Agreement, including but not limited to Section II

below, the cost of such replacement insurance shall be determined using the rates indicated on the enrollment forms and reimbursed by Construction Manager. Written evidence of such replacement insurance coverage shall be provided to the Construction Manager.

II. CONTRACTOR INSURANCE PROGRAM-Applies to Contractors Not Enrolled in the CCIP and enrolled contractors for verification of Off-Site coverage.

This section applies to those Contractors enrolled in the CCIP for the purpose of furnishing off-site certificates as required by contract as well as those contractors of every tier not enrolled in the CCIP.
With respect to any activities of Contractors off-Site or in the event that any Contractor is engaged as a supplier, material vendor, trucker, and/or operator whose employees perform any work off the Site or which are engaged solely in loading, unloading, or hauling of equipment, supplies or materials, or in the event that the CCIP or any portion thereof shall not apply to any Contractor or the Work, or with respect to any materials of Construction Manager which are stored off-Site by any Contractor, or, in the event Contractor participation in the CCIP is excluded, terminated, suspended or the entire program is canceled, then such Contractors must provide the insurance coverage set forth in the Contractor Insurance Program as outlined in this Section II which must apply on an on-Site and off-Site basis.

To the extent Contractors are obligated to comply with the Contractor Insurance Program, then prior to commencement of any Work under this Agreement or the Contracts and until all obligations under this Agreement or the Contracts are fulfilled, Contractors and each and every contractor and subcontractor thereof, as the case may be, shall, at its sole expense, maintain the following insurance on its own behalf, and furnish to the Construction Manager, **at least two (2) weeks prior to the commencement of this Agreement or the Work under the Contract, as the case may be, certificates of insurance evidencing same and reflecting the effective date of such coverage along with a copy of the additional insured endorsement, as follows:**

The term "Contractor" and/or "subcontractor" as used in this Section II, shall mean and include Contractors and subcontractors of every tier.

A. Worker's Compensation and Occupational Disease Insurance in accordance with the applicable law or laws:

Coverage A - Statutory Benefits
Liability imposed by Worker's Compensation and/or Occupational Disease Laws of the State of New York AND any other Governmental Authority having jurisdiction for the work performed at the Project Site.

Coverage B - Employer's Liability
Limits of $500,000 bodily injury per accident/employee; $500,000 bodily injury per disease/employee; $500,000 policy by disease.

Extensions of Coverage -Other State Endorsement
Voluntary Compensation**
United States Longshoreman's & Harborworkers' Act**

Jones Act**

Within two (2) days of any injury or illness to any employee of the Construction Manager or Contractor arising out of, or alleged to have arisen out of or during the course of Work performed on the Project or at the Site the Construction Manager and the Contractor, shall provide a copy of the "Employer's First Report of Injury" or its equivalent, to Ms. Cathie McGrath of Project Technologies International, 390 North Broadway, Jericho, New York, NY 11753.

B. Commercial General Liability Insurance (which may include in part Excess Liability Insurance) with a combined Bodily Injury and Property Damage limit of not less than Ten Million ($10,000,000.00) Dollars per occurrence and in the aggregate. The aggregate must be applicable on a per project basis. Coverage must include the following perils (The limit may be provided through a combination of Primary and Umbrella/Excess Liability policies acceptable to Construction Manager.):

1. Broad Form Contractual Liability covering all Indemnity Agreements, including Trade Contract, Article XXX Indemnification" and all other Written Contracts relative to the Project.

2. Completed Operations/Products Liability with the provision that coverage shall extend for a period of at least three (3) years from Project Completion.

3. Broad Form Property Damage.

4. "XC&U" Perils, where applicable.

5. Personal Injury Liability (A, B & C).

6. Independent Contractors.

7. Additional Insured Endorsement (CG2010 or its equivalent) must be furnished reflecting the inclusion of the interests of all Indemnitees and their respective parent companies, corporations and/or partnerships and their owned, controlled, affiliated, associated and subsidiary companies, corporations, and/or partnerships and the respective agents, consultants, principals, partners, servants, officers, stockholders, directors and employees of each and all other Indemnitees named in the Trade Contract and such other entities as may be designated by Construction Manager as Additional Insureds.

8. Coverage is to be endorsed to reflect that the insurance provided is to be primary for the Construction Manager, and all other Indemnitees named in this Agreement.

9. Coverage is to be provided on an "occurrence" basis with carriers licensed and admitted to do business in the State of New York or otherwise acceptable to the Construction Manager.

10. Waiver of Subrogation in favor of all Additional Insureds.

C. Commercial Automobile Liability Insurance covering the use of all Owned, Non-Owned, Leased, and Hired Vehicles with a combined Bodily Injury and Property Damage Limit of at least Five Million ($5,000,000) Dollars. (The limit may be provided through a combination of Primary and Umbrella/Excess Liability policies acceptable to Construction Manager.)

The Construction Manager, its parent company and/or corporations and/or partnerships and their owned, controlled, affiliated, associated, and subsidiary companies, corporations, and/or partnerships and their respective agents, consultants, principals, partners, servants, officers, stockholders, directors, and employees of each an all other Indemnities named in the Trade Contract and such other entities as may be designated by Construction Manager shall be included as additional insureds.

D. New York State Disability Benefits - Statutory

E. Contractor Construction Equipment Insurance

Any policies maintained by the contractors of every tier on its owned and/or rented equipment and materials shall contain a provision permitting the insurance carriers to waive their rights of subrogation against the Construction Manager, Construction Manager's Agent and all other Indemnitees named in this Agreement.

F. Aviation Insurance

In the event any fixed wing or rotary aircraft are used in connection with this Agreement and/or in the performance of the Work, separate insurance requirements provided by Construction Manager shall be set forth in a separate agreement between the parties.

G. Any type of insurance or any increase of limits of liability not described above which the Contractor requires for its own protection or on account of statute shall be its own responsibility and at its own expense.

H. The above insurance (other than Professional Liability Insurance) shall each contain the following wording for additional insureds:

I. 1. All of the above Insurance shall provide for a waiver of subrogation in favor of all Indemnitees and all of the parties listed as named additional insureds; provided, however, the Professional Liability Insurance waiver

shall only apply to the extent that, prior to a claim, the insured had a written agreement to waive such rights.

2. The Commercial General Liability Insurance and the Automobile Liability policy shall designate as Additional Insureds the Indemnitees and other parties otherwise designed by Construction Manager.

J. The amount of insurance contained in aforementioned insurance coverage, shall not be construed to be a limitation of the obligation or liability on the part of any Contractor or any of its subcontractors under the provisions of its Contract or at law.

K. Contractor's Responsibility

The aforementioned coverage in the Contractor Insurance Program outlined in this Section II as well as any other coverage that Contractor may consider necessary are the Contractor's sole responsibility and any deficiency in coverage or policy limits of the Contractor will be the sole responsibility of the Contractor.

In the event of failure of the Contractor to furnish and maintain said insurance and to furnish satisfactory evidence thereof, such failure shall constitute a breach of the Contract, and the Construction Manager shall have the right in addition to any other rights (but not the obligation), to immediately cancel and terminate the Contract, without any further costs to Construction Manager or, at Construction Manager's option, to take out and maintain the same insurance coverage for all parties on behalf of the Contractor, as the case may be, who agrees to furnish all necessary information thereof and to pay the cost thereof to the Construction Manager immediately upon presentation of a bill.

Certificates of insurance shall specifically cover and quote or make reference to the indemnity provisions in this Agreement.

Any type of insurance or any increase in limits of liability not described above which the Contractor requires for its own protection or on account of statute shall be its own responsibility at its own expense.

L. Contractors and all others designated by the Construction Manager hereby waives all rights of recovery, claims, actions or causes of action, against each other for any loss or damage to property that is covered by the insurance described above or would have been covered had the Contractors complied with the provisions of such requirements. Any policies effected by the Contractors on its Owned and/or Rented Equipment and Materials shall contain a provision or be endorsed in a manner whereby the insurance carriers permits such a waiver of subrogation.

M. All deductibles and self-insured retention amounts must be acceptable to and approved in writing by the Construction Manager.

N. Except as otherwise provided it is expressly agreed and understood that the cost of premiums for insurance maintained by the Subcontractor shall be at their own expense and shall not be reimbursed by Construction Manager.

Q. It is hereby understood that any insurance provided by Contractor shall be primary insurance and shall not be considered contributory insurance with any insurance policies of the Owner, Construction Manager and any of the other Indemnitees.

R. Any and all deductibles in the above-described insurance policies shall be assumed by, for the account of and at the Contractor's sole risk as the case may be.

S. By so specifying, Construction Manager may require additional types of insurance. Construction Manager shall reimburse the premiums for such required additional insurance, without mark-up.

T. Should the Contractor engage a subcontractor for any purpose in connection with the Work, then the Insurance Program and Requirement under this Agreement will apply to each subcontractor, and, the subcontractor shall be required to maintain the same coverage with the same limits of liability set forth herein. Copies of certificates of insurance along with a copy of the additional insured endorsement for lower-tier subcontractors must be filed with the Construction Manager at least two (2) weeks prior to that subcontractor entering the Site. Failure to provide evidence of such insurance can be result in the subcontractor being directed to leave the Site until proper coverage is verified. Any cost of resulting delay will be to the account of the "Contractor:".

III. PREMIUM AUDIT-RECORDS & INFORMATION

The Contractor and subcontractor of every tier for whom insurance is provided by the CCIP is required to maintain payroll records of Site employees. These records will serve two purposes:

A. Provide the information needed to determine the insurance premium to be paid by the Construction Manager for the Work performed at the Site.

B. Serve the same purpose for the contractor's regular insurance company in determining such payroll when making its audit for earned premium under the Contractors' or subcontractors' regular insurance.

a. General Instructions

1. Records must be maintained by class of work to show the actual amount earned as well as by separate contract job numbers, if applicable.

2. The previous month's net payroll for all Site employees after making proper deductions for excess overtime earnings shall be

reported monthly by classification of work. Contractors and subcontractors shall submit three (3) copies of this report to the Construction Manager's Representative together with each Payment Requisition. The Construction Manager will submit the Contractors and subcontractors' report along with its own report to the broker on a monthly basis. Failure to provide required information may result in suspension of payment.

3. Copies of these records must be maintained at the Site office of the Contractor or subcontractor or at its nearest permanent office for physical audit or verification by the insurer.

4. All necessary payroll forms will be provided to the Contractors and subcontractors. Additional copies of these forms will be available from the broker or photocopies may be used.

b. Whose Payroll to Report

Only the payroll of Contractor or subcontractor employees who perform their principal duties at or emanating directly from the Site should be included on Contractor's or subcontractor's monthly payroll report. Site employees who have duties elsewhere (other than any permanent location of the Contractor or subcontractor) that are considered incidental to and directly related to their Site assignments are also covered by the Construction Controlled Insurance Program. Thus no deduction from a Site employee's payroll will be made for incidents during which the employee works elsewhere (other than any permanent location of Contractor or subcontractor) directly in connection with the work.

The following are examples of Non-Site employees whose payroll should not be included:

1. Permanent yard and shop employees away from the Site.

2. Equipment maintenance employees not exclusively engaged in servicing equipment at the Site (even though working on equipment which may be used exclusively on the Site), and who, as part of their regular duties, are not assigned to this project.

3. Executive supervisors who are simultaneously responsible for Contractor's or subcontractor's other work as well as work being performed on the Project.

4. Headquarters and administrative staff not performing their principal duties at the Site.

c. Payroll Classification and Limits

Payroll Classification - The rules and regulations of the National Council on Compensation Insurance Manual govern all classification assignments. Classifications shown on the policy or by endorsement shall be used for classifying payroll. If Contractor or subcontractor performs Work not described by such classification, an explanation or non-classified work and payroll expended when making regular payroll reports shall be included.

Overtime - The payroll shown on the monthly payroll report will be that which is developed by the application of the standard or regular rate of pay to the hours worked. The excess or premium portion paid for time and a half or double time is to be excluded. Contractor or subcontractor shall maintain adequate records to show, by classification, the allocation of payroll between the total hours worked at straight time and the amount of premium paid for overtime.

d. Payroll Audits

1. Physical payroll audits of Contractors' or subcontractors' records, as distinguished from monthly payroll reporting, will be made upon the request of Construction Manager or its Agents.

2. Contractors and subcontractors of every tier shall cooperate with any audit requests.

IV. PROJECT SAFETY & LOSS CONTROL REQUIREMENTS

Construction Manager has established a primary goal that all construction activities shall maintain a "ZERO" level of accidents, injuries, and claims for the mutual benefit of the trades, employees, environment, general public, Owner, Construction Manager's Agent. As such, Contractor and all subcontractors, in coordination with the Construction Manager's field management team shall implement measures, which will create a safety awareness that will promote safe work practices at the job site level and pursue objectives in the safest possible manner.

This Project shall have safety and loss control requirements and provisions established and must be followed by Contractor and all persons acting on behalf of Contractor. Contractor and subcontractors are required to become fully familiarized with the Project loss control requirements. These Project loss control requirements are critical to the successful management of loss prevention and will be strictly enforced. Specific conditions for the Project loss control are set forth on Rider #3 annexed hereto.

Construction Manager reserves the right to impose safety and loss control. Non-compliance with these Project loss control requirements will be considered the same as non-compliance with any other provisions of the Trade Contract.

The intent of the Project safety and loss control requirements is to enhance and supplement the Safety and Health Standards, which are required by the Trade Contract, and by State, and Federal OSHA regulations, which are applicable to work, performed on the Project. As such, to the fullest extent required, each Contractor shall assume full responsibility for safety in all phases of their work and agree to comply with applicable Legal Requirements, as well as the CCIP safety requirements.

Construction Manager and/or agents on its behalf, reserves the right to "Stop Work", when serious defective conditions, unsafe work activities or life threatening hazards are identified and if deemed necessary, remove from the project those Contractor's employees in blatant, willful or repeat violation of these requirements, in such cases the Contractor will assume full liability for any additional cost incurred whether by Construction Manager or the Contractor.

The Construction Manager, at its discretion, will designate an individual to act in its behalf in all matters relating to work site safety and health. This person will have "Stop Work" authority for the Project site.

INSURANCE RIDER

Specific Conditions:

The success of the CCIP is realized when accidents are eliminated or at the very least minimized on a construction site. Realizing that success does not happen by chance, a commitment to implementing and enforcing a proactive safety culture from all parties involved is required. Experience has shown us that most successful projects have been those in which many of the following conditions have been incorporated into the program. These conditions do not mean to be all-inclusive, however, implementation of these conditions will undoubtedly enhance the safety culture of the project and reduce job site accidents.

1. The Construction Manager or its representative may provide a Job Specific Safety Program (JSSP) for this project. The JSSP will outline the scope of work for each operation of the project, the method of construction, any special equipment that will be used to perform this operation (i.e., scaffolding, cranes, etc.), identification of potential safety exposures to Contractor's employees as well as the general public and identification of these exposures. The JSSP will also contain the Construction Manager's policy statement regarding safety, program objectives, responsibility of the Construction Manager's field management personnel regarding safety on the project, disciplinary action for violation of safety rules, hazard communication program and general safety & health requirements which state that the Contractor shall comply with all Federal, State and local safety requirements as a minimum.

2. Contractors shall supply to the Construction Manager a job task safety analysis. Task analysis shall consist of an outline of the Contractors' scope of work, any special equipment involved with their operation (i.e., scaffolding, cranes, etc.), potential safety exposures to their workers as well as the general public and controls that will be implemented and enforced to control or eliminate these exposures.

3. The Contractor will cooperate with the insurance provider regarding the safety program for this project. The contractor's designated person must have a thorough understanding of the JSSP.

4. The Construction Manager or its representative shall meet with the Contractors prior to the start of the Contractors' operations to review the Contractors' safety task analysis and to ensure that the Contractor understands what the Construction Manager expects regarding safety on this project.

5. The Contractor shall conduct weekly safety meetings with their foremen. These safety meetings shall be documented and signed by those in attendance and held for review.

6. The Contractors shall have weekly safety toolbox meetings with their respective crews. Copies of the minutes of these meetings shall be submitted to the Construction Manager representative and kept on file for review.

8. All accidents must be reported. The Contractor whose employee was injured must complete an accident investigation form. This accident investigation form must be submitted to the Construction Manager or its agents within 24 hours of the accident.

9. If required by Construction Manager, this project will maintain and enforce a 100% fall management program at heights exceeding six (6) feet (or such other height as Construction Manager determines) for all trades including steel erection. There will be no exception to this requirement. Failure to comply with this requirement will result in the removal of the worker in violation with this requirement. No worker will be allowed to work at heights in excess of six (6) feet (or such other height as Construction Manager determines) without a personal fall arrest system, guardrails or safety net system. If a Contractors' operation involves work at heights in excess of six (6) feet (or such other height as Construction Manager determines), the method of fall management that will be utilized to control this exposure shall be outlined in depth in the JSSP and/or task safety analysis.

10. Crane picks must be engineered. Plans must indicate the size of the crane, crane setup, including location of the crane, boom length and radius of the picks, size and weight of the picks and calculations indicating that the load being hoisted is within the safe working area of the crane's load chart.

11. All crane operators must be licensed and certified to operate the crane to which they are assigned. This documentation must be presented to the Site Safety Manager prior to commencing the operation.

12. All cranes coming onto the project must have a thorough and complete safety inspection checklist accompany the crane onto the project.

EXHIBIT Q

TENANT'S INSURANCE REQUIREMENTS

A	Insurance Limits and forms:
1	**General Liability:** **A.** Simplifies Occurrence Form CG0001. Claims Made is not acceptable **B.** General Liability limits of $50,000,000 each occurrence/$50,000,000 Personal and Advertising Injury/Products Completed Operations $50,000,000/$50,000,000 aggregate. (The increased limits can be evidenced by an Umbrella policy). **C.** Additional Insured endorsement including completed operations covering additional insureds listed below. Form CG2005 1185 is acceptable with wording to indicate that coverage is on a primary basis for all additional insureds. Also Item 2 of endorsement relating to construction operations should be deleted **D.** Broad Form Contractual Liability for liability assumed under this contract and all other contracts relative to this project **E.** Any deductibles or self insured retentions excess of $50,000 must have written approval of acceptance from the Landlord **F.** Coverage should include XCU; Subsidence; Independent Contractors; Waiver of subrogation in favor of additional insureds as requested
2	**Automobile:** **A.** Coverage must be provided for all the automobile exposure for both liability and physical damage to cars parked in garage. As long as this is a self-parking facility, this coverage can be evidenced by the general liability coverage noted above. **B.** The liability limit for the garage liability should be $10,000,000 each occurrence. The physical damage to vehicles parked on premises should be a minimum of $35,000 per unit/$1,000,000 per occurrence, covered under a garage keepers liability policy.
3	**Workers Compensation and Employers Liability (if Tenant has employees):** **A.** Workers Compensation Inc compliance with the labor code of the State of New York. **B.** Employers Liability limits must be $500,000/$500,000/$500,000
4	**Property Insurance/Builders Risk:** Tenant shall maintain the following property insurance: A. Insurance covering building (including without limitation equipment, boiler and machinery) against loss or damage in an amount equal to 100% of the full insurable value. The form shall be written on ISO CP0010 or better. B. Rent Insurance against loss of annual income resulting from a property loss until such time as all payments required under Section 3.01 have been paid. C. Coverage must be written on a replacement cost basis with no co insurance provision. D. Any deductibles or self insured retentions excess of $50,000 must have the written approval of acceptance from landlord E. The following shall be included as endorsements on the property policy 1. Flood and Earthquake coverage for $10,000,000. 2. Waiver of subrogation in favor of landlord 3. Ordnance of Law Coverage in an amount of no less than $5,000,000

EXHIBIT R

LEGAL DESCRIPTION FOR THE LOCATION OF THE TENNIS COURTS

Commencing at a point having a coordinate of N 16359.886 , E 19540.581 in the Roosevelt Island Coordinate System as per a plan supplied by the Roosevelt Island Operating Corporation entitled " Roosevelt Island Master Plan Prepared by Topo-Metrics, Inc, Hauppage, NY " Sheets 3 of 15 and 4 of 15, and running,thence;

1. South 55°43'40" East, a distance of 153.94 feet to a point; thence
2. South 34°16'16" West, a distance of 250.00 feet to a point; thence
3. North 55°43'44" West, a distance of 160.43 feet to a point; thence
4. North 34°16'24" East, a distance of 246.53 feet to a point; thence
5. South 83°53'37" East, a distance of 7.35 feet to a point to the Point of Beginning.

Encompassing an area of 0.920 acres, more or less.

EXHIBIT S

LEGAL DESCRIPTION FOR THE LOCATION OF THE PARK FACILITIES

Commencing at a point having a coordinate of N 16706.776 , E 19211.772 in the Roosevelt Island Coordinate System as per a plan supplied by the Roosevelt Island Operating Corporation entitled " Roosevelt Island Master Plan Prepared by Topo-Metrics, Inc, Hauppage, NY " Sheets 3 of 15 and 4 of 15, and running,thence;

1. South 50°53'09" East, a distance of 29.08 feet to a point; thence
2. South 34°15'22" West, a distance of 88.71 feet to a point; thence
3. South 55°44'06" East, a distance of 101.51 feet to a point; thence
4. South 10°45'54" West, a distance of 23.99 feet to a point; thence
5. South 55°44'06" East, a distance of 30.07 feet to a point; thence
6. South 10°45'54" West, a distance of 24.98 feet to a point; thence
7. South 79°14'06" East, a distance of 11.50 feet to a point; thence
8. South 10°45'54" West, a distance of 82.43 feet to a point; thence
9. South 79°14'06" East, a distance of 12.62 feet to a point; thence
10. South 34°15'54" West, a distance of 66.05 feet to a point; thence
11. North 55°44'05" West, a distance of 17.50 feet to a point; thence
12. South 34°16'59" West, a distance of 99.96 feet to a point; thence
13. North 57°15'26" West, a distance of 56.73 feet to a point; thence
14. North 57°20'42" West, a distance of 30.39 feet to a point; thence
15. Along a curve to the left, having an arc distance of 66.27 feet, a radius of 70.00 feet and a central angle of 54°14'37" and being subtended by a chord which bears North 84°28'01" West 63.82 feet to a point; thence
16. North 55°43'44" West, a distance of 28.05 feet to a point; thence
17. North 13°38'10" East, a distance of 115.21 feet to a point; thence
18. North 19°58'59" East, a distance of 29.64 feet to a point; thence
19. North 26°15'32" East, a distance of 40.08 feet to a point; thence
20. North 25°18'22" East, a distance of 29.17 feet to a point; thence
21. North 26°54'34" East, a distance of 50.77 feet to a point; thence
22. North 28°23'43" East, a distance of 50.79 feet to a point; thence
23. North 29°03'01" East, a distance of 34.42 feet to a point; thence
24. North 31°49'53" East, a distance of 32.68 feet to a point; thence
25. Along a curve to the right, having an arc distance of 44.51 feet, a radius of 26.94 feet and a central angle of 94°39'49" and being subtended by a chord which bears North 78°46'56" East 39.62 feet to the Point of Beginning.

Encompassing an area of 1.503 acres, more or less.

EXHIBIT T

PARKING PLAN

EXHIBIT T SURFACE PARKING PLAN

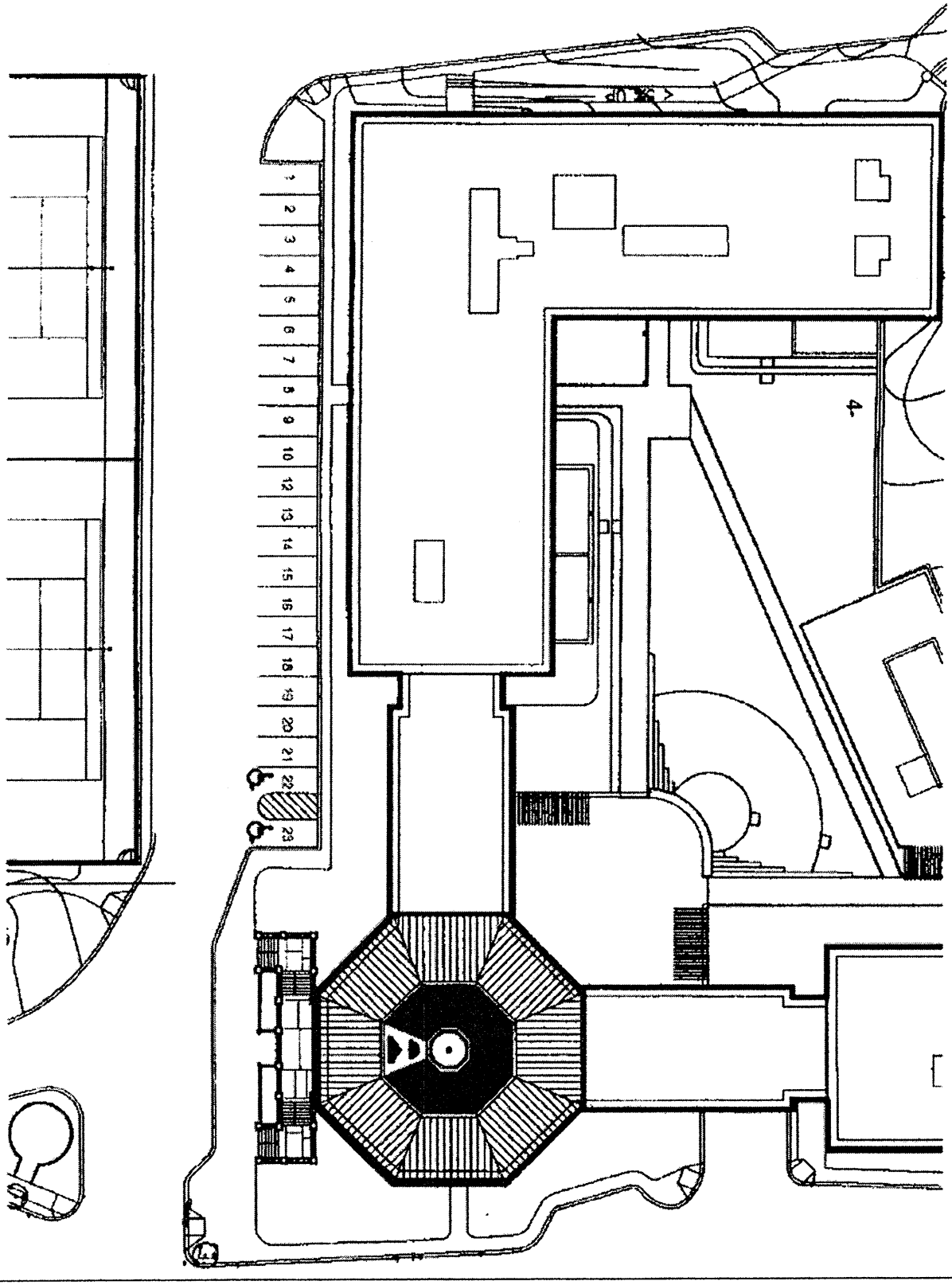


EXHIBIT T INDOOR PARKING PLAN

