AGREEMENT OF LEASE

between

BATTERY PARK CITY AUTHORITY,
Landlord

and

HUDSON VIEW TOWERS ASSOCIATES,
Tenant

Premises
Site G

Battery Park City--Residential Phase II
New York, New York

Dated as of December 6, 1984

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AGREEMENT OF LEASE made as of the 6th day of December, 1984, between BATTERY PARK CITY AUTHORITY ("Landlord"), a body corporate and politic constituting a public benefit corporation of the State of New York having an office at 40 West Street, New York, New York 10006, and HUDSON VIEW TOWERS ASSOCIATES ("Tenant"), a joint venture composed of WZ Hudson View Corp., WW View Associates and Hudson View Towers Corporation, having an office c/o The Zeckendorf Company, 502 Park Avenue, New York, New York 10022.

WITNESSETH:

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

ARTICLE 1

DEFINITIONS

The terms defined in this Article 1 and in Article 42 shall, for all purposes of this Lease and all supplemental agreements referring hereto, have the following meanings and the meanings set forth in Article 42.

"Abatement Period" shall have the meaning provided in Section 3.01(f).

"Additional Rent" shall have the meaning provided in Section 3.01(d).

"Adjusted Tax Equivalent" shall have the meaning provided in Section 3.02(b).

"Affiliate" shall mean in the case of any Person (hereinafter defined), a corporation, partnership, tenancy-in-common or other business entity or individual which, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of the foregoing definition, "control" (including "control by" and "under common control with") shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management policies of the entity in question, whether through the ownership of voting securities, partnership interests, or by contract or otherwise.

"Apartment Corporation" shall have the meaning set forth in the Cooperative Plan (hereinafter defined).

"Approved Remedies" shall have the meaning provided in Section 26.04(a).

"Architect" shall mean Conklin and Rosant, or a successor who shall have been approved by Landlord, which approval shall not be unreasonably withheld.

"Base Rent" shall have the meaning provided in Section 3.01(a).

"Buildings" shall mean all the buildings (including footings and foundations), Equipment (hereinafter defined) and other improvements and appurtenances of every kind and description hereafter erected, constructed, or placed upon the Land (hereinafter defined) including, without limitation, Capital Improvements (hereinafter defined), and any and all alterations and replacements thereof, additions thereto and substitutions therefor, excluding, however, Landlord's Civic Facilities and Service Road (each as hereinafter defined).

"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.

"Certificate of Occupancy" shall mean a certificate of occupancy issued by the Department of Buildings of New York City (hereinafter defined) pursuant to Section 1804 of the New York City Charter or other similar certificate issued by a department or agency of New York City.

"Civic Facilities" shall have the meaning provided in Section 26.01(a).

"Civic Facilities Budget" shall have the meaning provided in Section 26.05(b).

"Civic Facilities Drawings and Specifications" shall have the meaning provided in Section 26.01(a).

"Civic Facilities Payment" shall have the meaning provided in Section 26.05(a).

"Commencement Date" shall mean the date of this Lease.

"Commencement of Construction" shall mean the date upon which on-site construction of the Buildings shall commence, including any excavation or pile driving but not including test borings, test pilings, surveys and similar pre-construction activities.

"Completion of Foundations" shall mean the excavation of the Land and construction or installation of piles, pile caps and exterior foundation walls.

"Completion of the Buildings" shall mean the issuance of a permanent Certificate or Certificates of Occupancy for all of the Buildings and (i) if the Premises (hereinafter defined) shall be used for rental purposes, the actual occupancy by bona fide Subtenants (hereinafter defined) under valid Subleases (hereinafter defined) of eighty percent (80%) of the rentable residential apartments or (ii) if Tenant's estate in the Premises shall have been submitted to a cooperative form of ownership (x) satisfaction by Tenant of the provisions of Section 10.01 (e)(i), (y) the assignment by Tenant of its interest in this Lease to the Apartment Corporation and (z) closings of the sale by Tenant (or any holder of unsold shares) of thirty-five percent (35%) of the Cooperative Apartments to bona fide purchasers pursuant to purchase or subscription agreements theretofore delivered to Landlord or (iii) if Tenant's estate in the Premises shall have been submitted to a condominium form of ownership, closings of the Initial Unit Transfers (as hereinafter defined).

"Cooperative Apartment" shall mean each apartment identified in the Cooperative Plan (hereinafter defined).

"Cooperative Plan" shall mean the plan to submit Tenant's leasehold estate in the Premises to cooperative ownership together with all amendments, modifications and supplements thereto.

"Construction Agreements" shall mean agreements for construction, Restoration (hereinafter defined), Capital Improvement, rehabilitation, alteration, repair or demolition performed pursuant to this Lease.

"Construction Commencement Date" shall mean April 1, 1985.

"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, N.Y. - Northeastern N.J. Area, All Items (1967 =100), or any successor index thereto, appropriately adjusted; provided that if there shall be no successor index and the parties shall fail to agree upon a substitute index within thirty (30) days, or if the parties shall fail to agree upon the appropriate adjustment of such successor or

substitute index within thirty (30) days, a substitute index or the appropriate adjustment of such successor or substitute index, as the case may be, shall be determined by arbitration pursuant to Article 36.

"Declaration of Easement" shall mean the Declaration of Easement dated as of March 23, 1984 executed by Landlord and recorded in the Office of the City Register, New York County on March 28, 1984 in Reel 778 at page 56.

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

"Deficiency" shall have the meaning provided in Section 24.04(c).

"Depository" shall mean any Person who would qualify as an Institutional Lender (hereinafter defined) who is designated by Tenant (subject to the consent of Landlord which consent shall not be unreasonably withheld) to serve as Depository pursuant to this Lease, provided all funds held by the Depository pursuant to this Lease shall be held in New York City.

"Design Guidelines" shall mean the "Design Guidelines for the South Residential Area of Battery Park City", dated April, 1981, as the same may hereafter be amended.

"Due Date" shall mean, with respect to an Imposition (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.

"Enclosure of Buildings" shall mean that all masonry, perimeter walls and window frames with glazing have been substantially completed from the third floor to the top floor of the Buildings, except temporary exterior elevator and/or hoist cut-outs and renting office access stairs and entrance.

"Equipment" shall mean all fixtures incorporated in the Premises (hereinafter defined), including, without limitation, (i) all machinery, dynamos, boilers, heating and lighting equipment, pipes, pumps, tanks, motors, air conditioning compressors, pipes, conduits, fittings, ventilating and communications apparatus, elevators, escalators, incinerators, garbage compactors, antennas, computers, sensors,

and (ii) laundry equipment and refrigerators, stoves, dishwashers and other major kitchen appliances except to the extent any of the foregoing shall be owned by Subtenants, Tenant-Stockholders, Unit Owners or contractors engaged in maintaining the same.

"ERS" shall have the meaning provided in Section 26.01(a).

"Esplanade" shall have the meaning provided in Section 26.01(a).

"Esplanade Budget" shall have the meaning provided in Section 26.05(b).

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

"Expiration Date" shall have the meaning provided in Article 2.

"First Appraisal Date" shall have the meaning provided in Section 3.01(e).

"Governmental Authority (Authorities)" shall mean the United States of America, the State of New York, New York City and any agency, department, 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.

"Impositions" shall have the meaning provided in Section 4.01.

"Indemnitees" shall have the meaning provided in Section 19.01.

"Initial Occupancy Date" shall have the meaning provided in Section 26.05(a).

"Institutional Lender" shall mean a savings bank, a savings and loan association, a commercial bank or trust company (whether acting individually or in a fiduciary capacity), an insurance company organized and existing under the laws of the United States or any state thereof, a religious, educational or eleemosynary institution, a federal, state or municipal employee's welfare, benefit, pension or retirement fund or any combination of Institutional Lenders; provided, that each of the above entities shall qualify as an Institutional Lender within the provisions of this Sec-

tion only if it shall (a) be subject to (i) the jurisdiction of the courts of the State of New York in any actions and (ii) the supervision of (A) the Comptroller of the Currency of the United States or the Insurance Department or the Banking Department or the Comptroller of the State of New York, or the Board of Regents of the University of the State of New York, or the Comptroller of the City or (B) 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, and (b) have net assets of not less than $250,000,000.

"Involuntary Rate" shall mean the Prime Rate (hereinafter defined) plus 2% per annum but, in no event, in excess of the maximum permissible interest rate then in effect in the State of New York.

"Land" shall mean the land described in Exhibit "A" annexed to this Lease and made a part hereof.

"Land Tax Equivalent" shall mean for any Tax Year, the product obtained by multiplying (i) the assessed value of the Land in effect for the Tax Year preceding the Commencement of Construction (without regard to any exemption or abatement from real property taxation in effect prior to such Commencement of Construction) times (ii) the tax rate applicable to comparable real property situated in the Borough of Manhattan in effect for the Tax Year in which the payment is made. Notwithstanding the foregoing, Landlord and Tenant agree that the total assessed value of the Land in effect for the Tax Year preceding the Commencement of Construction, as provided in clause (i) above, is $544,455.

"Landlord", on the date as of which this Lease is made, shall mean Battery Park City Authority, but thereafter "Landlord" shall mean only the landlord at the time in question under this Lease.

"Landlord's Civic Facilities" shall have the meaning provided in Section 26.01(c).

"Landlord's Construction Obligations" shall have the meaning provided in Section 26.04(a).

"Landlord's Project Manager" shall have the meaning provided in Section 11.02(e).

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

"Lease Year" shall mean the twelve-month period beginning on the Commencement Date and each succeeding twelve-month period during the Term to, but not including the First Appraisal Date, and, following such date, the twelve-month period beginning on such date and each succeeding twelve-month period during the balance of the Term.

"Maintenance Obligations" shall have the meaning provided in Section 26.03(a).

"Maintenance Payment Period" shall have the meaning provided in Section 27.05(a).

"Master Development Plan" shall mean the plan annexed hereto as Exhibit "C", as the same may be hereafter amended.

"Master Landlord," on the date as of which this Lease is made, shall mean Battery Park City Authority, but thereafter, "Master Landlord" shall mean only the lessor at the time in question under the Master Lease.

"Master Lease" shall mean the Restated Amended Agreement of Lease, made as of June 10, 1980, between BPC Development Corporation, as landlord, and Battery Park City Authority, as tenant, a Memorandum of which was recorded on June 11, 1980 in the Office of the City Register, New York County in Reel 527 at page 163, as amended by First Amendment to Restated Amended Lease dated as of June 15, 1983 and recorded on June 20, 1983 in said Register's Office in Reel 696 at page 424, and Second Amendment to Restated Amended Lease dated June 15, 1983 and recorded on June 20, 1983 in said Register's Office in Reel 696 at page 432, and as the same may be hereafter amended.

"Mortgage" shall mean any mortgage which constitutes a lien on Tenant's interest in this Lease and the leasehold estate created hereby, provided such mortgage is held by (i) an Institutional Lender or (ii) a Person formerly constituting Tenant, or such Person's assignee, if such mortgage is made to such Person in connection with an assignment by it of its interest in this Lease. The term "Mortgage" shall not include a Unit Mortgage or Recognized Unit Mortgage (each as hereinafter defined).

"Mortgagee" shall mean the holder of a Mortgage. The term "Mortgagee" shall not include a Unit Mortgagee or Recognized Unit Mortgagee (each as hereinafter defined).

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

"Operating Costs" shall have the meaning provided in Section 26.05(a).

"Parcels" shall have the meaning set forth in Section 11.09.

"Payment Period" shall have the meaning provided in Section 26.05(b).

"Payments in Lieu of Taxes" and "PILOT" shall have the meaning provided in Section 3.02.

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

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

"Phase II" shall mean the Phase II Development of the Project Area, as such Phase II is delineated in the Design Guidelines.

"Plans and Specifications" shall mean the plans and specifications referred to in Section 11.02(c).

"Preliminary Plans and Specifications" shall mean the preliminary plans and outline specifications for the construction of the Buildings referred to in Section 11.02(b).

"Premises" shall mean the Land and Buildings.

"Prime Rate" shall mean, at any time or from time to time, the annual interest rate announced as the prime rate or base rate by Citibank, N.A. or its successors.

"Project Area" shall mean the premises demised to Landlord pursuant to the Master Lease.

"Reappraisal Date" shall have the meaning provided in Section 3.01(e).

"Rector Park" shall have the meaning provided in Section 26.01(a).

"Rector Park Budget" shall have the meaning provided in Section 26.05(b).

"Related Party" shall have the meaning provided in Section 27.05(b).

"Release Date" shall have the meaning provided in Section 3.08(b).

"Rent Control Sanction" shall have the meaning provided in Section 3.08(d).

"Rent Insurance" shall have the meaning provided in Section 7.01(a)(iv).

"Rent Officer" shall have the meaning provided in Section 3.08(c).

"Rent Program" shall have the meaning provided in Section 3.08(c).

"Rent Regulations" shall have the meaning provided in Section 3.08(a).

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

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

"Residential Esplanade" shall have the meaning provided in Section 26.05(b).

"Residential Parks" shall have the meaning provided in Section 26.05(b).

"Residential TCO" shall have the meaning provided in Section 3.02(b).

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

"Restoration Funds" shall have the meaning provided in Section 8.02(a).

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

"Road Completion Date" shall have the meaning provided in Section 27.02.

"Scheduled Completion Date" shall have the meaning provided in Section 11.04.

"Scheduled Completion Date for Foundations" shall mean eight (8) months from the Construction Commencement Date.

"Schematics" shall mean the schematic drawings referred to in Section 11.02(a) as such drawings may hereafter be amended or supplemented in accordance with the provisions of this Lease.

"Section 421-a" shall have the meaning provided in Section 3.08(a).

"Self-Help" shall have the meaning provided in Section 26.04(b).

"Service Road" shall have the meaning provided in Section 27.01.

"Service Road Maintenance" shall have the meaning provided in Section 27.04.

"Service Road Maintenance Cost" shall have the meaning provided in Section 27.05(a).

"Service Road Plans" shall have the meaning provided in Section 27.01.

"Settlement Agreement" shall mean the Settlement Agreement, dated as of June 6, 1980, between New York City and UDC, as supplemented by Letter, dated June 9, 1980, from Richard A. Kahan to Edward I. Koch, and as the same may be hereafter amended.

"Site C Lease" shall mean the Agreement of Lease bearing even date herewith made by and between Battery Park City Authority, as landlord and Hudson View Towers Associates, as tenant, covering that portion of the Project Area designated as "Site C", and all amendments, modifications and supplements thereof.

"Stabilization Association" shall have the meaning provided in Section 3.08(b).

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

"Substantial Completion of the Buildings" or "Substantially Complete(d)" shall have the meaning provided in Section 11.04.

"Substantial Completion of the Civic Facilities" or "Substantially Complete(d) the Civic Facilities" shall mean substantial completion of the construction and installation of Landlord's Civic Facilities substantially in accordance with the Civic Facilities Drawings and Specifications, except for the performance of minor unfinished work, provided such Civic Facilities can legally be used for the purposes for which it was intended.

"Substantial Completion of the Service Road" or "Substantially Complete(d) the Service Road" shall mean substantial completion of the construction and installation of the Service Road, substantially in accordance with the Service Road Plans, except for the performance of minor unfinished work, provided such Service Road can legally be used for the purposes for which it was intended.

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

"Supplemental Rent" shall have the meaning provided in Section 3.01(b) hereof.

"Tax Equivalent" shall mean the product obtained by multiplying (a) the assessed value upon which real estate taxes would be based if the Premises were not exempt from such taxes (i.e. the lesser of the actual or transitional assessed value) of the Premises for the Tax Year by (b) the tax rate applicable to comparable real property situated in the Borough of Manhattan for such Tax Year, provided that for the ten (10) Tax Years commencing with the Tax Year next succeeding the Tax Year in which the Residential TCO is issued, such assessed value of the Premises for purposes of this calculation shall be reduced by $544,455 (without regard to any exemption or abatement from real property taxation in effect prior to such Commencement of Construction).

"Tax Year" shall mean each tax fiscal year of the City of New York.

"Taxes" shall have the meaning provided in Section 4.03(a).

"Tenant" shall mean Hudson View Towers Associates and, if Hudson View Towers Associates or any successor to its interest hereunder shall assign or transfer its tenant's interest hereunder in accordance with the terms of this Lease, the term "Tenant" shall mean such assignee or transferee, including, without limitation, Unit Owners.

"Tenant's Civic Facilities" shall have the meaning provided in Section 26.01(b).

"Tenant-Stockholder" shall mean any Person acquiring shares in the Apartment Corporation and the proprietary lease appurtenant thereto pursuant to the Cooperative Plan.

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

"Title Matters" shall have the meaning provided in Article 2.

"Transaction Payments" shall have the meaning provided in Section 3.05.

"Transfer" shall have the meaning provided in Section 10.01.

"Unavoidable Delays" shall mean (i) with respect to Tenant, delays incurred by Tenant due to strikes, lockouts, work stoppages due to labor jurisdictional disputes, acts of God, inability to obtain labor or materials due to governmental restrictions (other than any governmental restrictions which Tenant is bound to observe pursuant to the terms of this Lease), enemy action, civil commotion, fire, unavoidable casualty or other similar causes beyond the control of Tenant, unusual subsurface conditions (which, for purposes of this Lease, shall not include buried pilings, shorings, excessive silt or debris, condition of the cofferdam, ground or tidal water), Landlord's failure to complete the Civic Facilities in accordance with Section 26.02, a work stoppage or slow-down requested by Landlord, which for purposes of this Section shall include the construction activities of Landlord under this Lease or the wrongful failure of Landlord (as determined by arbitration pursuant to this Lease) to grant any consent or approval to Tenant (but not including Tenant's insolvency or financial condition), and (ii) with respect to Landlord, delays incurred by Landlord due to strikes, lockouts, work stoppages due to labor jurisdictional disputes, acts of God, inability to obtain labor or materials due to governmental restrictions (other than any governmental restrictions which Landlord is bound to observe pursuant to the terms of this Lease), enemy action, civil commotion, fire, unavoidable casualty or other similar causes beyond the 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 ten (10) Business Days after the same shall occur, and the effects of which a prudent Person in the position of the party asserting such delay could not have reasonably prevented. Notwithstanding anything herein contained to the contrary, any delays incurred by Tenant as a result of unusual subsurface conditions shall not, in the aggregate, exceed one hundred and eighty (180) days.

"UDC" shall mean New York State Urban Development Corporation, a corporate governmental agency of the State of New York constituting a political subdivision and public benefit corporation, its successors and assigns.

"Zoning Lot Declaration" shall mean that certain Declaration of Zoning Lot and Development Restrictions dated July 9, 1982 and recorded in the Office of the Register of the City of New York, New York County in Reel 648 at page 276.

ARTICLE 2

PREMISES AND TERM OF LEASE

Landlord does hereby demise and sublease to Tenant, and Tenant does hereby hire and take from Landlord, the Premises, together with those easements described in Exhibit A and all easements, appurtenances and other rights and privileges now or hereafter belonging or appertaining to the Premises, subject to those matters affecting title set forth in Exhibit "B" annexed hereto and made a part hereof ("Title Matters").

TO HAVE AND TO HOLD unto Tenant, its successors and assigns, for a term of years (the "Term") commencing on the Commencement Date and expiring on the 17th day of June, 2069 or on such earlier date upon which this Lease may be terminated as hereinafter provided (the "Expiration Date").

ARTICLE 3

RENT

Section 3.01.

(a) For the period beginning on the Commencement Date and continuing thereafter throughout the Term, Tenant shall pay to Landlord, without notice or demand, the annual sums set forth or referred to below (collectively, the "Base Rent"):

(i) For each Lease Year (or portion thereof) listed on Schedule 1 hereto, up to but not including the First Appraisal Date, the annual rate set forth on column I on Schedule 1 opposite such Lease Year (or portion thereof).

(ii) For the Lease Year commencing on the First Appraisal Date and for each Lease Year thereafter to the end of the Term, an amount per annum equal to the greater of:

(x) 6% of the fair market value of the Land, determined and redetermined from time to time as hereinafter provided, considered as unencumbered by this Lease and the Master Lease,

and as unimproved except for the Civic Facilities and other site improvements made by Landlord and as subject to the Zoning Lot Declaration; or

(y) 115% of the Base Rent payable immediately prior to the First Appraisal Date or Re-appraisal Date, as the case may be.

Notwithstanding anything contained in Section 3.01(a)(ii) to the contrary, the Base Rent payable for the period commencing on the First Appraisal Date and continuing for a period of fifteen (15) Lease Years thereafter shall not exceed $780,068 per annum.

(b) In addition to the amount to be paid pursuant to Section 3.01(a) hereof, if PILOT for any Lease Year shall be less than the amount shown on column II on Schedule 1 for such Lease Year, Tenant shall pay to Landlord, as supplemental rent (the "Supplemental Rent") and in the manner provided in Section 3.01(c) hereof, for each Lease Year, an amount equal to the difference between the amount shown on column II on Schedule 1 for such Lease Year and PILOT for such Lease Year.

(c) Base Rent and Supplemental Rent shall be payable in equal monthly installments in advance commencing on the Commencement Date and on the first day of each calendar month thereafter during the Term. Base Rent and Supplemental Rent shall be payable in currency which at the time of payment is legal tender for public and private debts in the United States of America, and shall be payable at the office of Landlord set forth above or at such other place as Landlord shall direct by notice to Tenant. Base Rent and Supplemental Rent due for any period of less than a full Lease Year, and any installment of Base Rent and Supplemental Rent due for any period of less than a full month, shall be appropriately apportioned.

(d) Tenant shall also pay to Landlord, without notice or demand all other amounts, which Tenant herein assumes or agrees to pay, including without limitation PILOT, Civic Facilities Payment and Transaction Payments (collectively, the "Additional Rent").

(e) For the purposes of calculating Base Rent pursuant to Section 3.01(a)(ii), the fair market value of the Land shall be determined as of the first day of the cal-

endar month next succeeding the twenty-fifth anniversary of the date on which a temporary certificate of occupancy shall be issued for any dwelling unit in the Buildings and as of each subsequent fifteenth anniversary thereafter (such twenty-fifth anniversary being referred to herein as the "First Appraisal Date", and each subsequent fifteenth anniversary being referred to herein as a "Reappraisal Date"). Such determination of fair market value shall be by appraisal in the manner provided in Section 3.09 hereof, unless at least twelve months before the First Appraisal Date or each Reappraisal Date, as the case may be, Landlord and Tenant shall have agreed upon such fair market value.

(f) Notwithstanding anything herein contained to the contrary, if Landlord fails to Substantially Complete the Civic Facilities or Substantially Complete the Service Road as provided in Sections 26.02 and 27.02, Tenant's obligation to pay Base Rent shall be abated, in the amount hereinafter set forth, for the period of time between the date Landlord is obligated to Substantially Complete the Civic Facilities and Substantially Complete the Service Road as provided in Sections 26.02 and 27.02 and the date Landlord shall have Substantially Completed the Civic Facilities and Substantially Completed the Service Road (the "Abatement Period"). The amount of Base Rent abated by Tenant shall be in an amount equal to the product derived by multiplying the Base Rent which would have been payable for the Abatement Period by three (3).

(g) In the event Completion of Foundations shall not have occurred by the Scheduled Completion Date For Foundations, as such date may be extended by reason of Unavoidable Delays, Tenant shall pay from time to time to Landlord, within five (5) days after demand, an amount equal to $200 for each day between the Scheduled Completion Date For Foundations, as such date may be extended by reason of Unavoidable Delays, and the date Completion of Foundations shall occur, provided, however, if the number of days shall exceed sixty (60) days, such amount shall increase to $400 for each day between the sixty-first (61st) day and the one hundred and twentieth (120th) day and if the number of days shall exceed one hundred and twenty (120) days, such amount shall be further increased to $600 for each day thereafter until the date Completion of Foundations shall occur. Such amounts shall constitute Rental hereunder. Provided Tenant shall have Substantially Completed the Buildings on or before the Scheduled Completion Date, as such date may be extended by reason of Unavoidable Delays, Tenant shall receive a credit against the next installment(s) of Rental equal to the amount paid by Tenant to Landlord pursuant to this Section 3.01(g). In the event Tenant shall not have Substantially Completed the Buildings on or before the Scheduled Completion Date, as such date may be extended by reason of Unavoidable Delays, Tenant shall not be entitled to receive the credit set forth in the preceding sentence.

Section 3.02.

(a) For each Tax Year (or portion thereof) during the Term, Tenant shall pay to Landlord, without notice or demand, an annual sum (each such sum being hereinafter referred to as a "Payment in Lieu of Taxes" or "PILOT") equal to the Adjusted Tax Equivalent for such Tax Year, payable in equal quarterly installments during such Tax Year, in advance on the first day of each such quarterly period. PILOT due for any period of less than a full Tax Year, and any installment of PILOT due for less than a quarterly period, shall be appropriately apportioned.

(b) For the purposes of this Section 3.02, the Adjusted Tax Equivalent shall be, (i) for each Tax Year or portion thereof within the period commencing on the first day of the month following the Commencement Date (unless the Commencement Date shall be the first day of a month in which case such period shall commence on the Commencement Date) and ending on the last day of the Tax Year in which a temporary Certificate(s) of Occupancy is duly issued by the New York City Department of Buildings for all residential space in the Buildings ("Residential TCO"), an amount equal to the Land Tax Equivalent or a pro rata portion thereof, as the case may be; (ii) for the succeeding ten (10) Tax Years, subject to Tenant's compliance with the provisions of Section 3.08, an amount equal to the sum of the Land Tax Equivalent plus the Tax Equivalent less the following amounts: (A) for the two Tax Years immediately following the Tax Year in which the Residential TCO is issued, an amount equal to one hundred percent (100%) of the Tax Equivalent; (B) for the succeeding two Tax Years, an amount equal to eighty percent (80%) of the Tax Equivalent; (C) for the succeeding two Tax Years, an amount equal to sixty percent (60%) of the Tax Equivalent; (D) for the succeeding two Tax Years, an amount equal to forty percent (40%) of the Tax Equivalent; and (E) for the succeeding two Tax Years, an amount equal to twenty percent (20%) of the Tax Equivalent; and (iii) for each Tax Year or portion of a Tax Year thereafter, an amount equal to the Tax Equivalent.

Section 3.03. Tenant shall continue to pay the full amount of PILOT required under Section 3.02, notwithstanding that Tenant may have instituted tax assessment reduction or other actions or proceedings pursuant to Section 4.06 hereof to reduce the assessed valuation of the Premises or any portion thereof. If any such tax reduction or other action or proceeding shall result in a final determination in Tenant's favor, (i) Tenant shall be entitled to a credit against future PILOT to the extent, if any, that the PILOT previously paid for the Tax Year for which such final determination was made exceeds the higher of (A) the PILOT as so determined, or (B) the amount stated for the period which is coterminous with such Tax Year on column II on Schedule 1 hereto, and (ii) if such final determination is made for the

then current Tax Year, future payments of PILOT for said Tax Year shall be based on the PILOT as so determined. If at the time Tenant is entitled to receive such a credit, the City of New York is paying interest on refunds of Taxes, Tenant's credit shall include interest at the rate then being paid by the City of New York. In no event, however, shall Tenant be entitled to any refund of any such excess from Landlord.

Section 3.04. Tenant shall pay to Landlord the Civic Facilities Payment in accordance with the provisions of Section 26.05.

Section 3.05.

(a) In the event Tenant shall submit Tenant's leasehold estate in the Premises to either a cooperative or condominium form of ownership, Tenant shall pay to Landlord, in the manner hereinafter provided, a payment or payments (the "Transaction Payments") in an amount equal to $2,150 for each Cooperative Apartment or Unit, as the case may be.

(b) Except as provided in Section 3.05(c), within ten (10) days after the closing of a Cooperative Apartment or Unit, as the case may be, Tenant shall pay to Landlord, the Transaction Payment with respect to such Cooperative Apartment or Unit so sold.

(c) Notwithstanding anything herein contained to the contrary, (i) if a Cooperative Apartment shall be transferred to a holder of unsold shares, the Transaction Payment with respect to such Cooperative Apartment shall not be payable until such holder of unsold shares shall transfer the Cooperative Apartment to a bona fide purchaser, provided Tenant shall have delivered to Landlord, concurrently with the transfer of the Cooperative Apartment to such holder of unsold shares, security reasonably satisfactory to Landlord securing Tenant's obligation to pay such Transaction Payment and (ii) if a Unit shall be transferred to other than a bona fide purchaser, the Transaction Payment with respect to such Unit shall not be payable until such purchaser shall transfer the Unit to a bona fide purchaser, provided Tenant shall have delivered to Landlord concurrently with the transfer of the Unit to such purchaser, security reasonably satisfactory to Landlord securing Tenant's obligation to pay such Transaction Payment.

Section 3.06. Landlord and Tenant agree that the Base Rent, Supplemental Rent and Additional Rent shall be absolutely net to Landlord without any abatement, deduction, counter-claim, set-off or offset whatsoever except as specifically set forth in this Lease, so that this Lease shall yield, net, to Landlord, the Base Rent, Supplemental Rent and Additional Rent in each year during the Term and that Tenant shall pay all costs, expenses and charges of every kind and nature relating to the Premises (except Taxes, if

any) 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.

Section 3.07. All amounts payable by Tenant pursuant to this Lease, including, without limitation, Base Rent, Supplemental Rent, Additional Rent and Impositions (collectively, "Rental"), shall constitute rent under this Lease and shall be payable in the same manner as Base Rent.

Section 3.08.

(a) Until the Release Date, Tenant, on a voluntary basis and solely as a condition precedent to receiving benefits (as set forth in Section 3.02(b) hereof) equivalent to benefits available under Section 421-a of the Real Property Tax Law ("Section 421-a"), shall enjoy such rights and observe such requirements pertaining to the rental of dwelling units in the Buildings (including rent increases authorized by virtue of section 4.2 of the rules and regulations governing the Section 421-a partial tax exemption program and all other rent increases permitted by applicable laws or regulations), as would be available or applicable to the owner of the Buildings pursuant to the Emergency Tenant Protection Act of 1974, Title YY of Chapter 51 of the Administrative Code of the City of New York, and the Code of the Real Estate Industry Stabilization Association of New York City, Inc., as well as regulations promulgated pursuant thereto, all as heretofore and hereafter amended (collectively, the "Rent Regulations"), had the construction of the Buildings commenced on the Construction Commencement Date and had the Buildings received partial tax exemption under Section 421-a and consequently been subject to rent stabilization under applicable law and regulation. Tenant shall be entitled to receipt of the benefits (as set forth in Section 3.02(b) hereof) equivalent to benefits available under Section 421-a on August 23, 1984 notwithstanding any modification, amendment, supplement or termination of Section 421-a.

(b) Tenant shall apply for membership in, and/or submit itself to the jurisdiction of, the real estate industry stabilization association registered with the New York City Department of Housing Preservation and Development, pursuant to Section YY51-6.0 of the Administrative Code or any successor association administered by the State of New York or City of New York, or the appropriate State or City housing agency having jurisdiction over rent stabilized buildings (the "Stabilization Association"). Upon joining or submitting to the jurisdiction of the Stabilization Association, Tenant shall comply with all of the requirements thereof and shall remain a member in good standing thereof, and/or subject to the jurisdiction thereof, or of any successor association or agency, until such date as the owner of the Buildings would no longer be required to so comply

and to remain such a member and/or subject to such jurisdiction, had construction of the Buildings commenced on the Construction Commencement Date and received partial tax exemption under Section 421-a and consequently had been subject to rent stabilization under applicable laws and regulation or until the twenty-seventh (27th) anniversary of the Commencement Date, whichever date is sooner (the "Release Date").

(c) In the event that Tenant fails to become a member, or to subject itself to the jurisdiction, of the Stabilization Association prior to the issuance of a temporary or permanent Certificate of Occupancy for any dwelling unit in the Buildings in accordance with the provisions of the preceding paragraph (b), Tenant shall nevertheless comply with all of the requirements of the Rent Regulations applicable to a member thereof who had submitted to the jurisdiction of such Stabilization Association, and in such case a Person (the "Rent Officer") appointed by Landlord shall administer a program (the "Rent Program") of rent regulations which shall be the same as the Rent Regulations. The authority of the Rent Officer shall be limited to implementing and administering the Rent Program. In such event, Tenant shall pay to Landlord administration fees in a per unit amount equal to fees and dues paid by owners of comparable properties which are enrolled in the Stabilization Association, such fees to constitute Rental hereunder. Tenant in no manner waives, limits or otherwise compromises its right to resort to any and all facets of the judicial system for the resolution of disputes pertaining to the Rent Program or the administration thereof.

(d) Noncompliance by Tenant with the Rent Regulations or with the Rent Program, as the case may be, shall cause Tenant to be subjected to such sanctions and penalties as would be imposed by the Stabilization Association, had the Buildings received partial tax exemption under Section 421-a and had the owner failed to comply with the Rent Regulations or the Rent Program, as the case may be. In the event Tenant fails to remain a member in good standing, or subject to the jurisdiction, of the applicable rent regulatory regime, because its membership or participation in, or registration with, the Stabilization Association has terminated or been revoked prior to the Release Date, Tenant shall become subject to such sanctions and penalties as are then applicable to owners of buildings receiving partial tax exemption under Section 421-a upon such termination or revocation, including, if applicable, submitting to the jurisdiction of the agency implementing and administering the rent control program pursuant to Title "Y" of Chapter 51 of the New York City Administrative Code, as heretofore and hereafter amended (the "Rent Control Sanction"). In the event Tenant is required to comply with the Rent Program in accordance with the provisions of paragraph (c) of this Sec-

tion and Tenant's membership or participation in such Rent Program is terminated or revoked by reason of Tenant's non-compliance with the Rent Program prior to the Release Date, Tenant shall be subject to the Rent Control Sanction (if applicable, in accordance with the preceding sentence) as the same shall be administered by the Rent Officer. If the Rent Control Sanction becomes applicable, until the Release Date all increases in rents and other matters pertaining to the rental of residential units in the Buildings shall be regulated in accordance with the rent control laws and regulations by the governmental agency having jurisdiction or by the Rent Officer, as the case may be. Failure by Tenant to submit to the Rent Control Sanction where required hereunder, or to comply with the rent control laws and regulations as administered by the governmental agency having jurisdiction, or their equivalent as administered by the Rent Officer, shall, at Landlord's option, constitute a Default hereunder.

(e) Solely as a condition precedent to receiving benefits (as set forth in Section 3.02 hereof) equivalent to benefits available under Section 421-a, Tenant shall comply with all of the requirements of Section 421-a and the rules and regulations promulgated thereunder. In the event that Tenant shall either commit an act or fail to commit an act, which act or failure would result in revocation, discontinuance or diminution of tax benefits under Section 421-a had the Buildings received partial tax exemption under such Section, then the PILOT payable under Section 3.02 hereof shall be increased to an amount equal to the real estate taxes which would be payable by the owner of the Premises in the case of such revocation, discontinuance or diminution, were Tenant the fee owner thereof and had the Buildings received partial tax exemption under Section 421-a. Prior to payment of any such increase, Tenant shall have the right to contest or challenge the same in the same manner as is provided for contest or challenge of the revocation, discontinuance or diminution of partial tax exemption benefits under Section 421-a and the rules and regulations promulgated thereunder. If Tenant is not entitled to so contest or challenge in the manner provided above, then Tenant may commence proceedings in the Supreme Court, New York County (or any successor court of similar jurisdiction) to determine the outcome of any such contest or challenge and Landlord hereby consents, and agrees to submit, to the jurisdiction of such court over the parties and subject matter of any such contest or challenge.

(f) Whether subject to the Rent Regulations or the Rent Program, the initial rents permitted to be charged by Tenant to Subtenants of dwelling units in the Building shall be the maximum allowable rents as determined by the New York City Department of Housing Preservation and Development or successor agency, as if the Building had received

partial tax exemption under Section 421-a and consequently been subject to rent stabilization under applicable law and regulation, provided that, if permitted under applicable law and regulation, in addition to such allowable rents, Tenant shall be entitled to charge amounts equal to Civic Facilities Payments and payments for Service Road Maintenance as set forth in paragraph (g) of this Section.

(g) Notwithstanding anything to the contrary contained in paragraphs (a) through (f) of this Section, Tenant, in addition to any rents permitted to be charged and collected pursuant to the Rent Regulations or Rent Program, shall, if permitted by applicable law, be permitted to charge and collect from all Subtenants in the aggregate an amount equal to the Tenant's Civic Facilities Payment and payments for Service Road Maintenance made by Tenant pursuant to Section 27.05(a). Such charge shall be based on each Subtenant's pro rata share of the Civic Facilities Payment and Service Road Maintenance payments, apportioned according to the size of the unit.

(h) Tenant's obligations under this Section 3.08 shall cease upon the Release Date.

(i) Each Sublease for a dwelling unit in the Buildings shall contain a provision advising the Subtenant that rents for the unit are regulated pursuant to the terms of this Lease, under the Rent Regulations or the Rent Program, as the case may be. Upon request by any Subtenant, Tenant shall make available to such Subtenant a copy of the Rent Regulations or the Rent Program.

(j) Notwithstanding anything to the contrary herein contained, Tenant shall not be required to become a member or to subject itself to the jurisdiction of the Stabilization Association or be subject to the Rent Program provided that a Condominium Plan or Cooperative Plan has been submitted to the New York State Department of Law prior to issuance of either a Residential TCO for all residential units or a permanent Certificate of Occupancy for the Buildings, provided further, that a registration statement has been filed with the Stabilization Association which will become effective within fifteen (15) months from the date of issuance of a Residential TCO for all residential units in the Buildings or a permanent Certificate of Occupancy for the Buildings if a Cooperative Plan or Condominium Plan has not been declared effective at that time.

(k) Unless otherwise provided under applicable law and regulation, nothing in this Section 3.08 shall be deemed to apply to a Unit Owner or a subtenant of a Unit Owner.

Section 3.09.

(a) Unless Landlord and Tenant shall have agreed on the fair market value of the Land as provided in Section 3.01(e), each determination of fair market value of the Land referred to in Section 3.01(e) shall be made in accordance with the following procedures: Each party shall appoint a competent and impartial appraiser who shall have appraised property as such in the vicinity of the Premises for a period of at least five (5) years before the date of his appointment. In case either party shall fail to appoint an appraiser for a period of thirty (30) days after written notice from the other party to make such appointment, then the appraiser appointed by the party not in default hereunder shall appoint a second competent and impartial appraiser for and on behalf of the party so failing to make an appointment. In the case of the failure of the appraisers so appointed to agree upon the fair market value of the Land, said appraisers shall appoint a third party who shall be a similar competent and impartial appraiser. In the case of the failure of such appraisers to agree upon a third appraiser then such third appraiser 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 appraisers so appointed shall proceed promptly to determine by majority vote the fair market value of the Land and shall furnish each party with a signed copy thereof.

(b) The fees of the appraisers and the expenses incident to the appraisal proceedings shall be borne equally by the parties. The fees and expenses of counsel for the respective parties and of witnesses shall be paid by the respective party engaging such counsel and calling such witnesses.

Section 3.10.

In the event that New York City shall, for any reason, fail to determine the assessed value of the Premises for any Tax Year during the Term and Landlord and Tenant shall have been unable to agree on such assessed value, such assessed value shall be determined in accordance with the procedures set forth in Section 3.09(a) above, provided that, in making such determination, the appraisers shall take into consideration the equalization rates then applicable to comparable residential buildings situated in the Borough of Manhattan.

ARTICLE 4

IMPOSITIONS

Section 4.01. Tenant covenants and agrees to pay, as hereinafter provided, all of the following items (collec-

tively, "Impositions") imposed by any Governmental Authority (other than New York City solely in its capacity as Landlord and not as a Governmental Authority or Battery Park City Authority or its corporate successor or any subsidiary of Battery Park City Authority) and which are not solely applicable to the Project Area or properties which are exempt from the payment of Taxes, or to lessees of either of the foregoing: (a) real property assessments (not including Taxes), (b) personal property taxes, (c) occupancy and rent taxes, (d) water, water meter and sewer rents, rates and charges, (e) excises, (f) levies, (g) license and permit fees, (h) service charges with respect to police protection, fire protection, street and highway construction, maintenance and lighting, sanitation and water supply, if any, (i) fines, penalties and other similar or like governmental charges applicable to the foregoing and any interest or costs with respect thereto, and (j) except for Taxes, any and all other governmental levies, fees, rents, assessments or taxes and charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, and any interest or costs with respect thereto, which at any time during the Term are, or, if the Premises or any part thereof or the owner thereof were not exempt therefrom, would be (1) assessed, levied, confirmed, imposed upon or would grow or become due and payable out of or in respect of, or would be charged with respect to, the Premises or any document to which Tenant is a party creating or transferring an interest or estate in the Premises, the use and occupancy thereof by Tenant, or this transaction, and (2) encumbrances or liens on (i) the Premises, or (ii) the sidewalks or streets in front of or adjoining the Premises, or (iii) any vault, passageway or space in, over or under such sidewalk or street, or (iv) any other appurtenances of the Premises, or (v) any personal property, Equipment or other facility used in the operation thereof, or (vi) the Rental (or any portion thereof) payable by Tenant hereunder, each such Imposition, or installment thereof, during the Term to be paid not later than ten (10) days prior to the Due Date thereof; provided, however, that if, by law, any Imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may, upon notice to Landlord, exercise the option to pay the same in such installments and shall be responsible for the payment of such installments only, together with applicable interest, if any, provided that all such installment payments together with applicable interest, if any, relating to periods prior to the date definitely fixed in Article 2 hereof for the expiration of the Term are required to be made prior to the Expiration Date.

Section 4.02. Tenant, from time to time upon request of Landlord, shall promptly furnish to Landlord official receipts of the appropriate imposing authority, or

other evidence reasonably satisfactory to Landlord, evidencing the payment thereof.

Section 4.03.

(a) "Taxes" shall mean the real property taxes assessed and levied against the Premises or any part thereof pursuant to the provisions of Chapter 58 of the Charter of New York City and Chapter 17, Title E, of the Administrative Code of The City of New York, as the same may now or hereafter be amended, or any statute or ordinance in lieu thereof in whole or in part and which would otherwise be payable if the Premises or any part thereof or the owner thereof were not exempt therefrom. If New York City or any Person except UDC, BPC Development Corporation, any other subsidiary of UDC, the State of New York, or a bureau or department of the State of New York, or a public benefit corporation of the State of New York, or an agency or authority of the State of New York which is, or whose real property is, exempt from the payment of Taxes, shall become Landlord hereunder, Landlord shall pay the Taxes on or before the due date thereof. Landlord shall have the right, at its own cost and expense, to contest the imposition of Taxes, and pending such contest Landlord shall not be required to pay the Taxes being so contested, unless failure to pay same shall result in the imminent loss or forfeiture of the Premises and the termination of Tenant's interest under this Lease. If Landlord shall exercise its right to contest the imposition of Taxes, Landlord shall promptly notify Tenant of such contest, and shall deliver to Tenant copies of all applications, protest and other documents submitted by Landlord to any Governmental Authority. If Landlord shall have failed to pay the Taxes as required hereunder and shall not have timely commenced a procedure to contest same, or shall have timely commenced a procedure to contest the Taxes but failure to pay the Taxes will result in the imminent loss or forfeiture of the Premises and the termination of Tenant's interest under this Lease, then Tenant may pay such unpaid taxes together with any interest or penalties and deduct such payment together with interest on such payment at the Involuntary Rate from the date of such payments to the date of such deduction from the next installment of PILOT (and, to the extent, if any, that such payment shall exceed the next installment of PILOT, from the next installment(s) of Base Rent) payable under the Lease. Nothing contained herein shall be construed to release Tenant from its obligation to pay Impositions other than Taxes as provided in this Article 4.

(b) Nothing herein contained shall require Tenant to pay municipal, state or federal income, inheritance, estate, succession, transfer or gift taxes of Landlord, or any corporate franchise tax imposed upon Landlord.

Section 4.04. Any Imposition relating to a period a part of which is included within the Term and a part of which is included in a period of time after the date definitely fixed in Article 2 hereof for the expiration of the Term (whether or not such Imposition shall be assessed, levied, confirmed, imposed upon or in respect of or become a lien upon the Premises, or shall become payable, during the Term) shall be apportioned between Landlord and Tenant as of such date definitely fixed for the expiration of the Term, so that Tenant shall pay that portion of such Imposition which that part of such fiscal period included in the period of time before such date definitely fixed for the expiration of the Term bears to such fiscal period, and Landlord shall pay the remainder thereof.

Section 4.05. Tenant shall have the right at its own expense to contest the amount or validity, in whole or in part, of any Imposition 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:

(a) neither the Premises nor any part thereof, or interest therein would, by reason of such postponement or deferment, be in danger of being forfeited or lost, or subjected to any lien, encumbrance or charge, and neither Landlord nor Tenant would by reason thereof be subject to any civil or criminal liability; and

(b) Tenant shall have deposited with either Landlord or Depository, cash or other security reasonably satisfactory to Landlord in the amount so contested and unpaid, 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.

Upon the termination of such proceedings, it shall be the obligation of Tenant to pay the amount of such Imposition or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees (including attorney's fees and disbursements), interest, penalties or other liabilities in connection therewith, and upon such payment, Landlord or Depository, as the case may be, shall return, with interest, if any, any amount deposited with it with respect of such Imposition as aforesaid, provided, however, that Landlord or Depository, as the case may be, at Tenant's request or upon Tenant's failure to do so in a timely manner, shall disburse said moneys on deposit with it directly to the Governmental Authority to whom such Imposition is payable and any remaining monies, with interest, if any, shall be returned promptly to Tenant. If, at any

time during the continuance of such proceedings, Landlord shall, in its reasonable opinion, deem insufficient the amount deposited as aforesaid, Tenant, upon demand, shall make an additional deposit of such additional sums or other acceptable security as Landlord reasonably may request, and upon failure of Tenant to do so, the amount theretofore deposited may be applied by Landlord to the payment, removal and discharge of such Imposition and the interest and penalties in connection therewith and any costs, fees (including reasonable attorney's fees and disbursements) or other liability accruing in any such proceedings, and the balance, if any, with any interest earned thereon, shall be returned to Tenant or the deficiency, if any, shall be paid by Tenant to Landlord on demand.

Section 4.06. Tenant shall have the right to seek a reduction in the valuation of the Premises assessed for Taxes and to prosecute any action or proceeding in connection therewith, provided that no such action or proceeding shall postpone Tenant's obligation to pay any Imposition except in accordance with the provisions of Section 4.05 hereof. Except to the extent provided in Section 3.03 hereof, no such action or proceeding shall affect Tenant's obligation to pay any installment of PILOT. If Tenant is not entitled to seek such reduction in the same manner as lessees of non-exempt real property in the County of New York because the Premises are wholly or partially exempt from such Taxes, then Tenant may commence a proceeding in the Supreme Court, New York County (or any successor court of similar jurisdiction) to determine whether such a reduction would have been appropriate in the absence of such exemption. Tenant shall join the taxing authority and Landlord, at no cost or expense to Landlord, as parties in that proceeding, but any judgment or decree in that proceeding beyond the right of appeal, shall be binding and conclusive upon Landlord and Tenant whether or not the taxing authority is removed as a party to that proceeding by order of that or any superior court.

Section 4.07. Landlord shall not be required to join in any proceedings referred to in Sections 4.05 or 4.06 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 for any and all costs or expenses which Landlord may reasonably sustain or incur in connection with any such proceedings. 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, so long as Landlord is Master Landlord, Landlord shall so join and cooperate in such proceedings or permit the same to be brought in its name.

Section 4.08. 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 asserting 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

Section 5.01.

(a) In order to assure the payment of all Impositions Tenant, upon the written demand of Landlord at any time after the occurrence of an Event of Default hereunder, shall deposit with Depository on the first of each and every month during the Term, an amount equal to one-twelfth (1/12th) of the annual Impositions then in effect.

(b) If, at any time, the monies so deposited by Tenant shall be insufficient to pay in full the next installment of Impositions then due, Tenant shall deposit the amount of the insufficiency with Depository to enable Depository to pay each installment of Impositions at least thirty (30) days prior to the Due Date thereof.

(c) Depository shall hold the deposited monies in a special account for the purpose of paying the charges for which such amounts have been deposited as they become due, and Depository shall apply the deposited monies for such purpose not later than the Due Date for such charges.

(d) If, at any time, the amount of any Imposition is increased or Landlord receives information from the entity or entities imposing such Imposition that an Imposition will be increased and the monthly deposits then being made by Tenant under this Article would be insufficient to pay

such Imposition thirty (30) days prior to the Due Date thereof, the monthly deposits shall thereupon be increased and Tenant shall deposit immediately with Depository sufficient monies for the payment of the increased Imposition. Thereafter, the monthly payments shall be adjusted so that Depository shall receive from Tenant sufficient monies to pay each Imposition at least thirty (30) days prior to the Due Date of such Imposition.

(e) For the purpose of determining whether Depository has on hand sufficient monies to pay any particular Imposition at least thirty (30) days prior to the Due Date thereof, deposits for each category of Imposition shall be treated separately. Depository shall not be obligated to use monies deposited for the payment of an item not yet due and payable for the payment of an item that is due and payable.

(f) Notwithstanding the foregoing, (i) deposited monies may be held by Depository in a single bank account, and (ii) Depository may, at Landlord's option and direction and if Tenant shall fail to make any payment required under this Lease, use any monies deposited pursuant to Article 4 or 5 for any item for the payment of any Rental.

(g) If this Lease shall be terminated by reason of any Event of Default, all deposited monies under this Article then held by Depository shall be paid to and applied by Landlord in payment of any and all sums due under this Lease and Tenant shall promptly pay the resulting deficiency.

(h) Any interest paid on monies deposited pursuant to this Article shall be applied pursuant to the foregoing provisions against amounts thereafter becoming due and payable by Tenant.

(i) Anything in this Article 5 to the contrary notwithstanding, if the Event of Default which gave rise to Landlord having demanded that Tenant make deposits under this Section 5.01 shall have been cured by Tenant and for a period of six (6) consecutive months following such cure no Default shall have occurred under this Lease, then, at any time after the expiration of such six (6) month period, upon the written demand of Tenant, provided that Tenant is not then in Default under this Lease, all monies deposited under this Article then held by Depository, with the interest, if any, accrued thereon, shall be returned to Tenant and Tenant shall not be required to make further deposits under this Article 5 unless and until there shall occur a subsequent Event of Default and Landlord shall make written demand upon Tenant to make deposits for Impositions.

(j) In the event that a Mortgagee or Recognized Unit Mortgagee (provided such Mortgagee or Recognized Unit Mortgagee be an Institutional Lender) shall require Tenant to deposit funds to insure payment of Impositions, any amount so deposited by Tenant shall be credited against the amount, if any, which Tenant would otherwise be required to deposit under this Article 5.

Section 5.02. If Landlord ceases to have any interest in the Premises, Landlord shall transfer to the Person who owns or acquires such interest in the Premises or is the transferee of this Lease, all of Landlord's rights with respect to the deposits made pursuant to Section 5.01, subject to the provisions thereof. Upon such transfer and notice thereof to Tenant, the transferor shall be deemed to be released from all liability with respect thereto and Tenant agrees to look solely to the transferee with respect thereto, and the provisions hereof shall apply to each successive transfer of the deposits.

ARTICLE 6

LATE CHARGES

In the event that any payment of Rental shall become overdue for ten (10) days beyond the due date thereof pursuant to this Lease (or if no such date is set forth in this Lease, then such due date for purposes of this Article 6 shall be deemed to be the date upon which demand therefor is made), a late charge on the sums so overdue equal to the Involuntary Rate, for the period from the due date to the date of actual payment, shall become due and payable to Landlord as liquidated damages for the administrative costs and expenses incurred by Landlord by reason of Tenant's failure to make prompt payment and the late charges shall be payable by Tenant, on demand. No failure by Landlord to insist upon the strict performance by Tenant of its 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 for in Article 24.

ARTICLE 7

INSURANCE

Section 7.01.

(a) Tenant at its sole cost and expense shall, at all times after Substantial Completion of the Buildings and thereafter throughout the Term:

(i) keep the Buildings insured under an "All Risk of Physical Loss" form of policy, including, without limitation, coverage for loss or damage by water, flood, subsidence and earthquake (excluding, at Tenant's option, from such coverage normal settling only) and, when and to the extent obtainable from the United States government or any agency thereof, war risks; such insurance to be written on an "Agreed Amount" basis, with the replacement value of the Buildings to be determined from time to time, but not less frequently than required by the insurer and in any event at least once every three (3) years, provided, however, in the event Tenant's leasehold estate in the Premises shall be submitted to condominium ownership in accordance with Article 42, such determination shall be made on an annual basis, it being agreed that no omission on the part of Landlord to request any such determination shall relieve Tenant of its obligation to determine the replacement value thereof (in the absence of such valuation, the FM (Factory Mutual) or IRI (Industrial Risk Insurers) Indices will be applied);

(ii) provide and keep in force comprehensive general liability insurance against liability for bodily injury, death and property damage, it being agreed that such insurance shall (A) be in an amount as may from time to time be reasonably required by Landlord, but not less than Fifty Million Dollars ($50,000,000) combined single limit inclusive of primary, umbrella and following form excess policies for liability for bodily injury, death and property damage (provided that, in the event Tenant's leasehold estate in the Premises shall have been submitted to either a condominium or cooperative, Tenant shall maintain such insurance in such amounts as may from time to time be reasonably required by Landlord with regard to such amounts as, at the time in question, are customarily carried by prudent owners of like cooperative or condominium buildings in the Borough of Manhattan, but with limits of not less than Two Million Dollars ($2,000,000) in respect of bodily

injury or death to any one person and Five Million Dollars ($5,000,000) in respect of bodily injury or death to any number of persons in any one accident and not less than Five Hundred Thousand Dollars ($500,000) for damages to property), (B) include the Premises (including such portion of the Service Road as traverses the Premises) and all streets, alleys and sidewalks adjoining or appurtenant to the Premises, (C) be of a blanket contractual nature and shall contain an agreement by the insurer to indemnify and hold Landlord and Master Landlord harmless from and against all cost, expense and/or liability (including, without limitation, attorneys' fees and disbursements) arising out of or based upon any and all claims, accidents, injuries and damages mentioned in Article 19 and required to be insured against hereunder, and (D) also provide the following protection:

(1) completed operations;

(2) the broad form comprehensive general liability endorsement voiding all exclusions relating to restrictive contractual and employee coverage; and

(3) water damage legal liability;

(iii) provide and keep in force workers' compensation insurance providing statutory New York State benefits for all persons employed by Tenant at or in connection with the Premises;

(iv) provide and keep in force on an "Agreed Amount" basis rent insurance on an "All Risk of Physical Loss" basis in an amount not less than one (1) year's current Base Rent, Supplemental Rent, if applicable, PILOT and Civic Facilities Payment ("Rent Insurance");

(v) if a sprinkler system shall be located in any portion of the Buildings, provide and keep in force sprinkler leakage insurance in amounts approved by Landlord, which approval shall not be unreasonably withheld (the foregoing to be required only if same is excluded from the insurance required to be provided and kept in force pursuant to Section 7.01(a)(i));

(vi) provide and keep in force boiler and machinery insurance in an amount as may from time to time be reasonably determined by Landlord but not less than Ten Million Dollars ($10,000,000) per accident on a combined basis covering direct

property loss and loss of income and covering all steam, mechanical and electrical equipment, including without limitation, all boilers, unfired pressure vessels, air conditioning equipment, elevators, piping and wiring;

(vii) provide and keep in force automobile liability insurance for all owned, non-owned, leased, rented and/or hired vehicles insuring against liability for bodily injury and death and for property damage in an amount as may from time to time be reasonably determined by Landlord but not less than Five Million Dollars ($5,000,000) combined single limit; and

(viii) provide and keep in force such other insurance in such amounts as may be required by the Master Lease and as may from time to time be reasonably required by Landlord against such other insurable hazards as at the time are commonly insured against by prudent owners of like buildings and improvements.

(b) All insurance provided by Tenant as required by this Section 7.01 (except the insurance under Section 7.01(a)(iii)) shall name Tenant as named insured and Landlord and Master Landlord as additional insureds to the extent, where applicable, of their respective insurable interests in the Premises. The coverage provided by Tenant as required by Sections 7.01(a)(i), (v), (vi) and (vii) also shall name each Mortgagee or Recognized Unit Mortgagee, if applicable, as an insured under a standard mortgagee clause.

(c) If any of the insurance required under this Section 7.01 shall, after diligent efforts by Tenant, be unobtainable from domestic carriers customarily insuring like buildings and improvements through no act or omission on the part of Tenant, then Tenant shall promptly notify Landlord of Tenant's inability to obtain or cause to be obtained such insurance and Landlord shall have the right to arrange for Tenant to obtain such insurance. If Landlord shall be able to arrange for Tenant to obtain the insurance, Tenant shall obtain or cause to be obtained same up to the maximum limits provided for in this Section 7.01. If Landlord is unable to arrange for Tenant to obtain the insurance required thereunder, Tenant promptly shall obtain or cause to be obtained the maximum insurance obtainable, and the failure of Tenant to carry the insurance which is unobtainable shall not be a Default under this Lease for as long as such insurance shall remain unobtainable. For purposes of this Section 7.01(c), insurance of the type required by Landlord pursuant to this Section 7.01 shall be deemed unobtainable (even if arranged for by Landlord) if Tenant shall be required to pay for such insurance at rates which are substantially greater than the

rates for such insurance commonly charged to owners of like buildings and improvements. Any dispute as to whether insurance is obtainable shall be determined by arbitration pursuant to Article 36 of this Lease.

Section 7.02.

(a) The loss under all policies required by any provision of this Lease insuring against damage to the Buildings by fire or other casualty shall be payable to Depository, except that amounts of less than Two Hundred and Fifty Thousand Dollars ($250,000) shall be payable in trust directly to Tenant for application to the cost of Restoration in accordance with Article 8 hereof. Such amount shall be adjusted on the fifth (5th) anniversary of the Commencement Date and on each fifth (5th) anniversary of the date on which an adjustment is made pursuant to this Section 7.02(a) by adding to $250,000 an amount equal to the product of (x) $250,000 and (y) the percent of increase, if any, in the Consumer Price Index for the month in which the applicable anniversary date occurs over the Consumer Price Index for the month in which the Commencement Date occurs. Any dispute as to the calculation of such adjustment shall be determined by arbitration pursuant to Article 36. Rent Insurance shall be carried in favor of Landlord and Tenant, as their respective interests appear, but the proceeds thereof shall be paid to Depository and shall be applied to the Rental payable by Tenant under this Lease until completion of Restoration of the Buildings by Tenant. All insurance required by any provision of this Lease shall be in such form and shall be issued by such responsible companies licensed and authorized to do business in the State of New York as are reasonably acceptable to Landlord. Any insurance company so licensed and rated by Best's Insurance Reports (or any successor publication of comparable standing) as A (Excellent) Class XII or better (or the then equivalent of such rating) shall be acceptable to Landlord. All policies referred to in this Lease shall be procured, or caused to be procured, by Tenant, at no expense to Landlord, and for periods of not less than one (1) year. The originals of such policies shall be delivered to Landlord immediately upon receipt from the insurance company or companies unless such originals are required to be held by any Mortgagee, in which event, certificates thereof shall be so delivered to Landlord, together with proof satisfactory to Landlord that the full premiums thereon have been paid, provided, that Landlord shall not, by reason of custody of such policies, be deemed to have knowledge of the contents thereof. New or renewal policies replacing any policies expiring during the Term and certificates thereof, shall be delivered as aforesaid at least twenty (20) days before the date of expiration, together with proof satisfactory to Landlord that the full premiums thereon have been paid. Premiums on policies shall not be financed in any manner whereby the lender, on

default or otherwise, shall have the right or privilege of surrendering or cancelling the policies or reducing the amount of loss payable thereunder, provided, however, that premiums may be paid in annual installments.

(b) Tenant and Landlord shall cooperate in connection with the collection of any insurance moneys that may be due in the event of loss and Tenant and Landlord shall execute and deliver such proofs of loss and other instruments as may be required for the purpose of obtaining the recovery of any such insurance moneys. Tenant shall reimburse Landlord for any and all reasonable costs or expenses which Landlord may sustain or incur in connection therewith.

(c) Tenant shall not carry separate insurance (other than personal injury liability insurance) concurrent in form or contributing in the event of loss with that required by this Lease to be furnished by Tenant, unless Landlord is included therein as a named insured and each Mortgagee or Recognized Unit Mortgagee, if applicable, as an additional insured with loss payable as provided in this Lease. Tenant immediately shall notify Landlord of the carrying of any such separate insurance and shall cause the policies therefor or certificates thereof to be delivered as required in this Lease.

(d) All property insurance policies as required by this Lease shall provide in substance that all adjustments for claims with the insurers in excess of Two Hundred and Fifty Thousand Dollars ($250,000) (as such amount shall be increased as provided in Section 7.02(a)) shall be made with Landlord, Tenant, any Mortgagee named as additional insured or the Unit Mortgagee Representative, if applicable. Any adjustments for claims with the insurers involving sums of less than Two Hundred and Fifty Thousand Dollars ($250,000) (as such amount shall be increased as provided in Section 7.02(a)) shall be made with Tenant.

(e) All Rent Insurance shall provide in substance that all adjustments for claims with the insurers shall be made with Landlord and Tenant.

(f) Tenant shall not violate or permit to be violated any of the conditions or provisions of any insurance policy required hereunder, and Tenant shall so perform and satisfy or cause to be performed and satisfied the requirements of the companies writing such policies so that at all times companies of good standing, reasonably satisfactory to Landlord, shall be willing to write and continue such insurance.

(g) Each policy of insurance required to be obtained by Tenant as herein provided and each certificate therefor issued by the insurer shall contain (i) a provision that no act or omission or negligence of Tenant or any other

named insured or violation of warranties, declarations or conditions by Tenant or any other named insured shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained, (ii) an agreement by the insurer that such policy shall not be cancelled or modified without at least thirty (30) days' prior written notice to Landlord and each Mortgagee, (iii) an agreement that the coverage afforded by the insurance policy shall not be affected by the performance of any work in or about the Buildings or the occupation or use of the Premises by Tenant or any Subtenant for purposes more hazardous than those permitted by the terms of such policy, (iv) a waiver by the insurer of any claim for insurance premiums against Landlord or any named insured other than Tenant, and (v) a waiver of subrogation by the insurers of any right to recover the amount of any loss resulting from the negligence of Tenant, Landlord, their agents, employees or licensees.

(h) All liability insurance required to be provided and kept in force by Tenant under this Lease shall be written on an "Occurrence" basis, provided, however, that if (i) a basis other than such "Occurrence" basis shall be adopted throughout the insurance industry and (ii) such other basis shall be accepted by most prudent owners of like buildings and improvements and most Institutional Lenders, then Tenant may provide and keep in force liability insurance written on such other basis.

Section 7.03.

(a) Tenant, on the written demand of Landlord after the occurrence of an Event of Default hereunder, shall deposit with Landlord on the first day of each and every month during the Term, an amount equal to one-twelfth (1/12th) of the annual insurance premiums required to be carried by Tenant hereunder, as estimated by Landlord, unless such insurance premiums are deposited with a Mortgagee or Recognized Unit Mortgagee (provided such Mortgagee or Recognized Unit Mortgagee be an Institutional Lender). If at any time the insurance premiums shall be increased or Landlord receives information that the insurance premiums will be increased, and the monthly deposits being paid by Tenant under this Article would be insufficient to pay such insurance premiums thirty (30) days prior to the due date, the monthly deposits shall thereupon be increased and Tenant shall, within fifteen (15) days after Landlord's demand, deposit immediately with Landlord sufficient monies for the payment of the increased insurance premiums. Thereafter, the monthly deposits shall be adjusted so that Landlord shall receive from Tenant sufficient monies to pay the insurance premiums at least thirty (30) days before the insurance premiums become due and payable.

(b) Anything in Section 7.03(a) to the contrary notwithstanding, if the Default which gave rise to Landlord having demanded that Tenant make deposits under Section 7.03(a) shall have been cured by Tenant and for a period of six (6) consecutive months following such cure no Default shall have occurred under this Lease, then, at any time after the expiration of such six (6) month period, upon the written demand of Tenant, provided that Tenant is not then in Default under this Lease, all monies deposited under Section 7.03(a) then held by Depository, together with the interest, if any, accrued thereon, shall be returned to Tenant and Tenant shall not be required to make further deposits under Section 7.03(a) unless and until there shall occur a subsequent Event of Default and Landlord shall make written demand upon Tenant to make deposits under Section 7.03(a).

Section 7.04. The insurance required by this Lease, at the option of Tenant, may be effected by blanket or umbrella policies issued to Tenant covering the Premises and other properties owned or leased by Tenant, provided that the policies otherwise comply with the provisions of this Lease, and specifically allocate to the Premises the coverages required hereby, without possibility of reduction of coinsurance by reason of, or damage to, any other premises named therein.

ARTICLE 8

USE OF INSURANCE PROCEEDS

Section 8.01. If all or any part of any of the Buildings 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 $10,000 (as such amount shall be increased as provided in Section 7.02(a)), and Tenant shall, at its sole cost and expense, whether or not such damage or destruction shall have been insured, and whether or not insurance proceeds, if any, shall be sufficient for the purpose of such Restoration, with reasonable diligence (subject to Unavoidable Delays and, provided Tenant shall have complied with its obligations under Sections 8.02, 8.03, 8.04 and, if applicable, Section 8.05, subject to receipt by Tenant of the Restoration Funds as provided in Section 8.02) repair, alter, restore, replace and rebuild (collectively, "Restore") the same, at least to the extent of the value and as nearly as possible to the condition, quality and class of the Buildings existing immediately prior to such occurrence, with

such changes or alterations as Tenant, with the prior consent of Landlord, which consent shall not be unreasonably withheld, shall elect to make, provided that, after the Restoration, the Buildings are in substantial conformity with the Master Development Plan, the Design Guidelines and, in the event such Restoration is commenced within ten (10) years after the date the Buildings have been Substantially Completed, the Plans and Specifications, and Landlord in no event shall be called upon to Restore any Buildings now or hereafter existing or any portion thereof or to pay any of the costs or expenses thereof. Notwithstanding anything herein contained to the contrary, Tenant shall, in any event, commence such Restoration not later than four (4) months after the date of such damage or destruction (subject to Unavoidable Delays). If Tenant shall fail or neglect to Restore with reasonable diligence (subject to Unavoidable Delays) the Buildings or the portion thereof so damaged or destroyed, or having so commenced such Restoration, shall fail to complete the same with reasonable diligence (subject to Unavoidable Delays) in accordance with the terms of this Lease, or if prior to the completion of any such Restoration by Tenant, this Lease shall expire or be terminated for any reason, Landlord may, but shall not be required to, complete such Restoration at Tenant's expense. Each such Restoration shall be done in accordance with the provisions of this Lease. In any case where this Lease shall expire or be terminated prior to the completion of Restoration, Tenant shall account to Landlord for all amounts spent in connection with any Restoration which was undertaken and shall pay over to Landlord the remainder, if any, of the Restoration Funds previously received by it.

Section 8.02.

(a) Subject to the provisions of Sections 8.03, 8.04 and, if applicable, Section 8.05, Depository shall pay over to Tenant from time to time, upon the following terms, any monies which may be received by Depository from insurance provided by Tenant (other than Rent Insurance) or cash or the proceeds of any security deposited with Depository pursuant to Section 8.05 (collectively, the "Restoration Funds") but, in no event, to any extent or in any sum exceeding the amount actually collected by Depository upon the loss; provided, however, that Depository, before paying such moneys over to Tenant, shall be entitled to reimburse itself and Landlord therefrom to the extent, if any, of the necessary, reasonable and proper expenses (including reasonable attorney's fees) paid or incurred by Depository and Landlord in the collection of such monies. Depository shall pay to Tenant, as hereinafter provided, the Restoration Funds, for the purpose of the Restoration to be made by Tenant to Restore the Buildings to a value which shall be not less than their value prior to such fire or other casualty. Such Restoration shall be done in accordance with, and subject to, the provisions of Article 13, including, without limitation,

the maintenance of the insurance coverage referred to in Section 13.01(f).

(b) Prior to the making of any Restoration which, in accordance with Section 8.01, requires notice to be given to Landlord, Tenant shall furnish Landlord with an estimate of the cost of such Restoration, prepared by a licensed professional engineer or registered architect, approved by Landlord, which approval shall not be unreasonably withheld. Landlord, at its election and expense, may engage a licensed professional engineer or registered architect to prepare its own estimate of the cost of such Restoration. If there is any dispute as to the estimated cost of the Restoration, such dispute shall be resolved by arbitration in accordance with the provisions of Article 36. With respect to any Restoration which, in accordance with Section 8.01, did not require notice to be given to Landlord, Tenant shall, as soon as reasonably practicable, furnish Landlord with an estimate of the cost of such Restoration.

(c) Subject to the provisions of Sections 8.03, 8.04 and, if applicable, 8.05, the Restoration Funds shall be paid to Tenant from time to time thereafter in installments as the Restoration progresses, upon application to be submitted by Tenant to Depository and Landlord showing the cost of labor and materials purchased and delivered to the Premises for incorporation in the Restoration, or incorporated therein since the last previous application, and due and payable or paid by Tenant. If any vendor's, mechanic's, laborer's, or materialman's lien is filed against the Premises or any part thereof, or if any public improvement lien relating to the Restoration of the Premises is created or permitted to be created by Tenant and is filed against Landlord, or any assets of, or funds appropriated to, Landlord, Tenant shall not be entitled to receive any further installment until such lien is satisfied or discharged (by bonding or otherwise).

(d) Subject to the provisions of Section 8.03(a)(iv), the amount of any installment to be paid to Tenant shall be such proportion of the total Restoration Funds received by Depository as the cost of labor and materials theretofore incorporated (or delivered to the Premises to be incorporated) by Tenant in the Restoration bears to the total estimated cost of the Restoration by Tenant, determined in accordance with this Section 8.02, less (i) all payments theretofore made to Tenant out of the Restoration Funds and (ii) ten percent (10%) of the amount so determined until completion of fifty percent (50%) of the Restoration and five percent (5%) of the amount so determined thereafter.

(e) Subject to the provisions of Sections 8.03, 8.04 and, if applicable, 8.05, upon completion of and payment for the Restoration by Tenant, the balance of the Res-

toration Funds held by Depository shall be paid over to Tenant. In the event that the Restoration Funds are insufficient for the purpose of paying for the Restoration, Tenant shall nevertheless be required to make the Restoration and pay any additional sums required for the Restoration.

(f) Notwithstanding the foregoing, if Landlord makes the Restoration at Tenant's expense, as provided in Section 8.01, then Depository shall pay over the Restoration Funds to Landlord, upon request, to the extent not previously paid to Tenant pursuant to this Section 8.02, and Tenant shall pay to Landlord, on demand, any sums in excess of the portion of the Restoration Funds received by Landlord necessary to complete the Restoration. Upon completion of the Restoration, Landlord shall deliver to Tenant a certificate, in reasonable detail, setting forth the expenditures made by Landlord for such Restoration.

Section 8.03. The following shall be conditions precedent to each payment made to Tenant as provided in Section 8.02 above:

(a) there shall be submitted to Depository and Landlord the certificate of the aforesaid engineer or architect approved by Landlord pursuant to Section 8.02(b) stating (i) that the sum then requested to be withdrawn either has been paid by Tenant or is due and payable to contractors, subcontractors, materialmen, engineers, architects or other Persons (whose names and addresses shall be stated) who have rendered or furnished services or materials for the work and giving a brief description of such services and materials and the principal subdivisions or categories thereof and the several amounts so paid or due to each of said Persons in respect thereof, and stating in reasonable detail the progress of the work up to the date of said certificate; (ii) that no part of such expenditures has been or is being made the basis, in any previous or then pending requisition, for the withdrawal of the Restoration Funds or has been made out of the Restoration Funds received by Tenant; (iii) that the sum then requested does not exceed the value of the services and materials described in the certificate; and (iv) that the balance of the Restoration Funds held by Depository will be sufficient upon completion of the Restoration to pay for the same in full, and stating in reasonable detail an estimate of the cost of such completion;

(b) there shall be furnished to Landlord an official search, or a certificate of a title insurance company reasonably satisfactory to Landlord, or other evidence reasonably satisfactory to Landlord, showing that there has not been filed any vendor's, mechanic's, laborer's or materialman's statutory or other similar lien affecting the Premises or any part thereof, or any public improvement lien with respect to the Premises or the Restoration created or permitted to be created by Tenant affecting Landlord, or the as-

sets of, or funds appropriated to, Landlord, which had not been discharged of record (by bonding or otherwise), except such as will be discharged upon payment of the amount then requested to be withdrawn; and

(c) at the time of making such payment, there is no existing and unremedied Event of Default on the part of Tenant under Article 24.

Section 8.04.

(a) If any loss, damage or destruction occurs, the cost of Restoration of which equals or exceeds Two Hundred and Fifty Thousand Dollars ($250,000) in the aggregate, determined as provided in Section 8.02(b) (as such amount shall be increased as provided in Section 7.02(a)), Tenant shall furnish to Landlord at least thirty (30) days before the commencement of any Restoration, the following:

(i) complete plans and specifications for the Restoration of the Buildings, prepared by a licensed professional engineer or registered architect whose qualifications shall meet with the approval of Landlord, which approval shall not be unreasonably withheld, together with the approval thereof and any required permits issued by any Governmental Authority with respect to the Restoration and such plans and specifications, and, at the request of Landlord, any other drawings, information or samples to which Landlord is entitled under Article 11, all of the foregoing to be subject to Landlord's review and approval for substantial conformity with the Master Development Plan, the Design Guidelines and, if such Restoration is commenced within ten (10) years from the date the Buildings shall have been Substantially Completed, the Plans and Specifications; all such plans and specifications and other materials for the Restoration shall become the sole and absolute property of Landlord if for any reason this Lease shall be terminated;

(ii) a contract satisfactory to Landlord in form assignable to Landlord, made with a reputable and responsible contractor approved by Landlord, which approval shall not be unreasonably withheld, providing for (x) the completion of the Restoration in accordance with said plans and specifications, free and clear of all liens, encumbrances, security agreements, interests and financing statements, and (y) payment and performance bonds in forms and by sureties satisfactory to Landlord, naming the contractor as obligor and Landlord and Tenant and Mortgagee or Recognized Unit Mortgagee, if applicable, as obligees, each in a penal sum

equal to the amount of such contract or, in lieu thereof, such other security reasonably satisfactory to Landlord; and

(iii) an assignment to Landlord of the contract so furnished and the bonds, if any, provided thereunder, such assignment to be duly executed and acknowledged by Tenant and by its terms to be effective only upon any termination of this Lease or upon Landlord's re-entry upon the Premises following an Event of Default prior to the complete performance of such contract, such assignment also to include the benefit of all payments made on account of said contract including payments made prior to the effective date of such assignment.

(b) Notwithstanding that the cost of Restoration of any loss, damage or destruction is less than Two Hundred and Fifty Thousand Dollars ($250,000) (as such amount shall be increased as provided in Section 7.02(a)), such cost to be determined as provided in Section 8.02(b), to the extent that any portion of the Restoration involves work on the exterior of a Building (including windows) or a change in the height, bulk or setback of a Building from the height, bulk or setback existing immediately prior to the loss, damage or destruction, or in any other matter relating to or affected by the Master Development Plan, the Design Guidelines or, if such Restoration is commenced within ten (10) years from the date the Buildings shall have been Substantially Completed, the Plans and Specifications, then Tenant shall furnish to Landlord at least fifteen (15) days before the commencement of the Restoration a complete set of plans and specifications for the Restoration of the Buildings involving such work or such change, prepared by a licensed professional engineer or registered architect whose qualifications shall meet with the approval of Landlord, which approval shall not be unreasonably withheld, and, at Landlord's request, such other items designated in clause (i) of Section 8.04(a).

Section 8.05. With respect to any Restoration, the cost of which exceeds Two Hundred and Fifty Thousand Dollars ($250,000) (as such amount shall be increased as provided in Section 7.02(a)), if the estimated cost of any such Restoration, determined as provided in Section 8.02(b), exceeds the net insurance proceeds, then, prior to the commencement of any Restoration, Tenant shall either (i) deposit with Depository, as security for completion of the Restoration, a bond, cash or other security reasonably satisfactory to Landlord in the amount of such excess, to be held and applied by Depository in accordance with the provisions of Section 8.02, or (ii) deliver to Landlord a binding and enforceable commitment, satisfactory to Landlord in its sole discretion, for a loan adequate to assure completion of the Restoration, free of public improvement, vendors', mechanics', laborers' or materialmen's statutory or other similar liens.

Section 8.06. 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 here-under, by reason of damage to or total, substantial or partial destruction of any of the Buildings 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 fu-ture, waives any and all rights to quit or surrender the Premises or any part thereof. Tenant expressly agrees that its obligations hereunder, including without limitation, the payment of Rental payable by Tenant hereunder, shall contin-ue as though the Buildings had not been damaged or destroyed and without abatement, suspension, diminution or reduction of any kind. It is the intention of Landlord and Tenant that the foregoing is an "express agreement to the con-trary" as provided in Section 227 of the Real Property Law of the State of New York.

ARTICLE 9

CONDEMNATION

Section 9.01.

(a) If at any time during the Term, the whole or substantially all of the Premises shall be taken (excluding a taking of the fee interest in the Premises, or any lease-hold interest superior to that of the Tenant's, if after such taking, Tenant's rights under this Lease are not af-fected) for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemna-tion or eminent domain or by agreement among Landlord, Ten-ant and those authorized to exercise such right, this Lease and the Term shall terminate and expire on the date of such taking and the Rental payable by Tenant hereunder shall be equitably apportioned as of the date of such taking.

(b) The term "substantially all of the Premises" shall be deemed to mean such portion of the Premises as, when so taken, would leave remaining a balance of the Prem-ises which, due either to the area so taken or the location of the part so taken in relation to the part not so taken, would not under economic conditions, applicable zoning laws, building regulations then existing or prevailing or the Mas-ter Development Plan, and after performance by Tenant of all covenants, agreements, terms and provisions contained herein or by law required to be observed or performed by Tenant, (i) if the Premises shall be used for rental purposes, per-mit the Restoration of the Buildings thereon so as to con-stitute a complete, rentable building or buildings capable

of producing a fair and reasonable net annual income proportional to the number of square feet not so taken or (ii) if Tenant's estate in the Premises shall have been submitted to either a cooperative or condominium form of ownership, permit the Restoration of the Buildings thereon so as to constitute an economically viable cooperative or condominium, as the case may be. If the Premises shall be used for rental purposes, the average net annual income produced by the Buildings during (i) the period commencing on the date of Completion of the Buildings and ending on the last anniversary of that date which preceded the taking, or (ii) the five (5) year period immediately preceding such taking, whichever is shorter, shall be deemed to constitute a fair and reasonable net annual income for the purpose of determining what is a fair and reasonable net annual income. If there be any dispute as to whether or not "substantially all of the Premises" has been taken, such dispute shall be resolved by arbitration with the provisions of Article 36.

(c) If the whole or substantially all of the Premises shall be taken or condemned as provided in this Article 9, the award, awards or damages in respect thereof shall be apportioned as follows: (i) there shall first be paid to Landlord so much of the award which is for or attributable to the value of that part of the Land, considered as unimproved and unencumbered by this Lease, and the fair market value of Landlord's Civic Facilities taken in any proceeding with respect to such taking; (ii) there shall next be paid to the Mortgagee which holds a first lien on Tenant's interest in this Lease, or to Recognized Unit Mortgagees, if applicable, so much of the balance of such award as shall equal the unpaid principal indebtedness secured by such Mortgage or such Recognized Unit Mortgagees with interest thereon at the rate specified therein to the date of payment; (iii) there shall next be paid to Landlord so much of the award which is for or attributable to the value of Landlord's reversionary interest in that part of the Buildings taken in such proceeding (it being agreed between Landlord and Tenant that, notwithstanding anything herein contained to the contrary, for a period of forty (40) years from the Scheduled Completion Date (or, if Tenant's leasehold estate in the Premises shall have been submitted to a cooperative or condominium form of ownership, for a period of sixty (60) years from the Scheduled Completion Date), the value of Landlord's reversionary interest in the Buildings shall be deemed to be zero); and (iv) subject to rights of any Mortgagees or Recognized Unit Mortgagees, if applicable, Tenant shall receive the balance of the award, if any. If there be any dispute as to which portion of the award is attributable to the Land and the Civic Facilities and which portion is attributable to the Buildings, or as to the value of Landlord's reversionary interest in the Buildings, such dispute shall be resolved by arbitration in accordance with the provisions of Article 36.

(d) Each of the parties agrees to execute any and all documents that may be reasonably required in order to facilitate collection by them of such awards.

Section 9.02. For purposes of this Article 9, the "date of taking" shall be deemed to be the earlier of (i) the date on which actual possession of the whole or substantially all of the Premises, or a part thereof, as the case may be, is acquired by any lawful power or authority pursuant to the provisions of the applicable federal or New York State law or (ii) the date in which title to the Premises or the aforesaid portion thereof shall have vested in any lawful power or authority pursuant to the provisions of the applicable federal or New York State law.

Section 9.03. If less than substantially all of the Premises shall be so taken, this Lease and the Term shall continue as to the portion of the Premises remaining without abatement of the Base Rent or diminution of any of Tenant's obligations hereunder. If as a direct result of such taking PILOT shall be reduced, the Supplemental Rent payable by Tenant hereunder shall be reduced by an amount equal to the amount by which PILOT shall have been so reduced. If the parties are unable to agree on the amount of the reduction of Supplemental Rent, such dispute shall be resolved by arbitration in accordance with the provisions of Article 36. In no event shall Base Rent be reduced. Tenant, at its sole cost and expense, whether or not the award or awards, if any, shall be sufficient for the purpose shall (subject to Unavoidable Delays) proceed diligently to Restore any remaining part of the Building or Buildings not so taken so that the latter shall be complete, operable, self-contained architectural units in good condition and repair in conformity with the Master Development Plan, the Design Guidelines and, to the extent reasonably practicable, in the event such Restoration is commenced within ten (10) years from the date the Buildings are Substantially Completed, the Plans and Specifications. In the event of any taking pursuant to this Section 9.03, the entire award for or attributable to the Land, considered as unimproved and unencumbered by this Lease, and the fair market value of Landlord's Civic Facilities in any proceeding with respect to such taking, shall be first paid to Landlord, and the balance of the award, if any, shall be paid to Depository. Subject to the provisions and limitations in this Article 9, Depository shall make available to Tenant as much of that portion of the award actually received and held by Depository, if any, less all necessary and proper expenses paid or incurred by Depository, the Mortgagee most senior in lien or the Unit Mortgagee Representative, if applicable, and Landlord in the condemnation proceedings, as may be necessary to pay the cost of Restoration of the part of the Building or Buildings remaining. Such Restoration shall be done in accordance

with and subject to the provisions of Articles 8 and 13. Payments to Tenant as aforesaid shall be disbursed in the manner and subject to the conditions set forth in Article 8. Any balance of the award held by Depository and any cash and the proceeds of any security deposited with Depository pursuant to Section 9.04 remaining after completion of the Restoration shall be paid to Tenant. Each of the parties agrees to facilitate collection by them of their respective awards. If the portion of the award made available by Depository, as aforesaid, is insufficient for the purpose of paying for the Restoration, Tenant shall nevertheless be required to make the Restoration and pay any additional sums required for the Restoration.

Section 9.04. With respect to any Restoration required by the terms of this Article 9, the cost of which, as determined in the manner set forth in Section 8.02(b), exceeds both (i) Two Hundred and Fifty Thousand Dollars ($250,000) (as such amount shall be increased as provided in Section 7.02(a)) and (ii) the net condemnation award, then, prior to the commencement of such Restoration, Tenant shall either (x) deposit with Depository a bond, cash or other security reasonably satisfactory to Landlord in the amount of such excess, to be held and applied by Depository in accordance with the provisions of Section 9.03, as security for the completion of the Restoration, or (y) deliver to Landlord a binding and enforceable commitment, satisfactory to Landlord in its sole discretion, for a loan adequate to assure completion of the Restoration, free of public improvement, vendors', mechanics', laborers' or materialmen's statutory or other similar liens.

Section 9.05. If the temporary use of the whole or any part of the Premises shall be taken at any time during the Term for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement between Tenant and those authorized to exercise such right, Tenant shall give prompt notice thereof to Landlord and the Term shall not be reduced or affected in any way and Tenant shall continue to pay in full the Rental payable by Tenant hereunder without reduction or abatement, and Tenant shall be entitled to receive for itself any award or payments for such use, provided, however, that:

(a) if the taking is for a period not extending beyond the Term and if such award or payment is made less frequently than in monthly installments, the same shall be paid to and held by Depository as a fund which Depository shall apply from time to time to the payment of the Rental payable by Tenant hereunder, except that, if such taking results in changes or alterations in any of the Buildings which would necessitate an expenditure to Restore such Buildings to their former condition, then, a portion of such

award or payment considered by Landlord, in its reasonable opinion, as appropriate to cover the expenses of the Restoration shall be retained by Depository, without application as aforesaid, and applied and paid over toward the Restoration of such Buildings to their former condition, substantially in the same manner and subject to the same conditions as provided in Section 9.03; or

(b) if the taking is for a period extending beyond the Term, such award or payment shall be apportioned between Landlord and Tenant as of the Expiration Date, and Tenant's share thereof, if paid less frequently than in monthly installments, shall be paid to Depository and applied in accordance with the provisions of Section 9.05(a), provided, however, that the amount of any award or payment allowed or retained for the Restoration of the Buildings and not previously applied for such purpose shall remain the property of Landlord if this Lease shall expire prior to the Restoration of the Buildings to their former condition.

Section 9.06. 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 to the extent of the amount, if any, necessary to restore any portion of the Civic Facilities to their former condition and any balance remaining shall be paid to Tenant. Subject to Unavoidable Delays, such restoration shall be diligently performed by Landlord subject to and in accordance with the provisions of Articles 26 and 27 hereof. In the event Landlord shall fail to perform such restoration Tenant shall have the right to do so in accordance with the provisions of Articles 26 and 27 hereof and the remedies provided in Section 26.04.

Section 9.07. In the event of a negotiated sale of all or a portion of the Premises in lieu of condemnation, the proceeds shall be distributed as provided in cases of condemnation.

Section 9.08. Landlord, Tenant and any Mortgagee or the Unit Mortgagee Representative, if applicable, shall be entitled to file a claim and otherwise participate in any condemnation or similar proceeding and all hearings, trials and appeals in respect thereof.

Section 9.09. Anything herein to the contrary notwithstanding, Landlord shall not settle or compromise any taking or other governmental action creating a right to compensation in Tenant as provided in this Article 9 without the prior consent of Tenant if such settlement or compromise adversely affects Tenant's rights to compensation for such taking.

ARTICLE 10

ASSIGNMENT, SUBLETTING, MORTGAGES, ETC.

Section 10.01.

(a) Except as otherwise specifically provided in this Section 10.01, until Completion of the Buildings, neither this Lease nor the interest of Tenant in this Lease, shall be sold, assigned, or otherwise transferred, whether by operation of law or otherwise, nor shall any of the issued or outstanding capital stock of any corporation which, directly or indirectly, is Tenant under this Lease be (voluntarily or involuntarily) sold, assigned, transferred, pledged or encumbered, whether by operation of law or otherwise, nor shall any voting trust or similar agreement be entered into with respect to such stock, nor any reclassification or modification of the terms of such stock take place, nor shall there be any merger or consolidation of such corporation into or with another corporation nor shall additional stock (or any warrants, options or debt securities convertible, directly or indirectly, into such stock) in any such corporation be issued if the issuance of such additional stock (or such other securities, when exercised or converted into stock) will result in a change of the controlling stock ownership of such corporation as held by the shareholders thereof, nor shall any general partner's interest in a partnership which is Tenant under this Lease be (voluntarily or involuntarily) sold, assigned or transferred (each of the foregoing transactions with respect to stock or other securities of a corporation or a general partner's interest in a partnership being herein referred to as a "Transfer"), nor shall Tenant sublet the Premises as an entirety or substantially as an entirety, without the prior consent of Landlord in each case and the delivery to Landlord of the documents specified in Section 10.01(d) hereof. Anything contained in this Section 10.01(a) to the contrary notwithstanding, provided that Tenant shall comply with the provisions of this Article 10 with respect to a permitted assignment (including, but not limited to, the provisions of Section 10.01(d) and (g), Tenant may assign its interest in this Lease without Landlord's consent to the following Persons (each such Person herein referred to as a "Permitted Assignee"): (1) one or more Affiliates of Tenant, (2) a Person or Persons in each of which Tenant and/or one or more Affiliates of Tenant have in the aggregate at least a ninety percent (90%) interest and in which the remaining interests are owned by the officers, directors and/or employees of Tenant or of any of such Affiliates of Tenant, or (3) a joint venture (which term shall include a partnership or tenancy-in-common) in which Tenant and/or one or more Affil-

iates of Tenant have in the aggregate at least a fifty (50%) interest and are the managing joint venturers, provided, however, that if Hudson View Towers Associates is the Tenant hereunder, a joint venture shall qualify as a Permitted Assignee if William Zeckendorf or Affiliates of William Zeckendorf and World-Wide Holdings Corporation or Affiliates or principals of World-Wide Holdings Corporation, have, in the aggregate, at least a fifty-one (51%) percent interest in, and William Zeckendorf or an Affiliate of William Zeckendorf is the managing joint venturer of, such joint venture provided, however, that a Permitted Assignee described in clause (3) above shall continue to qualify as a Permitted Assignee notwithstanding the death or legal incapacity of William Zeckendorf. From and after an assignment of this Lease by Tenant to a Permitted Assignee until Completion of the Buildings, Tenant shall continue to qualify as a "Permitted Assignee" in accordance with the foregoing requirements.

(b) From and after Completion of the Buildings Landlord shall not withhold its consent to a Transfer, an assignment by Tenant of its interest hereunder or a subletting of the Premises as an entirety or substantially as an entirety provided Tenant shall have complied with the provisions of this Article 10. This Section 10.01(b), Section 10.01(c) (except as otherwise provided therein) and Section 10.01(d) shall not apply to an assignment or partial assignments in connection with a Cooperative Plan or Condominium Plan which shall be governed by the provisions of Section 10.01(e)(i) and Section 10.01(e)(ii), respectively.

(c) In no event, whether before or after Completion of the Buildings, shall Tenant make a Transfer, assign this Lease or any portion of its interest hereunder or sublet the Premises as an entirety or substantially as an entirety to any Person (i) which is (or any principal of which is), at the time of such transaction, either (A) financially irresponsible, or (B) controlled by or under common control with Persons convicted of felonies or known to be engaged in criminal activities, (ii) against which (or against any principal of which) any action or proceeding is pending to enforce rights of the State of New York or any agency, department, public authority or public benefit corporation thereof arising out of a mortgage obligation to the State of New York or to any such agency, department, public authority or public benefit corporation, or (iii) to which (or to any principal of which) any notice of substantial monetary default which remains uncured has been given by the State of New York or any agency, department, public authority or any public benefit corporation thereof arising out of a mortgage obligation to the State of New York or to any such agency, department, public authority or public benefit corporation. The provisions of this Section 10.01(c) shall apply to any Person (x) purchasing at least fifteen percent (15%) of the

Cooperative Apartments or Units or (y) subletting at least fifteen percent (15%) of the residential apartments.

(d) No assignment, subletting of the Premises as an entirety or substantially as an entirety, or Transfer shall become effective under this Lease unless and until Tenant complies with the provisions of Section 10.01(g) and, in addition, delivers the following documents to Landlord:

(i) in the case of an assignment, (A) an executed counterpart of the instrument(s) of assignment, containing, inter alia, the name, address and telephone number of the assignee, (B) executed instruments of assumption of Tenant's obligations under this Lease by said assignee, effective as of the date of the assignment, and (C) an affidavit of the assignee or an authorized officer or general partner thereof, setting forth (x) in the case of a partnership, the names and addresses of the general partners thereof, (y) in the case of a corporation (other than a corporation whose common stock is traded over the New York Stock Exchange or the American Stock Exchange or which is an Institutional Lender), the names and addresses of all persons owning stock of, and all directors and officers of, the assignee;

(ii) in the case of a subletting of the Premises as an entirety or substantially as an entirety, (A) an executed counterpart of the sublease, containing, inter alia, the name, address, and telephone number of the subtenant, and (B) an affidavit of the subtenant or an authorized officer or general partner thereof, setting forth (x) in the case of a partnership, the names and addresses of the general partners thereof, (y) in the case of a corporation (other than a corporation whose common stock is traded over the New York Stock Exchange or the American Stock Exchange or which is an Institutional Lender), the names and addresses of all persons owning stock of, and all directors and officers of, the sublessee; and

(iii) in the case of a Transfer, (A) an executed counterpart of each document by which such Transfer was accomplished, and (B) an affidavit of an authorized officer or general partner of Tenant, setting forth (x) if Tenant is a partnership, the names and addresses of all persons becoming general partners thereof as a result of such Transfer, (y) if Tenant is a corporation (other than a corporation whose common stock is traded over the New York Stock Exchange or the American Stock Exchange or which is an Institutional Lend-

er), the names and addresses of all persons acquiring stock of Tenant as a result of such Transfer.

(e) (i) From and after Substantial Completion of the Buildings, Landlord shall not withhold its consent to an assignment by Tenant of its interest in this Lease to the Apartment Corporation pursuant to a Cooperative Plan provided Tenant shall have delivered to Landlord (w) a true and correct copy of such Cooperative Plan and any amendments, modifications and supplements thereto, (x) a true and correct copy of the letter of acceptance of the Cooperative Plan issued by the New York State Department of Law, (y) a true and correct copy of the letter accepting the amendment declaring the Cooperative Plan effective issued by the New York State Department of Law and (z) such other documents in connection therewith as may be reasonably requested by Landlord.

(ii) Any assignment or partial assignment(s) by Tenant of its interest in this Lease pursuant to a Condominium Plan shall be governed by the provisions of Article 42 hereof.

(f) The foregoing requirement of prior consent by Landlord shall not apply to the acquisition of the Premises by a Mortgagee, through the foreclosure of a Mortgage complying with the terms of Section 10.10 and Section 10.11 hereof, or through a deed or instrument of transfer delivered in lieu of such foreclosure, so long as such Mortgagee shall, in the instrument transferring to such Mortgagee 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.

(g) At least twenty (20) days prior to the effective date of any proposed transaction of the type specified in Section 10.01(d) or (e)(i), Tenant shall deliver to Landlord counterparts of the applicable documents provided for in said Sections. No later than twenty (20) days after receipt of said documents, Landlord shall notify Tenant whether Landlord (i) consents to the proposed transaction, if required, and (ii) has determined that the form and substance of each such document is reasonably satisfactory to Landlord. In the event that Landlord shall fail to respond within twenty (20) days after the receipt by Landlord of the documents required to be delivered under Section 10.01(d) or (e)(i), Landlord shall be deemed to have consented to the proposed transaction to which such documents relate. Landlord shall be deemed to have acted reasonably under this Section 10.01(g) if it withholds consent at any time that a Default on Tenant's part exists under this Lease.

Section 10.02. No assignment of this Lease, subletting of the Premises as an entirety or substantially as an entirety or Transfer shall have any validity except upon compliance with the provisions of this Article 10 or, with respect to an assignment or partial assignment(s) pursuant to a Condominium Plan, Article 42.

Section 10.03. Any consent by Landlord under Section 10.01 above shall apply only to the specific transaction thereby authorized and shall not relieve Tenant from any requirement hereunder of obtaining the prior consent of Landlord to any further sale or assignment of this Lease or Transfer or subletting of the Premises as an entirety or substantially as an entirety.

Section 10.04. Tenant may, without Landlord's prior consent, but subject to the provisions of Section 10.01(c) and this Section 10.04, enter into agreements for the rental of residential and non-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 (all of such agreements being herein referred to collectively as "Subleases", and the occupants pursuant to Subleases as "Subtenants"). Each Sublease shall obligate the Subtenant pursuant thereto to occupy and use the premises included therein for purposes consistent with the Requirements and with the Master Development Plan. Tenant shall promptly and diligently enforce all of its rights as the landlord under all Subleases in accordance with the terms thereof. The term "Sublease" shall not include any sublease of a Cooperative Apartment or Unit and the term "Subtenant" shall not include the subtenant of any Cooperative Apartment or Unit.

Section 10.05. The fact that a violation or breach of any of the terms, provisions or conditions of this Lease or, subject to the provisions of Section 41.19, the Master Lease results from or is caused by an act or omission by any of the Subtenants 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 10.06. 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, and apply the net amount collected to the Rental payable by Tenant hereunder, 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 Subtenants as Tenant hereunder, or a release of Tenant from performance by Tenant of its obligations under this Lease.

Section 10.07. 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, all of Tenant's right, title and interest in and to all 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, and further agrees that 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 that 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) a Default shall occur, or (b) this Lease and the Term shall be cancelled or terminated pursuant to the terms, covenants and conditions hereof, or (c) there occurs repossession under a dispossess warrant or other reentry or repossession by Landlord under the provisions hereof, and then only as to such of the Subleases that Landlord has agreed to take over and assume.

Section 10.08. At any time and from time to time upon Landlord's demand, Tenant promptly shall deliver to Landlord a schedule of all Subleases, setting forth the names of all Subtenants with a photostatic copy of each of the Subleases. Upon the reasonable request of Landlord, Tenant shall permit Landlord and its agents and representatives to inspect all Subleases.

Section 10.09. All Subleases shall provide that (a) they are subject to this Lease and to the Master Lease, (b) the Subtenants will not pay rent or other sums under the Subleases with Tenant for more than one (1) month in advance, and (c) at Landlord's option, on the termination of this Lease pursuant to Article 24, the Subtenants will attorn to, or enter into a direct Sublease on identical terms with, Landlord.

Section 10.10.

(a) 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 each such Mortgage, certified as such by the Mortgagee, together with the name and address of such Mortgagee. After receipt of the foregoing, Landlord shall give to such

Mortgagee, at the address of such Mortgagee set forth in such notice, and otherwise in the manner provided by Article 25, a copy of each notice of Default by Tenant at the same time as, and whenever, any such notice of Default shall thereafter be given by Landlord to Tenant, and no such notice of Default by Landlord shall be deemed to have been duly given to Tenant unless and until a copy thereof shall have been so given to each Mortgagee. Each Mortgagee (i) shall thereupon have a period of twenty (20) days more in the case of a Default in the payment of Rental and thirty (30) days more in the case of any other Default, after such notice is given to it, for remedying the Default, or causing the same to be remedied, or causing action to remedy a Default mentioned in Section 24.01(c) or (d) to be commenced, than is given Tenant after such notice is given to it, and (ii) shall, within such periods and otherwise as herein provided, have the right to remedy such Default, cause the same to be remedied or cause action to remedy a Default mentioned in Section 24.01(c) or (d) to be commenced. 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.

(b) Notwithstanding the provisions of Section 10.10(a) hereof, no Default by Tenant shall be deemed to exist as long as a Mortgagee, in good faith, shall have commenced promptly either (i) to cure the Default and to prosecute the same to completion, or (ii) if possession of the Premises is required in order to cure the Default, to institute foreclosure proceedings and obtain possession directly or through a receiver, and to prosecute such proceedings with diligence and continuity and, upon obtaining such possession, commenced promptly to cure the Default and to prosecute the same to completion with diligence and continuity, provided, however, that the Mortgagee shall have delivered to Landlord, in writing within twenty (20) days after notice of such Default, its agreement to take the action described in clause (i) or (ii) herein, and 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 reasonably 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, and in such event, the 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, thereupon, 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 10.11 shall apply.

(c) Except as provided in Section 10.10(b), no Mortgagee shall become liable under the provisions of this Lease unless and until such time as it becomes, and then only for as long as it remains, the owner of the leasehold estate created hereby as provided in Section 10.11. In the event that a Mortgagee shall become the owner of such leasehold estate, such Mortgagee shall not be bound by any modification or amendment of this Lease made prior to its acquisition of such interest unless the Mortgagee shall have consented to such modification or amendment at the time it was made or at the time of such acquisition.

Section 10.11.

(a) In the case of termination of this Lease by reason of any Default or for any other reason, Landlord shall give prompt notice thereof to each Mortgagee under a Mortgage made in compliance with the provisions of Section 10.10, at the address of such Mortgagee set forth in the notice mentioned in Section 10.10(a) hereof, and otherwise in the manner provided by Article 25. Landlord, on written request of such Mortgagee made any time within thirty (30) days after the giving of such notice by Landlord, shall execute and deliver a new lease of the Premises to the Mortgagee, or its designee or nominee, for the remainder of the Term, upon all the covenants, conditions, limitations and agreements herein contained, provided that the Mortgagee (i) shall pay to Landlord, simultaneously with the delivery of such new lease, all unpaid Rental due under this Lease up to and including the date of the commencement of the term of such new lease and all expenses including, without limitation, reasonable attorneys' fees and disbursements and court costs, incurred by Landlord in connection with the Default by Tenant, the termination of this Lease and the preparation of the new lease, and (ii) shall cure all Defaults existing under this Lease which are reasonably susceptible of being cured by the Mortgagee.

(b) Any such new lease and the leasehold estate thereby created shall, subject to the same conditions contained in this Lease, continue to maintain the same priority as this Lease with regard to any mortgage, including any fee

mortgage, on the Premises or any part thereof or any other lien, charge or encumbrance thereon whether or not the same shall then be in existence. Concurrently with the execution and delivery of such new lease, Landlord shall assign to the tenant named therein all of its right, title and interest in and to moneys (including insurance and condemnation proceeds), if any, then held by or payable to Landlord or Depository which Tenant would have been entitled to receive but for termination of this Lease, and any sums then held by or payable to Depository shall be deemed to be held by or payable to it as Depository under the new lease.

(c) Upon the execution and delivery of a new lease under this Section 10.11, all Subleases which theretofore may have been assigned to Landlord shall be assigned and transferred, without recourse, by Landlord to the tenant named in such new lease. Between the date of termination of this Lease and the date of execution of the new lease, if a Mortgagee shall have requested such new lease as provided in paragraph (a) of this Section 10.11, Landlord shall not cancel any Subleases or accept any cancellation, termination or surrender thereof (unless such termination shall be effected as a matter of law on the termination of this Lease) without the consent of the Mortgagee, except for a default as permitted in the Subleases or for the purpose of permitting Landlord to enter into Subleases with other tenants who will occupy not less than the same amount of space demised by the cancelled Subleases at a rental rate per square foot and for terms not less than the rental rates per square foot and for at least the remainder of the unexpired terms, respectively, of the cancelled Subleases.

(d) If there is more than one Mortgage, Landlord shall recognize the Mortgagee whose Mortgage is senior in lien as the Mortgagee entitled to the rights afforded by Sections 10.10, 10.11 and 10.12, provided that such Mortgagee shall have complied with the provisions of Section 10.10.

Section 10.12. In any circumstances where arbitration is provided for under this Lease, Landlord agrees that Landlord shall give any Mortgagee who shall have given Landlord a notice as provided in Section 10.10(a) notice of any demand by Landlord for any arbitration, and Landlord shall recognize the Mortgagee whose Mortgage is senior in lien as a proper party to participate in the arbitration if Tenant fails to do so, whether such failure is in the matter of designating arbitrators or otherwise.

ARTICLE 11

CONSTRUCTION OF BUILDINGS

Section 11.01. Tenant shall, at its sole cost and expense, and using a reputable and responsible contractor or construction manager approved by Landlord, which approval shall not be unreasonably withheld, promptly commence (subject to Unavoidable Delays) on or before the Construction Commencement Date and diligently construct the Buildings in accordance with the Master Development Plan, the Design Guidelines, the Plans and Specifications, and the applicable provisions of this Lease (subject to Unavoidable Delays). Tenant shall as soon as practicable obtain from New York City and all other Governmental Authorities all permits, consents, certificates and approvals required to commence construction of the Buildings. At the request of Tenant, Landlord, at no cost or expense to it, shall within ten (10) days of Tenant's request, execute and deliver any documents or instruments reasonably required to obtain such permits, consents, certificates and approvals, provided such documents or instruments do not impose any liability or obligation on Landlord except as may otherwise be provided for in this Lease. Tenant shall not undertake Commencement of Construction unless and until (a) Tenant shall have obtained as aforesaid and delivered to Landlord copies of all necessary permits, consents, certificates and approvals for such construction from all Governmental Authorities which are required to have been obtained prior to Commencement of Construction, (b) Landlord shall have reviewed the Plans and Specifications in the manner provided herein and shall have determined that they conform to the Master Development Plan and the Design Guidelines, and (c) Tenant shall have submitted to Landlord and Landlord and the Public Authorities Control Board shall have approved Tenant's financing plan for construction of the Buildings. Tenant shall obtain such other permits, consents, certificates and approvals as may be required from time to time to continue and complete the construction of the Buildings. Tenant shall deliver to Landlord within five (5) Business Days after Commencement of Construction its certification setting forth the date of Commencement of Construction. In the event Landlord shall not have objected to such date within five (5) Business Days after Tenant shall have submitted its certification to Landlord, such date shall be deemed to be the date of Commence-

ment of Construction. In the event Landlord shall have delivered its objection within such five (5) Business Day period and the parties shall be unable to agree on such date, such dispute shall be resolved by arbitration pursuant to Article 36.

Section 11.02.

(a) As soon as practicable, but in no event later than January 4, 1985, Tenant shall submit to Landlord scaled schematic drawings (the "Schematics") prepared by the Architect in sufficient detail so as to provide Landlord with the following information to enable Landlord to determine whether or not Tenant's development scheme for the Premises conforms to the Master Development Plan and the Design Guidelines:

(i) a site plan showing the Buildings and all necessary connections to and relationships with Civic Facilities located on or adjacent to the Premises;

(ii) floor plans of a typical floor as well as of each atypical floor, any special public areas and all commercial areas;

(iii) elevation plans for the north, south, east and west portions of the Premises on scale of 1"-8';

(iv) detail plans for special facilities and/or special areas;

(v) outline specifications of exterior materials;

(vi) model indicating building massing on scale of 1"-20'; ~~and~~

~~(vii) model of building sections on scale of 1"-8' or 1"=16'.~~

If Landlord reasonably determines that the Schematics conform to the Master Development Plan and the Design Guidelines, Landlord shall notify Tenant to that effect within ten (10) days after Landlord's receipt of the Schematics. If Landlord reasonably determines that the Schematics do not conform to the Master Development Plan and the Design Guidelines, Landlord shall so notify Tenant within such ten (10) day period, specifying those respects in which the Schematics do not so conform, and Tenant shall revise the Schematics to so conform and shall resubmit the same to Landlord for review within seven (7) days of the date of notice from Landlord to Tenant that the Schematics do not so conform.

Each subsequent review by Landlord shall be carried out within four (4) days of the date of submission of the revised Schematics by Tenant. If Landlord shall not have notified Tenant of its determination within the aforesaid periods, it shall be deemed to have determined that the Schematics do conform to the Master Development Plan and the Design Guidelines.

(b) As soon as practicable but in no event later than March 10, 1985, Tenant shall submit to Landlord for its review, preliminary plans and outline specifications (the "Preliminary Plans and Specifications") for the Buildings, drawn at the same scale as final contract plans prepared by the Architect. If Landlord determines that the Preliminary Plans and Specifications conform to the Master Development Plan, the Design Guidelines and the Schematics, Landlord shall notify Tenant to that effect within ten (10) days after Landlord's receipt of the Preliminary Plans and Specifications. If Landlord determines that the Preliminary Plans and Specifications do not conform to the Master Development Plan, the Design Guidelines and the Schematics, Landlord shall so notify Tenant within such period, specifying those respects in which the Preliminary Plans and Specifications do not so conform, and Tenant shall revise the same to so conform and shall resubmit the Preliminary Plans and Specifications to Landlord for review within fifteen (15) days of the date of notice from Landlord to Tenant that the Preliminary Plans and Specifications do not so conform. Each review by Landlord shall be carried out within ten (10) days of the date of submission of the Preliminary Plans and Specifications by Tenant (and if Landlord shall not have notified Tenant of its determination, within such ten (10) day period, it shall be deemed to have determined that the Preliminary Plans and Specifications do so conform). The failure of Landlord to timely comply with the provisions of this Section and Section 11.02(c) shall extend by one Business Day the Construction Commencement Date for each day of Landlord's delay.

(c) As soon as practicable but in no event later than ninety (90) days after Landlord shall have notified Tenant that the Preliminary Plans and Specifications conform to the Master Development Plan, the Design Guidelines and the Schematics, Tenant shall submit to Landlord final plans and specifications for the Buildings by the Architect (such plans and specifications, as the same may be changed from time to time by Tenant, to the extent they are approved by Landlord, being herein referred to as the "Plans and Specifications"). The Plans and Specifications shall be reviewed by Landlord to determine whether or not they conform to the Master Development Plan, the Design Guidelines and the Preliminary Plans and Specifications. If Landlord determines that they do so conform, Landlord shall notify Tenant to

that effect within ten (10) days after Landlord's receipt of the Plans and Specifications. If Landlord determines that the Plans and Specifications do not conform to the Master Development Plan, the Design Guidelines and the Preliminary Plans and Specifications, Landlord shall so notify Tenant within such period, specifying those respects in which the Plans and Specifications do not so conform, and Tenant shall revise the same to so conform and shall resubmit the Plans and Specifications to Landlord for review within fifteen (15) days of the date of notice from Landlord to Tenant that the Plans and Specifications do not so conform. Each review by Landlord shall be carried out within ten (10) days of the date of submission of the Plans and Specifications by Tenant (and if Landlord shall not have notified Tenant of its determination within such ten (10) day period, it shall be deemed to have determined that the Plans and Specifications do so conform).

(d) In the event that Tenant shall desire to modify the approved Plans and Specifications with respect to, or which will in any manner affect, any aspect of the Buildings, or which will affect compliance with the Design Guidelines or the Master Development Plan, Tenant shall submit the proposed modifications to Landlord together with a statement of Tenant's reasons therefor. Tenant shall not be required to submit to Landlord proposed modifications of the Plans and Specifications which affect solely the interior of the Buildings. Landlord shall review the proposed changes to determine whether or not they conform to the Master Development Plan and the Design Guidelines. If Landlord determines that they do so conform, Landlord shall notify Tenant to that effect within ten (10) days after Landlord's receipt of such proposed modifications. If Landlord determines that the Plans and Specifications, as so revised, do not conform to the Master Development Plan and the Design Guidelines, Landlord shall so notify Tenant within such period, specifying those respects in which they do not so conform, and Tenant shall revise the same to so conform and shall resubmit them to Landlord for review within fifteen (15) days of the date of notice from Landlord to Tenant that they do not so conform. Each review by Landlord shall be carried out within ten (10) days of the date of submission of the Plans and Specifications, as so revised, by Tenant (and if Landlord shall not have notified Tenant of its determination within such ten (10) day period, it shall be deemed to have determined that they do so conform).

(e) Notwithstanding the provisions of Section 11.02(d), if, after the Commencement of Construction, Tenant makes a good faith determination that any proposed modification which requires Landlord's approval under said Section is of a minor or insubstantial nature, Tenant may so advise an employee designated by Landlord ("Landlord's Project Man-

ager") by delivering to him or her a written statement setting forth the proposed modification and the basis for Tenant's determination and simultaneously delivering a copy of said statement to Landlord's President and Chief Executive Officer. Landlord's Project Manager shall, in writing, before the expiration of the third full Business Day after the receipt of said advice, either (i) notify Tenant of approval of said proposed modification or (ii) notify Tenant that Tenant is required to submit the proposed modification to Landlord as provided for in Section 11.02(d). In the event Landlord's Project Manager acts in accordance with (ii) above, Landlord, after receipt from Tenant of the proposed modification, shall endeavor to expedite its review thereof and notification to Tenant of its determination, provided nothing set forth in this Section 11.02(e) shall require Landlord to notify Tenant of Landlord's determination earlier than the expiration of the ten (10) day period set forth in Section 11.02(d) with respect to such modification. In the event Landlord's Project Manager shall not have notified Tenant of either (i) or (ii) above within the three (3) Business Day period set forth above, Landlord shall be deemed to have approved the proposed modification.

(f) The Plans and Specifications shall comply with the laws, regulations and rules of New York City and all other requirements of Governmental Authorities, including but not limited to the Building Code of New York City. The responsibility to assure such compliance shall be Tenant's; Landlord's determination that the Plans and Specifications conform to the Master Development Plan and the Design Guidelines shall not be, nor shall it be construed to be or relied upon as, a determination that the Plans and Specifications comply with the laws, regulations and rules of such Governmental Authorities.

(g) In addition to the documents referred to in Section 11.01 and this Section 11.02, Tenant shall, at least thirty (30) days prior to ordering the same for incorporation into the Buildings, submit to Landlord samples of materials to be used on the exterior (including exterior window frames and glazing) of the Buildings and the same shall be subject to Landlord's approval for conformity to the Design Guidelines, the Master Development Plan and the Preliminary Plans and Specifications. If Landlord shall have failed to object to any of such materials within ten (10) days after its receipt of such materials, it shall be deemed to have approved such materials. Landlord reserves the right to maintain its field personnel at the Premises to observe Tenant's construction methods and techniques and Landlord shall be entitled to have its field personnel or other designees attend Tenant's job and/or safety meetings. No such observation or attendance by Landlord's personnel or designees shall impose upon Landlord any responsibility for any failure by Tenant to observe applicable legal requirements or

safety practices in connection with such construction, or constitute an acceptance of any work which does not comply in all respects with the requirements of this Lease.

(h) Tenant acknowledges that the maximum permissible "floor area," as such term is defined in the Zoning Resolution of the City of New York, for the Land shall be 90,000 square feet.

(i) Tenant shall not construct or permit to exist any Buildings on the Land unless the Buildings are in compliance with the Zoning Lot Declaration, the Master Development Plan and the Design Guidelines.

(j) Landlord acknowledges and agrees that in order to meet the construction schedule required by Landlord, Tenant may be required to "fast track" certain aspects of the final detailed plans and specifications, and of the excavation and foundation stage of the construction process. Landlord agrees, within the limitations of sound construction practice, to cooperate with Tenant, as reasonably requested from time to time by Tenant, in "fast tracking" the project. Such cooperation may include, and may only include (i) shortening the review periods provided for herein, (ii) reviewing certain aspects of the preliminary plans and outline specifications and final detailed plans and specifications prior to completion and submission to Landlord of every aspect thereof; and (iii) permitting Tenant to begin excavation and foundation work prior to completion and approval by Landlord of the final detailed plans and specifications for the entire project.

Section 11.03.

(a) Tenant, prior to the Commencement of Construction on the Premises, shall provide, or cause to be provided, and thereafter shall keep in full force and effect, or cause to be kept in full force and effect with respect to the Premises, until Substantial Completion of the Buildings, the following at no cost or expense to Landlord:

(i) comprehensive general liability insurance, naming Tenant as named or additional insured and, as additional insureds, Landlord, Master Landlord, any general contractor or construction manager engaged by Tenant and each Mortgagee under a standard mortgagee clause, such insurance to insure against liability for bodily injury and death and for property damage in such amount as may from time to time be reasonably required by Landlord (which shall be not less than Fifty Million Dollars ($50,000,000) combined single limit nor more than such amount as, at the time in question, is customarily carried by prudent owners of like

buildings and improvements), such insurance to include operations-premises liability, contractor's protective liability on the operations of all subcontractors, completed operations (to be kept in force for not less than three (3) years after Substantial Completion of the Buildings), broad form contractual liability (designating the indemnity provisions of the Construction Agreements), a broad form comprehensive general liability endorsement deleting all exclusions pertaining to contractual and employee coverage and, if the contractor is undertaking foundation, excavation or demolition work, an endorsement that such operations are covered and that the "XCU Exclusions" have been deleted;

(ii) automobile liability insurance for all owned, non-owned, leased, rented and/or hired vehicles insuring against liability for bodily injury and death and for property damage in an amount not less than Five Million Dollars ($5,000,000) combined single limit, such insurance to name Tenant as named insured and, as additional insureds, Landlord, Master Landlord, any general contractor or construction manager engaged by Tenant and each Mortgagee under a standard mortgagee clause;

(iii) workers' compensation insurance providing statutory New York State benefits for all persons employed in connection with the construction at the Premises; and

(iv) all-risk builder's risk insurance written on a one hundred percent (100%) of Completed Value (non-reporting) basis with limits as provided in Section 7.01(a)(i), naming, to the extent of their respective insurable interests in the Premises, Tenant as named insured, and, as additional insureds, Landlord, Master Landlord, any contractor or construction manager engaged by Tenant and each Mortgagee under a standard mortgagee clause. In addition, such insurance (A) shall contain an acknowledgment by the insurance company that its rights of subrogation have been waived with respect to all of the insureds named in the policy and an endorsement stating that "permission is granted to complete and occupy", and (B) if any storage location situated off the Premises is used, shall include coverage for the full insurable value, all materials and equipment on or about any such storage location intended for use with respect to the Premises.

In the event the proceeds received pursuant to the insurance coverage required under Section 11.03(a)(iv) here-

of shall exceed Two Hundred and Fifty Thousand Dollars ($250,000) (as such amount shall be increased as provided in Section 7.02 (a)), such proceeds shall be paid to Depository and disbursed in accordance with the provisions of Sections 8.02 and 8.03 hereof. In the event such proceeds shall be Two Hundred and Fifty Thousand Dollars ($250,000) (as such amount shall be increased as provided in Section 7.02(a)) or less, such proceeds shall be payable, in trust, to Tenant for application to the cost of completion of construction of the Buildings.

(b) No construction shall be commenced until Tenant shall have delivered to Landlord the original policies of insurance or certificates thereof, as required by this Section 11.03 and as more fully provided in Section 7.02(a) hereof.

(c) Tenant shall comply with the provisions of Section 7.02 hereof with respect to the policies required by this Section 11.03.

(d) In addition to the insurance required pursuant to this Section 11.03, Tenant shall, prior to Commencement of Construction, obtain, or cause to be obtained, and furnish to Landlord, payment and performance bonds in forms and by sureties satisfactory to Landlord, naming the construction contractor as obligor and Landlord, as its interest may appear, Tenant and Mortgagee as co-obligees, each in a penal sum equal to the amount of the construction contract for the Buildings.

Section 11.04. Tenant covenants and agrees that construction of the Buildings shall be (a) commenced and prosecuted with all reasonable diligence and without interruption, subject to Unavoidable Delays, and (b) Substantially Completed (as hereinafter defined) in a good and workmanlike manner in accordance with the approved Plans and Specifications, the Master Development Plan, and the Design Guidelines, by May 1, 1987, as such date may be extended for Unavoidable Delays (the "Scheduled Completion Date"). Upon Substantial Completion of the Buildings, Tenant, at its sole cost and expense shall furnish Landlord with a complete set of "as built" plans prepared and certified to be complete and correct by the Architect (provided, however, if Tenant shall have furnished Landlord with the Residential TCO, such plans may be delivered within ninety (90) days after Substantial Completion of the Buildings), and a survey prepared and sealed by a registered surveyor showing all Buildings and all easements and other matters of record relating to the Premises, guaranteed by such surveyor to Tenant, Landlord, each Mortgagee, and to any title company which shall have insured or committed to insure the Premises or any portion thereof or interest therein, and bearing the certification of such surveyor that all of the Buildings are

within the property lines of the Land and do not encroach upon any easement or violate any restriction of record. "Substantial Completion of the Buildings" or "Substantially Completed" shall mean (i) substantial completion of all construction work on the Buildings, (ii) the delivery to Landlord of a true copy of the Residential TCO and (iii) a certificate from the Architect certifying that the construction has been completed substantially in accordance with the approved Plans and Specifications, the Master Development Plan, and the Design Guidelines. Notwithstanding anything herein contained to the contrary, if Tenant shall have failed to deliver the Residential TCO on or before the Scheduled Completion Date as a result of the failure of the Department of Buildings of New York City, or successor body of similar function, to issue the same, such failure shall not constitute a Default hereunder provided a registered architect reasonably satisfactory to Landlord certifies in writing to Landlord that Tenant has completed all work necessary to obtain such Residential TCO. Landlord agrees that the Architect shall be acceptable to Landlord for purposes of certifying that Tenant has completed all work necessary to obtain the Residential TCO. In such event, Tenant shall deliver a true copy of the Residential TCO to Landlord promptly upon its issuance. Within six (6) months after the date of Substantial Completion of the Buildings, Tenant shall furnish Landlord with permanent Certificates of Occupancy for all of the Buildings duly issued by the New York City Department of Buildings, but Tenant's failure to obtain such permanent Certificate of Occupancy within such six (6) month period shall not be a Default hereunder if Tenant shall be diligently and in good faith attempting to obtain same. In any event, Tenant shall furnish Landlord with such permanent Certificate of Occupancy within twelve (12) months after the date of Substantial Completion of the Building unless such failure in the issuance of the permanent Certificate of Occupancy results solely from the failure of the Department of Buildings of New York City, or successor body of similar function, to issue the same, provided that a registered architect reasonably satisfactory to Landlord certifies in writing to Landlord that Tenant has completed all work necessary to obtain such permanent Certificate of Occupancy. Landlord agrees that the Architect shall be acceptable to Landlord for purposes of certifying that Tenant has completed all work necessary to obtain such permanent Certificate of Occupancy.

Section 11.05. At all times during the Term, the Premises and the assets of, or funds appropriated to, Landlord, shall be free and clear of all liens arising out of, or connected with, the construction of the Buildings, as provided in Section 16.02.

Section 11.06.

(a) The materials to be incorporated into the Buildings at any time during the Term shall, upon purchase of same and at all times thereafter, constitute the property of Landlord, and upon construction of the Buildings or the incorporation of such materials therein, title thereto shall continue in Landlord, provided, however, (i) that 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) that Landlord shall have no obligation to pay any compensation to Tenant by reason of its acquisition of title to such materials and Buildings, and (iii) that Landlord shall have no obligation with respect to the storage or care of such materials or the Buildings.

(b) All Construction Agreements with respect to construction of the Buildings shall include the following provision: "[contractor] [subcontractor] [materialman] hereby agrees that immediately upon the purchase by [contractor] [subcontractor] [materialman] of any building materials to be incorporated in the Building (as said term is defined in the lease pursuant to which the owner acquired a leasehold interest in the property), or of any building materials to be incorporated in improvements made thereto, such materials shall become the sole property of Battery Park City Authority, a public benefit corporation, notwithstanding that such materials have not been incorporated in, or made a part of, such Buildings at the time of such purchase; provided, however, that Battery Park City Authority shall not be liable in any manner for payment or otherwise to [contractor] [subcontractor] [materialman] in connection with the purchase of any such materials and Battery Park City Authority shall have no obligation to pay any compensation to [contractor] [subcontractor] [materialman] by reason of such materials becoming the sole property of Battery Park City Authority."

(c) Tenant acknowledges that by reason of this Lease and the ownership of the Buildings by Landlord, certain sales and compensating use taxes will not be incurred in connection with the construction of the Buildings. Tenant shall pay to Landlord, as payments in lieu of such sales and compensating use taxes Two Hundred Eleven Thousand and Five Hundred Dollars ($211,500), payable in eight (8) consecutive installments, each in the amount of $26,437.50, commencing on May 1, 1985 and on the first day of each August, November, February and May thereafter. Such amounts payable to Landlord by Tenant shall be deemed Rental under this Lease. In the event Tenant is compelled by any Governmental Authority to pay any sales or compensating use tax in respect of materials incorporated (or to be incorporated) in the Buildings and as to which Tenant previously has made to Landlord payments in lieu of such taxes, Tenant shall re-

ceive a credit against the next installment(s) of Base Rent or PILOT in an amount equal to the amount of such taxes which Tenant has been compelled to pay, provided that (i) each Construction Agreement with respect to construction of the Buildings contains the provision set forth in Section 11.06(b), (ii) Tenant has notified Landlord in writing prior to payment of such taxes that a claim has been made therefor and Landlord has the opportunity to contest the imposition of same, and (iii) in no event shall the credit allowed to Tenant hereunder exceed the amount of monies paid to Landlord in lieu of such taxes pursuant to this Section. Landlord shall execute and deliver, at no cost or liability to it, such documents or instruments as may then be reasonably requested by Tenant or required by the appropriate Governmental Authorities as a condition for or to evidence entitlement to such exemption, provided, however, that nothing contained herein shall require Landlord to make any application for a ruling with respect to such exemption.

Section 11.07. Tenant, at its sole cost and expense may, at its option, or at the request of Landlord shall, furnish and install a project sign, designed, and with such text as shall be reasonably required, by Landlord, at a location on the Premises reasonably satisfactory to Landlord and Tenant. Tenant also shall extend to Landlord and any of its designee(s), the privilege of being featured participants in ground-breaking and opening ceremonies to be held at such time and in such manner as Landlord and Tenant shall agree.

Section 11.08. Tenant, at its sole cost and expense, shall remove from Battery Park City all fill excavated from the Premises and shall dispose of such fill in accordance with applicable Requirements.

Section 11.09. Tenant acknowledges that it is aware that construction activities of other developers and of Landlord are in progress or contemplated within the Project Area. Tenant shall coordinate its construction activities at the Premises with other construction activities taking place in the Project Area, including, without limitation, those carried on by other developers in Phase II and pursuant to four Agreements of Severance Lease between Landlord and Olympia & York Battery Park Company, dated as of June 15, 1983, and those incident to the construction of the Civic Facilities, the Service Road and civic facilities in other portions of the Project Area. Except as specifically provided in Articles 26 and 27, in no event shall Landlord or Master Landlord be liable for any delays in Tenant's construction of the Buildings attributable to other construction activity in the Project Area. In addition, Tenant shall (i) cause any and all work which Tenant is required to or does perform on, under or adjacent to any portion of any street situated in whole or in part in the Project Area to

be performed in accordance with all applicable Requirements and in a manner which does not wrongfully obstruct or hinder ingress to or egress from any portion of the Project Area, (ii) not cause, permit or suffer the storage of construction materials or the placement of vehicles not then being operated in connection with construction activities on any portion of any such street, except as may be permitted by applicable Requirements, (iii) undertake its construction activities in accordance with normal New York City construction rules and (iv) promptly repair or, if reasonably required by Landlord, replace any portion of the Civic Facilities damaged by the act or omission of Tenant or any agent, contractor or employee of Tenant, any such repair or replacement, as the case may be, to be performed (A) by using materials identical to those used by Landlord, or, if Tenant, despite its best efforts, is unable to procure such materials, using materials in quality and appearance similar to those used by Landlord and approved by Landlord, and (B) in accordance with the Civic Facilities Drawings and Specifications. Landlord shall have the right, but shall not be obligated, to erect a perimeter fence enclosing the Premises and some or all of Parcels E, F, H, I and J within Phase II (as shown on the map annexed hereto as Exhibit "H" and made a part hereof) (the Premises and such parcels collectively, the "Parcels"), provided such fence shall have entrances so as to permit construction access to the Premises, as provided in Exhibit I. In the event Landlord erects such a fence, Landlord shall maintain such fence, Tenant shall not interfere with same and, if the fence shall be damaged by the act or omission of Tenant or any agent, contractor or employee of Tenant, Tenant shall promptly repair or, if reasonably required by Landlord, replace same in the manner provided in the immediately preceding clause (iv)(A). Tenant shall enclose the Premises with an 8-foot high plywood fence to be painted green with an 18-inch blue strip at the top so as to separate the Premises from the remainder of the Project Area. During construction Tenant shall maintain Tenant's fence in good condition; provided however that Tenant shall not be required to erect such a fence between the Premises and any parcels within Phase II of which Tenant or any Person comprising Tenant is a tenant. Upon Substantial Completion of the Buildings, Tenant shall remove Tenant's fence. Subject to applicable Requirements, Tenant shall have the right to remove Tenant's fence at an earlier date if Tenant has commenced its program to lease space in the Buildings or sell Cooperative Apartments or Units.

Section 11.10. Tenant shall cause its contractors and all other workers at the Premises connected with Tenant's construction to work harmoniously with each other, and with the other contractors and workers in the Project Area, and Tenant shall not engage in, permit or suffer, any conduct which may disrupt such harmonious relationship.

Section 11.11. Tenant shall carry out construction of the Buildings in a manner which does not interfere with, delay or impede the activities of other contractors and developers within the Project Area. If, in Landlord's reasonable judgment, Tenant fails to comply with its obligations under this Section 11.11, Landlord may, in addition, to any other remedies it may have hereunder, order Tenant (and Tenant's contractors) to cease those activities which Landlord believes interfere with, delay or impede such other contractors or developers. No delay or other loss or hindrance of Tenant arising from any such order by Landlord or from the actions or omissions of any such contractor or developer shall form the basis for any claim by Tenant against Landlord or excuse Tenant from the full and timely performance of its obligations under this Lease except as expressly set forth in this Lease.

Section 11.12. With respect to construction on the Premises, all persons employed by Tenant will be paid, without subsequent deduction or rebate unless expressly authorized by law, not less than the minimum hourly rate required by law.

Section 11.13. Tenant shall, at all times during the construction of the Buildings and until Completion of the Buildings, secure its obligations under this Lease, including without limitation, the payment of Rental, by depositing with Landlord upon the execution of this Lease a clean irrevocable letter of credit drawn in favor of Landlord and, having a term of not less than one (1) year, payable upon presentation of sight draft in United States dollars, issued by and drawn on a commercial bank or trust company which is a member of the New York Clearing House Association and, in form and content acceptable to Landlord. The amount of the letter of credit shall be Three Hundred Thousand Dollars ($300,000). The letter of credit shall be renewed without decrease in amount each and every year as provided herein. Each renewed letter of credit shall be delivered to Landlord not less than ten (10) days before the expiration of the then current letter of credit. Failure of Tenant to renew the letter of credit or any renewal thereof in accordance with this Section 11.13 shall entitle Landlord to present the letter of credit or renewal thereof for payment, in which event Landlord shall hold and apply the proceeds thereof (together with any interest earned thereon) as provided in Section 11.14.

Section 11.14. At any time and from time to time during the Term, if there shall be any existing and unremedied Event of Default under this Lease, whether or not this Lease is thereby terminated, Landlord is hereby authorized by Tenant, without any notice to Tenant, to apply all or a portion of the security deposited under Section 11.13 (or the proceeds thereof) to the payment of any sums then due or

thereafter becoming due hereunder and/or to the payment of any damages resulting from such Event of Default. In furtherance of the foregoing, and not in limitation thereof, if any of the events described in clauses (e), (f), (g), (h) or (k) of Section 24.01 shall occur, then to the extent permitted by law, the security deposited under Section 11.13, at all times, shall remain subject to the provisions of Section 11.13 and this Section 11.14. In the event this Lease is terminated by Landlord as a result of an Event of Default, Landlord shall have the right, in addition to the other rights and remedies granted to Landlord in this Lease, to retain the security deposited under Section 11.13 (or the proceeds thereof).

Section 11.15. Tenant agrees that all piledriving shall be performed in accordance with applicable requirements and during hours normally permitted for such work in New York City. Landlord agrees (a) to include this provision in all leases of parcels within Phase II, and (b) not to grant to any other tenant of such a parcel permission to undertake piledriving other than as provided in the section of such tenant's lease which corresponds to this Section.

Section 11.16. Landlord agrees that the leases to be entered into with other tenants of parcels within Phase II shall require such tenants to comply with requirements substantially similar to those required of Tenant pursuant to Sections 11.02(i), 11.07, 11.08, 11.09, 11.10, 11.11 and 11.12. Landlord further agrees to enforce compliance with such requirements on a non-discriminatory basis.

ARTICLE 12

REPAIRS

Section 12.01. Tenant, at its sole cost and expense, and throughout the Term, shall take good care of the Premises, including, without limiting the generality of the foregoing, the Buildings, roofs, foundations and appurtenances thereto, all sidewalks, vaults, sidewalk hoists, and curbs in front of or adjacent to the Premises, water, sewer and gas connections, pipes and mains which are located on or service the Premises (unless the City of New York or a public utility company is obligated to maintain or repair same) and all Equipment, and shall put, keep and maintain the Buildings in good and safe order and condition, and make all repairs therein and thereon, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, necessary or appropriate to keep the same in good and safe order and condition, and whether or not necessitated by wear, tear, obsolescence or defects, latent or otherwise, provided, however that Tenant's obliga-

tions with respect to Restoration resulting from a casualty or condemnation shall be as provided in Articles 8 and 9 hereof. 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 necessary replacements, renewals, alterations and additions. All repairs made by Tenant shall be equal in quality and class to the original work and shall be made in compliance with (a) the laws, regulations and rules of New York City (including, but not limited to, Local Law No. 5 of 1973, as amended) and all other Governmental Authorities, (b) the New York Board of Fire Underwriters or any successor thereto, and (c) the Building Code of New York City, as then in force.

Section 12.02. Tenant, at its sole cost and expense, also shall keep clean and free from dirt, snow, ice, rubbish, obstructions and encumbrances, the sidewalks, grounds, chutes, sidewalk hoists and curbs comprising, in front of, or adjacent to, the Premises and any parking facilities and plazas on the Land.

Section 12.03. Except as provided in Articles 11, 26 and 27 hereof, Landlord shall not be required to furnish any services, utilities or facilities whatsoever to the Premises, nor shall Landlord have any duty or obligation to make any alteration, change, improvement, replacement, Restoration or repair to, nor to demolish, any Buildings. Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the Premises. Particularly, but without limitation of the immediately foregoing covenant, 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 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. From and after Substantial Completion of the Buildings, Tenant shall not demolish, replace or materially alter the Buildings, or any part thereof (except improvements made by or on behalf of Subtenants, Unit Owners or Tenant-Stockholders with respect to internal space located in residential units, including the combination of two or more residential units), or make any addition thereto, whether voluntarily or in connection with repairs or Restoration required by this Lease (collectively, "Capital Im-

provement"), unless Tenant shall comply with the following requirements and, if applicable, with the additional requirements set forth in Section 13.02:

(a) Tenant shall furnish to Landlord a complete set of plans and specifications for the Capital Improvement including a schedule for the completion of its construction and, at the request of Landlord, any other drawings, information or samples to which Landlord is reasonably entitled under Article 11, so as to enable Landlord to determine whether or not the Capital Improvement conforms to the Master Development Plan, the Design Guidelines and, in the event such Capital Improvement is commenced within ten (10) years from the date the Buildings shall have been Substantially Completed, the Plans and Specifications.

(b) No Capital Improvement shall be undertaken until Landlord shall have consented thereto, which consent shall not be unreasonably withheld, and shall have determined that the proposed Capital Improvement conforms to the Master Development Plan, the Design Guidelines and, if required pursuant to Section 13.01(a), the Plans and Specifications, Tenant shall have procured and paid for, insofar as the same may be required from time to time, all permits and authorizations of all municipal departments and Governmental Authorities. Landlord shall not unreasonably refuse to join in the application for such permit or authorization, provided it is made without cost or expense of Landlord. Copies of all required permits and authorizations, certified by Tenant to be true copies thereof shall be delivered to Landlord prior to the commencement of any Capital Improvement.

(c) Any Capital Improvement, when completed, shall be of such a character as not to reduce the value of the Premises below its value immediately before construction of such Capital Improvement was commenced.

(d) Any Capital Improvement shall be made promptly (Unavoidable Delays excepted) and in a good and workmanlike manner and in compliance with (i) all applicable permits and authorizations and building and zoning laws, (ii) all other laws, ordinances, orders, rules, regulations and requirements of all Governmental Authorities, (iii) the Master Development Plan, the Design Guidelines and, if required pursuant to Section 13.01(a), the Plans and Specifications, (iv) the approved plans and specifications therefor (including the schedule), and (v) the orders, rules, regulations and requirements of any Board of Fire Underwriters having jurisdiction or any similar body exercising similar functions.

(e) The cost of any Capital Improvement shall be paid in cash or its equivalent, so that the Premises and the

assets of, or funds appropriated to, Landlord shall at all times be free of liens for labor and materials supplied or claimed to have been supplied to the Premises except as provided in Section 16.02.

(f) No construction of any Capital Improvement shall be commenced until Tenant shall have delivered to Landlord insurance policies or certificates thereof issued by responsible insurers, bearing notations evidencing the payment of premiums or accompanied by other evidence satisfactory to Landlord of such payments, for the insurance required by Section 11.03. If, under the provisions of any casualty, liability or other insurance policy or policies then covering the Premises or any part thereof, any consent to such Capital Improvement by the insurance company or companies issuing such policy or policies shall be required to continue and keep such policy or policies in full force and effect, Tenant, prior to the commencement of construction of the Capital Improvement, shall obtain such consents and pay any additional premiums or charges therefor that may be imposed by said insurance company or companies.

Section 13.02.

(a) If the estimated cost of any proposed Capital Improvement shall exceed Two Hundred and Fifty Thousand Dollars ($250,000) (as such amount shall be increased as provided in Section 7.02(a)), either individually or in the aggregate with other Capital Improvements constructed in any twelve (12) month period during the Term, Tenant shall:

(i) pay to Landlord the reasonable fees and expenses of any independent architect or engineer selected by Landlord to review the plans and specifications describing the proposed Capital Improvement and inspect the work on behalf of Landlord, which fees and expenses shall not exceed $500; and

(ii) furnish to Landlord the following at least thirty (30) days before the commencement of any work in connection with the proposed Capital Improvement:

(w) complete plans and specifications for the Capital Improvement, prepared by a licensed professional engineer or a registered architect whose qualifications shall meet with the approval of Landlord, which approval shall not be unreasonably withheld, and, at the request of Landlord, any other drawings, information or samples to which

Landlord is entitled under Article 11, all of the foregoing to be subject to Landlord's review and approval for conformity with the Master Development Plan, the Design Guidelines and, if required pursuant to Section 13.01(a), the Plans and Specifications;

(x) a contract satisfactory to Landlord in form assignable to Landlord, made with a reputable and responsible contractor approved by Landlord, which approval shall not be unreasonably withheld, providing for (1) the completion of the Capital Improvement in accordance with the schedule included in the plans and specifications, free and clear of all liens, encumbrances, security agreements, interests and financing statements, and (2) payment and performance bonds or other security satisfying the requirements of Section 8.04(a)(ii) hereof;

(y) an assignment to Landlord of the contract so furnished and the bonds or other security provided thereunder, such assignment to be duly executed and acknowledged by Tenant and by its terms to be effective only upon any termination of this Lease or upon Landlord's re-entry upon the Premises or following any Event of Default prior to the complete performance of such contract, such assignment also to include the benefit of all payments made on account of such contract, including payments made prior to the effective date of such assignment; and

(z) deposit (i) with Depository a bond, cash or other security reasonably satisfactory to Landlord in the amount of the cost of such Capital Improvement, such to be held and applied by Depository in accordance with the procedures of Section 8.02, as security for the completion of the work, or (ii) deliver to Landlord a binding and enforceable commitment, satisfactory to Landlord, for a loan adequate to assure completion of such Capital Improvement, free of public improvement, vendors', mechanics', laborers' or materialmen's statutory or other similar liens.

(b) Notwithstanding that the cost of any Capital Improvement is less than Two Hundred and Fifty Thousand Dollars ($250,000) (as such amount shall be increased as

provided in Section 7.02(a)), such cost to be determined as provided in Section 8.02(b), to the extent that any portion of the Capital Improvement involves work involving the exterior of a Building or a change in the height, bulk or setback of a Building from the height, bulk or setback existing immediately prior to the Capital Improvement or in any other matter relating to or affected by the Master Development Plan, the Design Guidelines or, in the event such Capital Improvement is commenced within ten (10) years from the date the Buildings shall have been Substantially Completed, the Plans and Specifications, then Tenant shall furnish to Landlord at least thirty (30) days before the commencement of the Capital Improvement, a complete set of plans and specifications for the Capital Improvement with respect to such work or such change, prepared by a licensed professional engineer or registered architect whose qualifications shall meet with the approval of Landlord, which approval shall not be unreasonably withheld, and, at Landlord's request, such other items designated in clause (x) of Section 13.02(a)(ii) hereof, all of the foregoing to be subject to Landlord's review and approval as provided therein.

Section 13.03. All Capital Improvements shall be carried out under the supervision of an architect selected by Tenant and approved in writing by Landlord, which approval shall not be unreasonably withheld. Upon completion of any Capital Improvement Tenant shall furnish to Landlord a complete set of "as-built" plans for such Capital Improvement and a survey meeting the requirements of Section 11.04 hereof, together with a permanent Certificate of Occupancy therefor issued by the New York City Department of Buildings, to the extent required for lawful occupancy and use of such Capital Improvement.

Section 13.04. Title to all additions, alterations, improvements and replacements made to the Buildings, including without limitation, the Capital Improvements, shall forthwith vest in Landlord as provided in Section 11.07, without any obligation by Landlord to pay any compensation therefor to Tenant.

ARTICLE 14

REQUIREMENTS OF PUBLIC AUTHORITIES AND OF INSURANCE UNDERWRITERS AND POLICIES; COMPLIANCE WITH MASTER LEASE

Section 14.01. Tenant, at its sole cost and expense, promptly shall comply with any and all applicable present and future laws, rules, orders, ordinances, regula-

tions, statutes, requirements, codes and executive orders (collectively, "Requirements") without regard to the nature or cost of the work required to be done, extraordinary, as well as ordinary, of any and all Governmental Authorities now existing or hereafter created, and of any and all of their departments and bureaus, of any applicable Fire Rating Bureau or other body exercising similar functions, affecting the Premises or any street, avenue or sidewalk comprising a part or in front thereof or any vault in or under the same, or requiring the removal of any encroachment, or affecting the construction, maintenance, use, operation, management or occupancy of the Premises, whether or not the same involve or require any structural changes or additions in or to the Premises, and without regard to 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 the foregoing, Tenant shall not be required to comply with Requirements of Landlord (other than New York City solely in its capacity as a Governmental Authority) except as otherwise expressly provided in this Lease. Tenant also shall comply with any and all provisions and requirements of any casualty, liability or other insurance policy required to be carried by Tenant under the provisions of this Lease.

Section 14.02. Tenant shall have the right to contest the validity of any Requirements or the application thereof at Tenant's sole cost and expense. During such contest, compliance with any such contested Requirements may be deferred by Tenant upon condition that, if Tenant is not an Institutional Lender, before instituting any such proceedings, Tenant shall furnish to Landlord a bond, cash or other security reasonably satisfactory to Landlord, securing compliance with the contested Requirements and payment of all interest, penalties, fines, fees and expenses in connection therewith. 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 foregoing, Tenant promptly shall comply with any such Requirements and compliance shall not be deferred if such non-compliance shall result in the imminent loss or forfeiture of the Premises, or any part thereof or if Landlord shall be in danger of being subject to criminal liability or penalty by reason of non-compliance therewith. Landlord agrees that it shall cooperate with Tenant in any such contest to such extent as Tenant may reasonably request, it being understood, however, that Landlord shall not be subject to any liability for the payment of any costs or expense in connection with any proceeding brought by Tenant.

Section 14.03. Subject to the provisions of Section 41.19, Tenant shall not cause or create or permit to exist or occur any condition or event relating to the Premises which would, with or without notice or passage of time, result in an event of default under the Master Lease. Subject to the provisions of Section 41.19, Tenant shall, at its sole cost and expense, perform all of Landlord's obligations as tenant under the Master Lease relating to the maintenance and operation of the Premises.

ARTICLE 15

EQUIPMENT

Section 15.01. All Equipment shall be and shall remain the property of Landlord. Tenant shall not have the right, power or authority to, and shall not, remove any Equipment from the Premises, except for repairs, cleaning or other servicing, without the prior consent of Landlord, which consent shall not be unreasonably withheld, unless the same is promptly replaced by Equipment which is at least equal in utility and value to the Equipment being removed. Notwithstanding the foregoing, Tenant may remove any Equipment without the consent of Landlord which shall have become obsolete.

Section 15.02. Tenant shall keep all Equipment in good order and repair and shall replace the same when necessary or appropriate with items at least equal in utility and value to the Equipment being replaced.

ARTICLE 16

DISCHARGE OF LIENS; BONDS

Section 16.01. Subject to the provisions of Section 16.02 hereof, except as otherwise expressly provided herein, Tenant shall not create or permit to be created any lien, encumbrance or charge upon the Premises or any part thereof, or the Project Area or any part thereof, the income therefrom or any assets of, or funds appropriated to, Landlord, and Tenant shall not suffer any other matter or thing whereby the estate, rights and interest of Landlord in the Premises or any part thereof might be impaired.

Section 16.02. 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 shall be

filed against any assets of, or funds appropriated to, Landlord, Tenant, within thirty (30) days after notice of the filing thereof, or such shorter period as may be required by any Mortgagee, shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Tenant shall fail to cause such lien to be discharged of record within the period aforesaid, and if such lien shall continue for an additional ten (10) 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 the judgment in favor of the lienor with interest, costs and allowances. Any amount so paid by Landlord, including all reasonable 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 this Lease and shall be paid by Tenant to Landlord on demand. Notwithstanding the foregoing provisions of this Section 16.02, Tenant shall not be required to discharge any such lien if Tenant is in good faith contesting the same and has furnished a cash deposit or 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. Nothing in this Lease contained 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 Landlord's interest in the Premises or any part thereof, or the Project Area or any part thereof, or any assets of, or funds 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 Subtenant 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 assets of, or funds appropriated to, Landlord.

Section 16.04. Tenant shall have no power to do any act or make any contract which may create or be the foundation for any lien, mortgage or other encumbrance upon the estate or assets of, or funds appropriated to, Landlord or of any interest of Landlord in the Premises provided nothing contained in this Section 16.04 shall affect Tenant's right to enter into Construction Agreements in accordance with the appropriate provisions of this Lease.

ARTICLE 17

NO REPRESENTATIONS BY LANDLORD; POSSESSION

Section 17.01. Tenant acknowledges that Tenant is fully familiar with the Land, the physical condition thereof (including, without limitation, the fact that the Land includes substantial portions of landfill which may present special difficulties in the design, construction and maintenance of the Buildings), the Title Matters, the Master Lease, the Master Development Plan and the Design Guidelines. Subject to Landlord's obligations under Articles 26 and 27 hereof, Tenant accepts the Land in its existing condition and state of repair, and Tenant agrees that, except as otherwise expressly set forth in this Lease, no representations, statements, or warranties, express or implied, have been made by or on behalf of Landlord in respect of the Land, the status of title thereof, the physical condition thereof, including, without limitation, the landfill portions thereof, the zoning or other laws, regulations, rules and orders applicable thereto, Taxes, or the use that may be made of the Land, that Tenant has relied on no such representations, statements or warranties, and that Landlord shall in no event whatsoever be liable for any latent or patent defects in the Land.

Section 17.02. Notwithstanding anything herein contained to the contrary, Landlord represents that the Master Lease, Design Guidelines, Master Development Plan and Settlement Agreement have not been amended, modified or supplemented, except as specifically set forth in the definitions contained in Article 1.

Section 17.03. Landlord will deliver possession of the Land on the Commencement Date vacant and free of occupants and tenancies.

ARTICLE 18

LANDLORD NOT LIABLE FOR INJURY OR DAMAGE, ETC.

Section 18.01. Landlord shall not in any event whatsoever be liable for any injury or damage to Tenant or to any other 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 to any other Person which may be caused by any fire or breakage, or by the use, misuse or abuse of any of the Buildings (including, but not limited to, any of the common areas within the Buildings, Equipment, elevators, hatches, openings, installations, stairways, hallways, or other common facilities), or the streets or sidewalk area within the Premises or which may arise from any other cause whatsoever except to the extent any of the foregoing shall have resulted from the negligence or wrongful act of Landlord, its officers, agents, employees or licensees; nor shall Landlord in any event be liable for the acts or failure to act of any other tenant of any premises within the Project Area other than the Premises, or of any agent, representative, employee, contractor or servant of such other tenant.

Section 18.02. Landlord shall not be liable to Tenant (unless caused by the negligence or wrongful act of Landlord, its officers, agents, employees or licensees) or to any other Person for any failure of water supply, gas or electric current, nor for any injury or damage to any property of Tenant (unless caused by the negligence or wrongful act of Landlord, its officers, agents, employees or licensees) or of any other 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 the same shall have been caused or resulted from the negligent performance of Landlord's obligations under Articles 26 and 27 hereof.

Section 18.03. In addition to the provisions of Sections 18.01 and 18.02, in no event shall Landlord be liable to Tenant or to any other Person for any injury or damage to any property of Tenant or of any other Person or

to the Premises, arising out of any sinking, shifting, movement, subsidence, failure in load-bearing capacity of, or other matter or difficulty related to, the soil, or other surface or subsurface materials, on the Premises, it being agreed that Tenant shall assume and bear all risk of loss with respect thereto.

ARTICLE 19

INDEMNIFICATION OF LANDLORD AND OTHERS

Section 19.01. Tenant shall not do or permit any act or thing to be done upon the Premises which may subject Landlord to any liability or responsibility for injury, damage to persons or property, or to any liability by reason of any violation of law or of any Requirement, and shall exercise such control over the Premises so as to fully protect Landlord against any such liability. Tenant, to the fullest extent permitted by law, shall indemnify and save Landlord and its agents, directors, officers and employees (collectively, the "Indemnitees"), harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including, without limitation, engineers', architects' and attorneys' fees and disbursements, which may be imposed upon or incurred by or asserted against any of the Indemnitees by reason of any of the following occurring during the Term, except to the extent that the same shall have been caused by the negligence or wrongful act of the Indemnitees:

(a) construction of the Buildings or any other work or thing done in, on or about the Premises or any part thereof;

(b) any use, non-use, possession, occupation, alteration, repair, condition, operation, maintenance or management of the Premises or any part thereof or of any street, alley, sidewalk, curb, vault, passageway or space comprising a part of or adjacent thereto provided such indemnity with regard to streets is limited to an alteration, repair, condition or maintenance of any street done or performed by Tenant or any agent, contractor, servant or employee of Tenant or which Tenant is obligated to do or perform;

(c) any act or failure to act on the part of any Subtenant or any of its agents, contractors, servants, employees, licensees or invitees;

(d) any accident, injury (including death at any time resulting therefrom) or damage to any Person or property occurring in, on or about the Premises or any part thereof or in, on or about any street, alley, sidewalk, curb, vault, passageway or space adjacent thereto;

(e) any failure on the part of Tenant to perform or comply with any of the covenants, agreements, terms or conditions contained in this Lease on its part to be performed or complied with;

(f) 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 against any assets of, or funds appropriated to any of the Indemnitees under the laws of the State of New York or of any other Governmental Authority or any liability which may be asserted against any of the Indemnitees with respect thereto relating to the Premises;

(g) any failure on the part of Tenant to keep, observe and perform any of the terms, covenants, agreements, provisions, conditions or limitations contained in the Construction Agreements, Subleases, or other contracts and agreements affecting the Premises, on Tenant's part to be kept, observed or performed;

(h) any tax attributable to the execution, delivery or recording of this Lease, provided however Landlord shall complete, execute and file all documents reasonably required to obtain exemptions from any such taxes to the extent such exemptions are available;

(i) any contest permitted pursuant to the provisions of this Lease, including, without limitation, Articles 4, 14 and 28 hereof; or

(j) any claim for brokerage commissions, fees or other compensation by any Person who shall allege to have acted or dealt with Tenant in connection with this transaction.

Section 19.02. The obligations of Tenant under this Article 19 shall not be affected in any way 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 19.03. If any claim, action or proceeding is made or brought against any of the Indemnitees by reason

of any event to which reference is made in 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 such Indemnitee'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. Notwithstanding the foregoing, Landlord may engage its own attorneys to defend it or to assist in its defense and Tenant shall pay the reasonable fees and disbursements of such attorneys.

Section 19.04. The provisions of this Article 19 shall survive the Expiration Date with respect to actions or the failure to take any action or any other matter arising prior to the Expiration Date.

ARTICLE 20

RIGHT OF INSPECTION, ETC.

Section 20.01. Tenant shall permit Landlord and its agents or representatives to enter the Premises at all reasonable times upon reasonable notice (except in case of emergency) for the purpose of (a) inspecting the same, (b) determining whether or not Tenant is in compliance with its obligations hereunder, (c) constructing, maintaining and inspecting any Civic Facilities, and (d) making any necessary repairs to the Premises and performing any work therein that may be necessary by reason of Tenant's failure to make any such repairs or perform any such work, provided that, except in any 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), 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). With respect to an emergency, Landlord shall make a reasonable attempt to communicate with Tenant to alert Tenant to the necessary repairs.

Section 20.02. Nothing in this Article 20 or elsewhere in this Lease shall imply any duty upon the part of Landlord to do any work required to be performed by Tenant hereunder and performance of any such work 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 not be liable for inconvenience, annoyance, disturbance, loss of business or other damage of Tenant or any Subtenant by reason of making such repairs or the performance of any such work, 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. To the extent that Landlord undertakes such work or repairs, such work or repairs shall be commenced and completed in a good and workmanlike manner, in accordance with the Design Guidelines and Master Development Plan, if applicable, and with reasonable diligence, subject to Unavoidable Delays, and in such a manner as not to unreasonably interfere with the conduct of business in or use of such space.

ARTICLE 21

LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS

Section 21.01. If there shall be an Event of Default, Landlord, without waiving or releasing Tenant from any obligation of Tenant contained in this Lease, may (but shall be under no obligation to) perform such obligation on Tenant's behalf.

Section 21.02. All reasonable sums paid by Landlord and all reasonable costs and expenses incurred by Landlord in connection with its performance of any obligation pursuant to Section 21.01, together with interest thereon at the Involuntary Rate from the respective dates of Landlord's making of each such payment or incurring of each such sum, cost, expense, charge, payment or deposit until the date of actual repayment to Landlord, shall be paid by Tenant to Landlord on demand. Any payment or performance by Landlord pursuant to Section 21.01 shall not be nor be deemed to be a waiver or release of breach or Default of Tenant with respect thereto or of the right of Landlord to terminate this Lease, institute summary proceedings 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 insurance in force 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 uninsured amount of any loss and damage and the reasonable costs and expenses of suit, including, without limitation, reasonable attorneys' fees and disbursements, suffered or incurred by reason of damage to or destruction of the Premises.

ARTICLE 22

NO ABATEMENT OF RENTAL

Except as may be otherwise expressly provided herein, there shall be no abatement, off-set, diminution or reduction of Rental payable by Tenant hereunder or of the other obligations of Tenant hereunder under any circumstances.

ARTICLE 23

PERMITTED USE; NO UNLAWFUL OCCUPANCY

Section 23.01. Subject to the provisions of law and this Lease, Tenant shall occupy the Premises in accordance with the Certificate or Certificates of Occupancy for the Premises, the Master Development Plan and the Design Guidelines, and for no other use or purposes.

Section 23.02. 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 in such manner as to constitute a nuisance of any kind (public or private) or that Landlord, in its reasonable judgment, 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 Certificates 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 or, without Landlord's prior consent, for any use which requires a special permit under the Zoning Resolution of the City of New York as then in effect. Tenant shall take, immediately upon the discovery of any such unpermitted, unlawful, illegal or extra hazardous use, all necessary actions, legal and equitable, to compel the discontinuance of such use. If for any reason Tenant shall

fail to take such actions, and such failure shall continue for ten (10) days after notice from Landlord to Tenant, Landlord is hereby irrevocably authorized to take all such actions in Tenant's name and on Tenant's behalf, Tenant hereby appointing Landlord as Tenant's attorney-in-fact for all such purposes.

Section 23.03. 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 23.04. Tenant shall take all such actions as Landlord is required to take in connection with the use and occupancy of the Premises under the terms of the Master Lease and Tenant shall not, to the extent reasonably within Tenant's control, permit any action to be taken or condition to be created by Tenant, any Subtenant, Tenant-Stockholder or any agent, contractor, servant, employee, licensee or invitee of any of the foregoing, which constitutes or would, with notice or lapse of time or both, constitute an "Event of Default" under the terms of the Master Lease.

ARTICLE 24

EVENTS OF DEFAULT; CONDITIONAL LIMITATIONS, REMEDIES, ETC.

Section 24.01. Except as otherwise provided in Article 42 of this Lease, each of the following events shall be an "Event of Default" hereunder:

(a) if Tenant shall fail to pay any installment of Rental, or any part thereof when the same shall become due and payable and such failure shall continue for ten (10) days after notice from Landlord to Tenant;

(b) if (i) Commencement of Construction shall not have occurred on or before the Construction Commencement Date (subject to Unavoidable Delays) and such failure shall continue for twenty-five (25) days after notice from Landlord to Tenant, (ii) if Tenant shall not have closed a building loan Mortgage for the construction of the Buildings in accordance with Tenant's financing plan referred to in Section 11.01 on or before July 1, 1985, or (iii) Substantial Completion of the Buildings shall not have occurred within thirty-six (36) months from the Construction Commencement Date (subject to Unavoidable Delays);

(c) if Tenant shall fail to perform (subject to Unavoidable Delays) any of Tenant's obligations under the provisions of Article 11 of this Lease (other than the obligations referred to in the preceding Section 24.01(b)) and such failure shall continue for thirty (30) days after notice thereof from 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 or because of Unavoidable Delays 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, subject to Unavoidable Delays, diligently and continuously prosecute the same to completion);

(d) if Tenant shall fail to observe or perform one or more of the other terms, conditions, covenants or agreements contained in 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 or because of Unavoidable Delays 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, subject to Unavoidable Delays, diligently and continuously prosecute the same to completion);

(e) to the extent permitted by law, if Tenant shall admit, in writing, that it is unable to pay its debts as such become due, provided, however, this provision shall be of no further force or effect upon the submission by Tenant of its estate in the Premises to either a cooperative or condominium form of ownership in accordance with the provisions of this Lease;

(f) to the extent permitted by law, if Tenant shall make an assignment for the benefit of creditors, provided, however, this provision shall be of no further force or effect upon the submission by Tenant of its estate in the Premises to either a cooperative or condominium form of ownership in accordance with the provisions of this Lease;

(g) to the extent permitted by law, if Tenant shall file a voluntary petition under Title 11 of the United States Code or if such petition is filed against it, and an

order for relief is entered, or if it shall file any petition or answer seeking, consenting to or acquiescing in any reorganization, arrangement, composition, other present or future applicable federal, state or other statute or law, or shall seek or consent to or acquiesce in or suffer the appointment of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of Tenant, or of all or any substantial part of its properties or of the Premises or any interest therein of Tenant, or if Tenant shall take any corporate action in furtherance of any action described in Sections 24.01(e), (f) or (g) hereof, provided, however, this provision shall be of no further force or effect upon the submission by Tenant of its estate in the Premises to either a cooperative or condominium form of ownership in accordance with the provisions of this Lease;

(h) to the extent permitted by law, if within sixty (60) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal, state or other statute or law, such proceeding shall not have been dismissed, or if, within sixty (60) days after the appointment, without the consent or acquiescence of Tenant, of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of Tenant or of all or any substantial part of its properties or of the Premises or any interest therein 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, provided, however, this provision shall be of no further force or effect upon the submission by Tenant of its estate in the Premises to either a cooperative or condominium form of ownership in accordance with the provisions of this Lease;

(i) if Tenant shall abandon the Premises;

(j) if this Lease or the estate of Tenant hereunder shall be assigned, subleased, transferred, mortgaged or encumbered, or there shall be a Transfer without Landlord's approval to the extent required hereunder or without compliance with the provisions of this Lease applicable thereto and such transaction shall not be made to comply or voided ab initio within thirty (30) days after notice thereof from Landlord to Tenant;

(k) 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 thirty (30) days; or

(l) if, prior to Commencement of Construction under this Lease, an Event of Default (as such term is defined in the Site C Lease) shall have occurred and shall not have been remedied within the applicable time periods set forth in the Site C Lease.

Section 24.02. If an Event of Default shall occur, Landlord may elect to proceed by appropriate judicial proceedings, either at law or in equity, to enforce performance or observance by Tenant of the applicable provisions of this Lease and/or to recover damages for breach thereof.

Section 24.03.

(a) If any Event of Default (i) described in Sections 24.01(e), (f), (g), or (h) hereof shall occur, or (ii) described in Sections 24.01(b), (c), (d), (i), (j), (k) or (l) shall occur and Landlord, at any time thereafter, at its option, gives 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 twenty (20) days after the giving of such notice, 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 of the date on which the Event of Default described in clause (i) above occurred or the date specified in the notice given pursuant to clause (ii) above, as the case may be, were the date herein definitely fixed for the expiration of the Term and Tenant immediately shall quit and surrender the Premises. Anything contained herein to the contrary notwithstanding, if such termination shall be stayed by order of any court having jurisdiction over any proceeding described in Sections 24.01(g) or 24.01(h) hereof, or by federal or state statute, then, following the expiration of any such stay, or if the trustee appointed in any such proceeding, Tenant or Tenant as debtor-in-possession shall fail to assume Tenant's obligations under this Lease within the period prescribed therefor by law or within one hundred twenty (120) days after entry of the order for relief or as may be allowed by the court, or if said trustee, Tenant or Tenant as debtor-in-possession shall fail to provide adequate protection of Landlord's right, title and interest in and to the Premises or adequate assurance of the complete and continuous future performance of Tenant's obligations under this Lease as provided in Section 24.15 hereof, Landlord, to the extent permitted by law or by leave of the court having jurisdiction over such proceeding, shall have the right, at its election, to terminate this Lease on ten (10) days' notice to Tenant, Tenant as debtor-in-possession or said trustee and upon the expiration of said ten (10) day period this Lease shall

cease and expire as aforesaid and Tenant, Tenant as debtor-in-possession and/or trustee shall immediately quit and surrender the Premises as aforesaid.

(b) Except as otherwise provided in Article 42, if an Event of Default described in Section 24.01(a) shall occur, or this Lease shall be terminated as provided in Section 24.03(a), Landlord, without notice, may re-enter and repossess the Premises using such force for that purpose as may be necessary without being liable to indictment, prosecution or damages therefor and may dispossess Tenant by summary proceedings or otherwise.

Section 24.04. If this Lease shall be terminated as provided in Section 24.03(a) or Tenant shall be dispossessed by summary proceedings or otherwise as provided in Section 24.03(b) hereof,

(a) Tenant shall pay to Landlord all Rental payable by Tenant under this Lease 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;

(b) Landlord may complete all construction required to be performed by Tenant hereunder and may repair and alter the Premises in such manner as Landlord may deem necessary or advisable (and may apply to the foregoing all funds, if any, then held by the Depository pursuant to Articles 7, 8, or 9 or by Landlord under the letter of credit referred to in Section 11.13) without relieving Tenant of any liability under this Lease or otherwise affecting any such liability, and/or let or relet the Premises or any parts 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, completing construction and repairing or altering the Premises, or any part thereof, and the cost and expense of removing all persons and property therefrom, including in such costs brokerage commissions, legal expenses and reasonable attorneys' fees and disbursements, (ii) second, pay to itself the reasonable cost and expense sustained in securing any new tenants and other occupants, including in such costs brokerage commissions, legal expenses and reasonable 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; Landlord in no way shall be respon-

sible 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;

(c) Tenant 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 under any reletting effected pursuant to the provisions of Section 24.04(b) for any part of such period (first deducting from the rents collected under any such reletting all of the payments to Landlord described in Section 24.04(b) hereof; any such Deficiency shall be paid in installments by Tenant on the days specified in this Lease for payment of installments of Rental, and 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; and

(d) whether or not Landlord shall have collected any Deficiency installments as aforesaid, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord, on demand, in lieu of any further Deficiencies, as and for liquidated and agreed final damages (it being agreed that it would be impracticable or extremely difficult to fix the actual damage), a sum equal to the amount by which the Rental reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term exceeds the then fair and reasonable rental value of the Premises for the same period, both discounted to present worth at the rate of eight (8%) per cent per annum less the aggregate amount of Deficiencies theretofore collected by Landlord pursuant to the provisions of Section 24.04(c) for the same period; it being agreed that before presentation of proof of such liquidated damages to any court, commission or tribunal, if the Premises, or any part thereof, shall have been relet by Landlord for the period which otherwise would have constituted the unexpired portion of the Term, or any part thereof, the amount of rent reserved upon such reletting shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting.

Section 24.05. No termination of this Lease pursuant to Section 24.03(a) or taking possession of or reletting the Premises, or any part thereof, pursuant to Sections 24.03(b) and 24.04(b), shall relieve Tenant of its liabili-

ties and obligations hereunder, all of which shall survive such expiration, termination, repossession or reletting.

Section 24.06. To the extent not prohibited by law, Tenant hereby waives and releases all rights now or hereafter conferred by statute or otherwise which would have the effect of limiting or modifying any of the provisions of this Article 24. Tenant shall execute, acknowledge and deliver any instruments which Landlord may request, whether before or after the occurrence of an Event of Default, evidencing such waiver or release.

Section 24.07. 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 had there been no Event of Default by Tenant and termination.

Section 24.08. Nothing contained in this Article 24 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 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 shall be greater than, equal to or less than the amount of the damages referred to in any of the preceding Sections of this Article 24.

Section 24.09. No receipt of moneys by Landlord from Tenant after the termination of this Lease, or after the giving of any notice of the 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 any suit or summary proceedings, or after a 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 operation of the Premises or, at the election of Landlord, on account of Tenant's liability hereunder.

Section 24.10. Except as otherwise 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 or 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 shall 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 24.11. No failure by Landlord or any prior Landlord to insist upon the strict performance 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 during the continuance of any 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 Tenant, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by Landlord. 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 than existing or subsequent breach thereof.

Section 24.12. In the event of any breach or threatened breach by Tenant of any of the covenants, agreements, terms or conditions contained in this Lease, Landlord 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 re-entry, summary proceedings, and other remedies were not provided for in this Lease. To the extent permitted by law Tenant waives any requirement for the posting of bonds or other security in any such action.

Section 24.13. Subject to the provisions of Section 41.08, each right and remedy of Landlord provided for in this Lease shall be cumulative 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 Landlord 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 Landlord 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 24.14. Tenant shall pay to Landlord all 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 also shall 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 reasonable 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 24.15. If an order for relief is entered or if a stay of proceeding or other acts becomes effective in favor of Tenant or Tenant's interest in this Lease in any proceeding which is commenced by or against Tenant under the present or any future federal Bankruptcy Code or any other present or future applicable federal, state or other statute or law, Landlord shall be entitled to invoke any and all rights and remedies available to it under such bankruptcy code, statute, law or this Lease, including, without limitation, such rights and remedies as may be necessary to adequately assure the complete and continuous future performance of Tenant's obligations under this Lease. Adequate protection of Landlord's right, title and interest in and to the Premises, and adequate assurance of the complete and continuous future performance of Tenant's obligations under this Lease, shall include, without limitation, the following requirements:

(a) that Tenant shall comply with all of its obligations under this Lease;

(b) that Tenant shall pay to Landlord, on the first day of each month occurring subsequent to the entry of such order, or on the effective date of such stay, a sum equal to the amount by which the Premises diminished in value during the immediately preceding monthly period, but, in no event, an amount which is less than the aggregate Rental payable for such monthly period;

(c) that Tenant shall continue to use the Premises in the manner required by this Lease;

(d) that Landlord shall be permitted to supervise the performance of Tenant's obligations under this Lease;

(e) that Tenant shall hire, at its sole cost and expense, such security personnel as may be necessary to insure the adequate protection and security of the Premises;

(f) that Tenant shall pay to Landlord within thirty (30) days after entry of such order or the effective date of such stay, as partial adequate protection against future diminution in value of the Premises and adequate assurance of the complete and continuous future performance of Tenant's obligations under this Lease, a security deposit in an amount acceptable to Landlord, but in no event less than the Rental payable hereunder for the then current Lease Year;

(g) that Tenant has and will continue to have unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that sufficient funds will be available to fulfill the obligations of Tenant under this Lease;

(h) that Landlord be granted a security interest acceptable to Landlord in property of Tenant to secure the performance of Tenant's obligations under this Lease;

(i) that if Tenant's trustee, Tenant or Tenant as debtor-in-possession assumes this Lease and proposes to assign the same (pursuant to Title 11 U.S.C. § 365, as the same may be amended) to any Person who shall have made a bona fide offer to accept an assignment of this Lease on terms acceptable to the trustee, Tenant or Tenant as debtor-in-possession, then notice of such proposed assignment, setting forth (i) the name and address of such Person, (ii) all of the terms and conditions of such offer, and (iii) the adequate assurance to be provided Landlord to assure such Person's future performance under the Lease, including, without limitation, the assurances referred to in Title 11 U.S.C. § 365(b)(3) (as the same may be amended), shall be given to Landlord by the trustee, Tenant or Tenant as debtor-in-possession no later than twenty (20) days after receipt by the trustee, Tenant or Tenant as debtor-in-possession of such offer, but in any event no later than ten (10) days prior to the date that the trustee, Tenant or Tenant as debtor-in-possession shall make application to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Landlord shall thereupon have the prior right and option, to be exercised by notice to the trustee given at any time prior to the effective date of such proposed assignment, to accept an assignment of this Lease upon the same terms and conditions and for the same consideration, if any, as the bona fide offer made by such Person, less any brokerage commissions which may be payable out of the consideration to be paid by such Person for the assignment of this Lease.

Section 24.16. Nothing contained in this Article 24 shall be deemed to modify the provisions of Sections 10.10, 10.11, or 10.12 hereof.

ARTICLE 25

NOTICES

Section 25.01. Whenever it is provided in this Lease that a notice, demand, request, consent, approval 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, consent, approval, or other communication with respect hereto or the Premises, each such notice, demand, request, consent, approval, or other communication shall be in writing and, any law or statute to the contrary nonwithstanding, shall be effective for any purpose if given or served as follows:

(a) if by Landlord, by mailing the same to Tenant by registered or certified mail, postage prepaid, return receipt requested, addressed to Tenant c/o The Zeckendorf Company, 502 Park Avenue, New York, New York 10022, with a copy thereof to Olnick, Boxer, Blumberg, Lane & Troy, 909 Third Avenue, New York, New York 10022, Att: Stanley B. Blumberg, Esq., or to such other address(es) and attorneys as Tenant may from time to time designate by notice given to Landlord by certified mail as aforesaid; and

(b) if by Tenant, by mailing the same to Landlord by registered or certified mail, postage prepaid, return receipt requested, addressed to Landlord at 40 West Street, New York, New York 10006, Att: President, or to such other address as Landlord may from time to time designate by notice given to Tenant as aforesaid (with a copy, given in the manner provided above, addressed to the attention of Landlord's General Counsel, at the address set forth above or at such other address as Landlord may from time to time designate by notice to Tenant as aforesaid).

Section 25.02. Every notice, demand, request, consent, approval, or other communication hereunder shall be deemed to have been given or served three (3) days after the date that the same shall have been deposited in the United States mails, postage prepaid, in the manner aforesaid.

ARTICLE 26

CONSTRUCTION AND MAINTENANCE OF THE CIVIC FACILITIES

Section 26.01.

(a) The term "Civic Facilities" shall mean the following improvements on, over, under, through or adjacent to the Premises, as more particularly described in the Civic Facilities Drawings and Specifications enumerated in Exhibit "D" annexed hereto and made part hereof (the "Civic Facilities Drawings and Specifications") and the Plans and Specifications:

(i) Electrical, gas and telephone mains;[1]

(ii) Water mains;[2]

(iii) Sanitary and storm sewers;[2]

(iv) Fire hydrants and Emergency Response Service ("ERS") conduits and boxes;[2]

(v) Street lighting (conduit, cable, poles, fixtures and connections);[2]

(vi) Streets;[2]

(vii) Curbs;[2]

(viii) Temporary concrete sidewalks;

(ix) Permanent sidewalk, including cobble strip and concrete paving;

(x) Landscaped esplanade ("Esplanade");

(xi) Landscaped park ("Rector Park");

(xii) Street trees;

(xiii) Balustrade; and

(xiv) Such supporting platforms and foundations as may be required for (i) through (xiii) above and for electrical vaults to be installed by the appropriate utility company.(1 and 2)

(b) The term "Tenant's Civic Facilities" shall mean the following portions of the Civic Facilities:

(i) Permanent sidewalk, including cobble strip and concrete paving; and

(ii) Street trees (Tenant to install five (5) Filia Cordata trees on South End Avenue and five (5) Quercus Borealis trees on Albany Street in accordance with specifications to be supplied by Landlord, provided, however, that Tenant shall not be obligated to expend more than Ten Thousand Dollars ($10,000) with respect to such trees and installation).

(c) The term "Landlord's Civic Facilities" shall mean all of the Civic Facilities which are not included within the definition of Tenant's Civic Facilities.

Section 26.02. Subject to Unavoidable Delays, each party, at its sole cost and expense, shall commence and thereafter diligently undertake and complete, or cause to be undertaken and completed, in accordance with the Civic Facilities Drawings and Specifications, the Plans and Specifications and the schedule set forth in Exhibit "D", the construction or installation of Landlord's Civic Facilities or Tenant's Civic Facilities, as the case may be, in a good and workmanlike manner and in compliance with normal New York City construction rules and all applicable Requirements. Notwithstanding the fact that, prior to the date hereof, certain portions of Landlord's Civic Facilities have been dedicated to New York City, Landlord's obligation to complete construction or installation of such Civic Facilities shall remain in full force and effect. Maintenance, repairs, alterations, restorations, replacements and upgrading of Rector Park, the Esplanade, the curbs referred to in Section 26.01(a)(vii) and the street trees referred to in Section 26.01(b)(ii) shall be made, to the extent specifically provided therein, in conformity with the Master Development Plan, the Design Guidelines and, in the event such work is commenced within ten (10) years after the Commencement Date, the Civic Facilities Drawings and Specifications.

Section 26.03.

(a) Landlord and Tenant each shall, at its respective sole cost and expense, take good care of Landlord's Civic Facilities or Tenant's Civic Facilities, as the case may be, and shall keep and maintain the same in good and safe order and condition and free of accumulations of dirt, rubbish, snow and ice, and shall make all repairs (including structural repairs), restorations and replacements necessary to maintain the same in first-class condition (collectively,

"Maintenance Obligations") and Landlord shall create a reasonable reserve fund for such purposes from Operating Costs (as defined in Section 26.05(a)), except that (i) if Tenant installs temporary concrete sidewalks adjacent to the Premises, then Tenant shall have the sole obligation to perform Maintenance Obligations in respect of same and (ii) provided that Tenant previously has caused the street trees referred to in Section 26.01(b)(ii) to be installed in accordance with the requirements of this Article 26, Landlord shall have the sole obligation to perform Maintenance Obligations in respect of said street trees. The obligation of Landlord to perform Maintenance Obligations hereunder is expressly conditioned upon Tenant's compliance with Tenant's obligations under Section 26.05. The parties contemplate that, after the completion of construction pursuant to Section 26.02, Maintenance Obligations for the portion of the Civic Facilities marked[1] shall be performed by the appropriate utility companies and for those portions of the Civic Facilities marked[2] shall be performed by New York City. Notwithstanding the initial sentence of this Section 26.03(a), Maintenance Obligations on the part of Landlord in respect of any portion of the Civic Facilities marked[1] or [2] shall terminate on the date that the appropriate utility company or New York City, as the case may be, shall commence performance of Maintenance Obligations in respect of same.

(b) Subject to the provisions of the next to last sentence of this Section 26.03(b) and Section 26.05(a), each party shall, at its sole cost and expense, keep those portions of the Civic Facilities with respect to which and for so long as such party is obligated to perform Maintenance Obligations pursuant to Section 26.03(a) insured (except that Landlord's obligations under this Section 26.03(b) shall not, and Tenant's obligations shall, pertain to the street trees referred to in Section 26.01(b)(ii)) for the mutual benefit of Landlord and Tenant against:

(i) loss or damage by fire, water and flood and such other risks as may be insured under an "All Risk of Physical Loss" form of policy, in amounts sufficient in each case to prevent any insured thereunder from becoming a coinsurer within the terms of the applicable policies, and in any event, in an amount not less than one hundred percent (100%) of the actual replacement value of such portions of the Civic Facilities, excluding foundation and excavation costs (such policies shall name Tenant as an additional insured to the extent of its insurable interest in such Civic Facilities); and

(ii) loss or damage by such other hazards and in such amounts as is customarily carried by pru-

dent owners of like improvements, having regard to the character of such portions of the Civic Facilities and the use or function thereof, (it being agreed by Landlord that it shall maintain in force comprehensive general public liability insurance against liability for bodily injury, death and property damage, naming Tenant as an additional insured thereunder).

The obligations imposed upon Landlord by this Section 26.03(b) in respect of any portion of the Civic Facilities marked[1] or [2] shall terminate on the date that the appropriate utility company or New York City, as the case may be, shall commence performance of Maintenance Obligations in respect of same. In the event Landlord fails to maintain in force the insurance required to be maintained by Landlord under this Section 26.03(b), Tenant, after thirty (30) days notice to Landlord or such shorter notice as may be necessary to prevent cancellation of the applicable policy, shall have the right (but shall not be obligated) to pay the premiums therefor and to receive an offset against Base Rent and the Civic Facilities Payment in an amount equal to the total premiums so paid together with interest thereon at the Involuntary Rate from the respective dates of Tenant's making of each such payment until the date of offset by Tenant.

Section 26.04.

(a) Except as provided in Section 26.04(d), Tenant's sole remedies for a failure by Landlord to Substantially Complete the Civic Facilities as provided in Section 26.02 ("Landlord's Construction Obligations") shall be (i) an extension of the Scheduled Completion Date by an amount of time equal to the time, if any, by which Tenant's construction of the Buildings has been delayed as a result of such failure, which delay shall constitute an Unavoidable Delay, (ii) as more fully described in Section 3.01(f), the abatement of Tenant's obligation to pay Base Rent, (iii) the right to engage in Self-Help, as defined in Section 26.04(b), and to receive the offset against Base Rent, Supplemental Rent and Civic Facilities Payment provided for in Section 26.04(c) and (iv) the right to seek an injunction (the remedies specified in (i) through (iv) above, collectively, "Approved Remedies"). Landlord's failure to perform Landlord's Construction Obligations shall not give rise to any right or remedy except the Approved Remedies or the remedy provided in Section 26.04(d), or entitle Tenant to any discount from or offset against any Rental except as set forth in Sections 3.01(f) and 26.04(c) or to any other damages, and no delay, non-performance or part performance by Landlord under Section 26.02 shall release Tenant from or

modify any of its obligations under this Lease except as provided herein. Tenant's sole remedies against Landlord for a failure by Landlord to perform its Maintenance Obligations in accordance with Section 26.03 shall be (i) the right to engage in Self-Help and to receive the offset against Base Rent, Supplemental Rent and Civic Facilities Payment provided for in Section 26.04(c) and (ii) the right to seek an injunction, and no such failure shall entitle Tenant to any other right, remedy or damages against Landlord. Furthermore, notwithstanding the provisions of Section 26.04(b), Tenant shall not be entitled to act pursuant to the preceding sentence at any time that a Default exists with respect to Tenant's obligation to pay Civic Facilities Payment, as provided in Section 26.05. No delay, non-performance or part performance by Landlord under Section 26.03 shall release Tenant from any of its obligations under this Lease. The election by Tenant of any remedy specified in this Section 26.04(a) shall not preclude Tenant from pursuing any other available remedy set forth herein.

(b) If (subject to Unavoidable Delays) Landlord fails to perform Landlord's Construction Obligations or thereafter to Substantially Complete the Civic Facilities as provided in Section 26.02 with reasonable diligence or if Landlord fails to perform any of Landlord's Maintenance Obligations, Tenant (in its own name and not as agent of Landlord) shall have the right (but shall not be obligated) to undertake Landlord's Construction Obligations or Landlord's Maintenance Obligations, as the case may be ("Self-Help"), in accordance with the provisions of this Section 26.04(b). Prior to engaging in Self-Help, Tenant shall give Landlord written notice specifying the nature of Landlord's failure and advising of Tenant's intention to engage in Self-Help. If Landlord shall not have remedied the failure complained of prior to the thirtieth (30th) day after such notice, Tenant shall be entitled to engage in Self-Help, provided that, if such failure shall be of a nature that the same cannot be completely remedied within said thirty (30)-day period, Tenant shall not be entitled to engage in Self-Help if Landlord commences to remedy such failure within such period and thereafter diligently and continuously proceeds to remedy same. A copy of any notice given to Landlord pursuant to this Section 26.04(b) shall be sent to all other tenants of Landlord in Phase II whose names and addresses Landlord shall have given Tenant notice, and, in the event Tenant engages in Self-Help, Tenant covenants to use its best efforts to cooperate with such other tenants and to coordinate any actions taken in furtherance thereof with the actions of any tenant(s) that may elect to engage in Self-Help under the applicable provision(s) of any other lease(s) entered into by Landlord with respect to Phase II. In furtherance of Tenant's exercise of the right of Self-Help set forth in this Section 26.04(b), Landlord, upon reasonable notice,

shall permit Tenant and its agents or representatives to inspect the Civic Facilities at all reasonable times for the purpose of determining whether or not Landlord is in compliance with Landlord's Construction Obligations and Landlord's Maintenance Obligations. Landlord hereby grants Tenant a right to enter upon the Civic Facilities in order to perform Self-Help in accordance with this Section 26.04(b). Tenant shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage to Landlord by reason of Tenant's exercise of the right of Self-Help hereunder, provided Tenant shall use reasonable efforts to minimize damage caused by Tenant in the exercise of its right of Self-Help.

(c) In the event Tenant engages in Self-Help as provided in this Section 26.04 (except pursuant to the succeeding Section 26.04(d)), after submission to Landlord of a written statement of Tenant's expenses with supporting documentation, Tenant shall have the right to offset against the next installment(s) of Base Rent, Supplemental Rent and Civic Facilities Payment payable under this Lease an amount equal to the reasonable expenses thereby incurred and/or theretofore paid by Tenant together with interest thereon at the Involuntary Rate computed with respect to each payment made by Tenant under this Section 26.04(c) from the date such payment is made until the date(s) Tenant effectuates the offset(s).

(d) In the event Landlord shall fail to Substantially Complete the Civic Facilities by the date set forth in Exhibit "D" with respect to such portion and such failure shall result from Unavoidable Delay, then, notwithstanding that the Approved Remedies shall be unavailable to Tenant, Tenant shall have the right, at Tenant's sole cost and expense, without receiving the offset against Base Rent, Supplemental Rent or Civic Facilities Payment provided for in Section 26.04(c), to engage in Self-Help in accordance with Section 26.04(b).

(e) In the event Landlord shall fail to perform Landlord's Construction Obligations, Landlord shall incur no penalty or liability and Tenant shall have no remedies or rights other than as expressly provided herein, it being agreed by the parties that Landlord's failure to achieve such substantial completion shall not be deemed a failure by Landlord to perform a substantial obligation on Landlord's part to be performed under this Lease.

Section 26.05.

(a) As its allocable share of the cost of operating, maintaining, repairing, restoring, replacing and up-

grading Rector Park, the Esplanade, the curbs referred to in Section 26.01(a)(vii) and the street trees referred to in Section 26.01(b)(ii) and insuring the Civic Facilities in accordance with Section 26.03(b) (including the creation of the reserve fund referred to in Section 26.03(a)) (such costs being hereinafter referred to as "Operating Costs"), Tenant, for each Tax Year or portion thereof within the period commencing on the date on which a Temporary Certificate of Occupancy shall be issued for any dwelling unit in the Buildings ("Initial Occupancy Date") and ending on the last day of the Term, shall pay to Landlord an annual sum (the "Civic Facilities Payment") determined as follows:

(i) for the period commencing on the Initial Occupancy Date and ending on the last day of the Tax Year in which the Initial Occupancy Date occurs, an amount equal to the product obtained by multiplying the sum computed under the succeeding clause (ii) by a fraction the numerator of which shall be the number of days between the Initial Occupancy Date and the last day of the Tax Year in which the Initial Occupancy Date occurs and the denominator of which shall be three hundred sixty-five (365);

(ii) for each of the next two Tax Years an amount equal to the product obtained by multiplying the number of residential units in the Buildings by One Hundred Fifty Dollars ($150);

(iii) for each of the next three Tax Years, an amount equal to the product obtained by multiplying the number of residential units in the Buildings by Two Hundred Dollars ($200);

(iv) for the next succeeding Tax Year and for each Tax Year thereafter throughout the remainder of the Term, with respect to Rector Park, said curbs and said street trees, an amount equal to the product of (A) the Rector Park Budget (as hereinafter defined) multiplied by (B) .043 (said figure being computed by dividing the number of square feet of floor area in the Buildings, as permitted by the Zoning Lot Declaration, by the total number of square feet of floor area in all buildings in Phase II as permitted by said Declaration); and

(v) for the period referred to in the preceding clause (iv), with respect to the Esplanade an amount equal to the product of (A) the Esplanade Budget (as hereinafter defined) multiplied by (B) .043 (said figure being computed as set forth in the preceding clause (iv)).

Notwithstanding the provisions of the foregoing clauses (iv) and (v), the amount of Tenant's Civic Facilities Payment for any Tax Year referred to therein shall not be greater than one hundred twenty-five percent (125%) of Tenant's Civic Facilities Payment for the prior year.

(b) The provisions of this Section 26.05(b) shall be subject to the limitations on the amounts of Civic Facilities Payments payable by Tenant as set forth in Section 26.05(a). For each Tax Year (or portion thereof in the case of (i) the period commencing on the Initial Occupancy Date and ending on the last day of the Tax Year in which the Initial Occupancy Date occurs and (ii) the Tax Year during which the Term ends) (each such Tax Year or portion thereof being hereinafter referred to as a "Payment Period") Landlord shall submit to Tenant (i) an estimate of the Operating Costs for Rector Park, the curbs referred to in Section 26.01(a)(vii) and the street trees referred to in Section 26.01(b)(ii) for such Payment Period (the "Rector Park Budget") and (ii) an estimate of the Operating Costs for the Esplanade for such Payment Period (the "Esplanade Budget") (collectively, the "Civic Facilities Budget"). The Rector Park Budget shall be an amount computed by multiplying (A) the estimated Operating Costs of all parks (as such term is reasonably defined by Landlord) in the Project Area other than parks situated in the area described in the final sentence of this Section 26.05(b) ("Residential Parks") and all curbs and street trees installed in the Project Area except in the area described as aforesaid by (B) a fraction the numerator of which shall be the number of square feet in Rector Park and the denominator of which shall be the total number of square feet in all Residential Parks. The Esplanade Budget shall be an amount computed by multiplying (A) the estimated Operating Costs of the entire esplanade in the Project Area other than such portion of the esplanade as extends along the North Cove from (i) the point where the northern line of Liberty Street as extended intersects the North Cove to (ii) the point where the extension of the western line of (proposed) North End Avenue intersects the North Cove (the "Residential Esplanade") by (B) a fraction the numerator of which is the number of linear feet of the Esplanade for Phase II and the denominator of which is the total number of linear feet of the Residential Esplanade. Tenant shall pay to Landlord the Civic Facilities Payment due in respect of each such Payment Period in equal monthly installments payable in advance on the first day of each calendar month that occurs within such Payment Period. As soon as shall be practicable after the end of such Payment Period, Landlord shall submit to Tenant a written statement setting forth the Operating Costs incurred by Landlord during such Payment Period, together with supporting documenta-

tion. Within ten (10) days of the date any such statement and documentation are submitted to Tenant, Tenant shall pay the amount, if any, by which Tenant's allocable share of Operating Costs for the applicable Payment Period exceeds the Civic Facilities Payment made by Tenant during such Payment Period. In the event the Civic Facilities Payment made by Tenant during any Payment Period exceeds Tenant's allocable share of Operating Costs, Tenant shall have the right to offset against the next monthly installments of Civic Facilities Payment the amount of such excess. The area referred to in the second sentence of this Section 26.05(b) is bounded on the south by the northern line of Liberty Street extended west to the North Cove, on the west by proceeding from said line as extended along North Cove to the extension of the western line of (proposed) North End Avenue and then along said western line as extended to the southern line of (proposed) Vesey Street, on the north by proceeding along said southern line to the western line of Marginal Street, Wharf or Place, and on the east by the western line of Marginal Street, Wharf or Place between the southern line of (proposed) Vesey Street and the northern line of Liberty Street, all as shown on survey L.B.-45-BZ by Benjamin D. Goldberg (Earl B. Lovell-S.P. Belcher, Inc.), prepared February 23, 1983, last amended May 27, 1983.

(c) Notwithstanding any other provision of this Article 26, in the event Landlord's Civic Facilities or any portion thereof shall be destroyed or damaged by fire or other casualty or shall have been taken by the exercise of the right of condemnation or eminent domain, if the reasonable cost of restoring or replacing any portion of Landlord's Civic Facilities (including, without limitation, construction costs, bidding costs, attorneys', architects', engineers' and other professional fees and disbursements, and supervisory fees and disbursements) shall exceed the aggregate of the monies available to Landlord therefor from the reserve fund created pursuant to Section 26.03(a) and the net proceeds of insurance or condemnation available to Landlord for such purpose, provided Landlord shall have maintained the insurance coverage required under Section 26.03(b)(i), Tenant shall pay to Landlord four and three-tenths percent (4.3%) of such excess. Landlord shall submit to Tenant a written statement setting forth (i) the cost of such restoration or replacement (together with supporting documentation) and (ii) on an itemized basis, the monies available to pay such cost. Within twenty-five (25) days of the date any such statement and documentation are submitted to Tenant, Tenant shall make the payment provided for above. Notwithstanding the foregoing, in the event Tenant's estate in the Premises shall be submitted to either a cooperative or condominium form of ownership, such payment shall be made within forty-five (45) days of the date any such statement and documentation are submitted to Tenant.

All monies payable to Landlord under this Section 26.05(c) shall constitute Rental under this Lease. In the case of any replacement of Landlord's Civic Facilities for which Landlord expects to require contribution from Tenant pursuant to this Section 26.05(c), Landlord shall give Tenant six (6) months' advance notice of same, provided that where, due to emergency or exigency, such notice is not practicable, Landlord shall give such notice as is practicable under the circumstances.

(d) Landlord shall have the right, subject to Tenant's reasonable approval, to transfer to a trust or other entity the responsibility of performing Landlord's Maintenance Obligations, and provided such trust or other entity, in writing, assumes and agrees to perform Landlord's Maintenance Obligations for the benefit of all tenants of parcels within Phase II, from and after the date of such assumption Landlord shall have no further liability with respect hereto. In the event such trust or other entity is composed of the tenants of at least five (5) of the twelve (12) parcels within Phase II, Tenant shall be deemed to have granted its approval to such transfer. Prior to effecting such transfer, Landlord shall (i) furnish Tenant with reasonable assurances of the transferee's ability to perform Landlord's Maintenance Obligations and to recover the costs of same and of Tenant's right to enforce the obligations of other tenants within Phase II to make payments in respect of Landlord's Maintenance Obligations in accordance with the provisions of their respective leases, and (ii) consult with Tenant with respect to the composition of such trust or other entity. Landlord shall give Tenant notice of the consummation of any such transfer and, commencing with the first month following such notice, Tenant shall pay installments of the Civic Facilities Payment directly to such trust or other entity. Thereafter, for each Tax Year throughout the remainder of the Term, such trust or other entity shall submit to Tenant the Civic Facilities Budget and other information required by Section 26.05(b) and shall give notice thereof to Tenant in the same manner as would otherwise be required of Landlord. Notwithstanding any transfer of Landlord's Maintenance Obligations, Tenant shall retain the rights provided in this Article 26 with respect to Self-Help and offsets against Civic Facilities Payments.

(e) The leases of all parcels within Phase II shall require the tenants thereunder to pay their allocable share of the costs referred to in this Section 26.05, which shall be computed in the same manner as Tenant's share.

ARTICLE 27

SERVICE ROAD

Section 27.01. The Parcels shall be serviced by a road (including catch basins located thereon and the sidewalks and curbs adjacent thereto) (the "Service Road") to be constructed in accordance with plans prepared by Vollmer Associates, entitled "Contract Plans for Albany Street Service Drive," dated December 29, 1983 as amended by letter agreement dated March 23, 1984 between Landlord and River Rose Company (the "Service Road Plans"). Landlord shall not amend the Service Road Plans without the approval of Tenant provided if such amendment be immaterial in nature and not have an adverse effect on the Premises or the use thereof Tenant shall not unreasonably withhold such approval. To effectuate the foregoing, Landlord has executed and caused to be recorded the Declaration of Easement.

Section 27.02. Subject to Unavoidable Delays, Landlord shall Substantially Complete the Service Road in accordance with the Service Road Plans by the later of (i) Enclosure of Buildings or December 1, 1985. The date of Substantial Completion of the Service Road is hereinafter referred to as the "Road Completion Date." Landlord shall advise Tenant of such Substantial Completion of the Service Road and shall thereafter diligently complete construction of the Service Road in accordance with the Service Road Plans. Tenant's sole remedies for a failure by Landlord to Substantially Complete the Service Road as provided in the first sentence of this Section 27.02 shall be the remedies set forth in Section 26.04. Prior to the commencement of construction of the Service Road, Landlord shall provide, and thereafter shall keep in force, comprehensive general liability insurance against liability for bodily injury, death and property damage, naming Landlord as named insured and the tenants of all the Parcels as additional insureds to the extent of their respective insurable interests, in such amount as a prudent person in the position of Landlord would maintain, but not less than Fifty Million Dollars ($50,000,000) combined single limit for liability for bodily injury, death and property damage.

Section 27.03. After the Road Completion Date, Landlord shall submit to Tenant a written statement setting forth, on an itemized basis, the total cost incurred by Landlord in constructing the Service Road, including, but not limited to, costs in respect of design, engineering, labor, materials and supervision of construction. Tenant shall pay to Landlord thirteen and one-half percent (13.5%) of such cost (said percentage being computed by dividing the total number of square feet of floor area in the Buildings, as permitted by the Zoning Lot Declaration, by the total

number of square feet of floor area in all buildings permitted by said Declaration to be erected on the Parcels) within fifteen (15) days after receiving the aforesaid statement. Such payment shall constitute Rental under this Lease.

Section 27.04. Subsequent to the Road Completion Date, (a) Landlord shall keep and maintain the Service Road in good and safe order and condition, free of debris, snow and ice, making all repairs (including structural repairs), restorations, replacements, alterations and additions to the Service Road necessary to maintain the same in first-class condition (collectively, "Service Road Maintenance"), and (b) Tenant shall, at its sole cost and expense, install and maintain adjacent to that portion of the Service Road which traverses the Premises street lighting (in accordance with specifications which shall be provided by Landlord). The obligation of Landlord to perform Service Road Maintenance is expressly conditioned upon Tenant's compliance with Tenant's obligations under Section 27.05. Tenant's sole remedies against Landlord for a failure by Landlord to perform Service Road Maintenance shall be the right to engage in Self-Help as provided in Section 26.04(b) and to receive an offset against Base Rent, Supplemental Rent and the payments in respect of Service Road Maintenance in the manner provided in Section 26.04(c), provided that Tenant shall not be entitled to act pursuant to this sentence at any time that a Default exists with respect to Tenant's obligation to make payments pursuant to Section 27.05. At any time after the Road Completion Date, Landlord, subject to Tenant's reasonable approval, shall have the right to transfer to a trust or other entity (including, but not limited to, a tenant of one of the Parcels or a trust or other entity established by Landlord) the responsibility of performing Landlord's obligations set forth in this Article 27, and provided such entity, in writing, assumes and agrees to perform all such obligations for the benefit of all tenants of the Parcels, from and after the date of such assumption Landlord shall have no further liability with respect thereto. In the event such trust or other entity is owned or controlled by the tenants of three (3) of the six (6) Parcels Tenant shall be deemed to have granted its approval to such transfer. Landlord shall give Tenant notice of the consummation of any such transfer and thereafter such trust or other entity shall submit to Tenant the statement, and Tenant shall pay directly to such trust or other entity the charges, specified in Section 27.05 (such charges to continue to constitute Rental under this Lease). Notwithstanding any transfer of Landlord's obligations hereunder, Tenant shall retain the rights provided in Section 27.04 with respect to Self-Help and offsets against payments in respect of Service Road Maintenance. Nothing herein contained shall be deemed to limit Tenant's remedies against tenants of the other Parcels under the Declaration of Easement or otherwise.

Section 27.05.

(a) After the end of each Maintenance Payment Period (as defined below), Landlord shall submit to Tenant a written statement setting forth, on an itemized basis, the total cost incurred by Landlord in performing Service Road Maintenance for such Maintenance Payment Period (the "Service Road Maintenance Cost"). Tenant shall pay to Landlord thirteen and one-half percent (13.5%) of such cost (said percentage being computed as set forth in Section 27.03 above) within ten (10) days after receiving the aforesaid statement. Such payment shall constitute Rental under this Lease. For purposes of this Section 27.05, "Maintenance Payment Period" shall mean each three (3) month calendar period from and after the Road Completion Date.

(b) In the event that Tenant, any contractor, subcontractor or other Person in the Project Area connected with Tenant's construction, or any employee, licensee, agent, invitee or Subtenant of Tenant, or any employee, licensee, agent or invitee of any such Subtenant (each, a "Related Party"), causes damage to the Service Road, Tenant shall, within ten (10) days after receipt from Landlord of a written statement setting forth the total cost incurred in repairing such damage, pay such cost, such payment to constitute Rental. Any monies received by Landlord pursuant to this subparagraph (b) shall be subtracted by Landlord from the Service Road Maintenance Cost.

(c) Tenant shall be obligated to pay Tenant's share of the costs of constructing and maintaining the Service Road, as provided herein, irrespective of whether the Buildings have been completed.

Section 27.06. From and after the Road Completion Date, if any tenant of one of the Parcels, or any person or entity which is an Authorized Person (as such term is defined in the Declaration of Easement) by reason of such tenant's lease with Landlord, shall obstruct Tenant's access to the Premises over any portion of the Service Road in violation of the Declaration of Easement, Landlord, after receipt of written notice from Tenant advising of the existence of such obstruction, shall use its best efforts to pursue such remedies as shall be available to Landlord under the Declaration of Easement and such tenant's lease in order to remove such obstruction. From and after the Road Completion Date, Landlord shall take such action as shall be necessary to assure Tenant and any Authorized Person of Tenant continuous access to the Premises from Albany Street across one leg of the Service Road. Nothing herein contained shall be

deemed to impair Tenant's rights of enforcement under the Declaration of Easement.

Section 27.07. If any mechanic's, laborer's, public improvement or materialman's lien arising out of Landlord's construction of the Service Road at any time shall be filed against the land on which the Service Road shall be constructed or against any other part of the Premises, Landlord, within forty-five (45) days after notice of the filing thereof, shall cause the same to be discharged of record by payment, deposit, bond, order or a court of competent jurisdiction or otherwise. Notwithstanding the foregoing, if solely as a result of such lien Tenant's building loan Mortgagee shall fail to advance loan proceeds to Tenant under its Mortgage, Tenant shall promptly notify Landlord of such fact and if Landlord shall not have caused such lien to be discharged of record as hereinabove provided within ten (10) days after such notice is given to Landlord, Tenant may cause such lien to be discharged of record in the manner hereinabove provided and Landlord shall reimburse Tenant within ten (10) days after demand for Tenant's reasonable costs and expenses (including reasonable attorneys fees) in connection therewith with interest at the Involuntary Rate from the date of payment by Tenant to the date of repayment by Landlord to Tenant.

Section 27.08. In the event that, during any period subsequent to the Road Completion Date, there shall be one or more Parcels with respect to which no lease shall be in effect, Landlord, during such period but not otherwise, shall, in addition to Landlord's obligation to undertake Maintenance, if the street lighting referred to in Section 27.04 shall not have been installed in respect of such Parcel(s), install and maintain such street lighting. Except (a) as provided in this Article 27 and (b) with respect to any liability arising out of the negligence or other tortious acts of Landlord or any employee or agent of Landlord, Landlord shall have no obligation or liability with respect to the Service Road. Under no circumstance shall Landlord be liable to any Related Party for any act or omission of any other Related Party.

Section 27.09. The Premises shall be subject to the Declaration of Easement, as same may be changed or modified from time to time in accordance with the provisions of Paragraph 6 thereof. The execution and delivery of this Lease shall constitute an agreement by Tenant that the provisions of the Declaration of Easement, as same may be changed or modified as aforesaid, are accepted and ratified by Tenant and Tenant agrees to comply with and abide by said provisions. Tenant shall be deemed to be a licensee of Landlord under Paragraph 4 of the Declaration of Easement for the purpose of enabling Tenant to exercise Self-Help

with respect to the construction and maintenance of the Service Road as provided in this Article.

Section 27.10. Landlord agrees to include the provisions set forth in Sections 27.03, 27.04, 27.05 and 27.09 in all leases of the Parcels (Sections 27.03 and 27.05 to be modified so that the tenant under each such lease shall be required to pay its allocable share of the costs referred to in said sections computed in the same manner as Tenant's share).

ARTICLE 28

STREET WIDENING

If at any time during the Term any proceedings are instituted or orders made by any Governmental Authority for the widening or other enlargement 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, vaults, gutters, curbs or appurtenances, Tenant, at Tenant's sole cost and expense, promptly (subject to Unavoidable Delays) shall comply with such requirements, and on Tenant's failure to do so, Landlord may comply with the same in accordance with the provisions of Article 21. Tenant shall be permitted to contest in good faith any proceeding or order for street widening instituted or made by any any Governmental Authority, provided that during the pendency of such contest Tenant deposits with Landlord security in amount and form reasonably satisfactory to Landlord for the performance of the work required in the event that Tenant's contest should fail. In no event shall Tenant permit Landlord to become liable for any criminal or civil liability or penalty as a result of Tenant's failure to comply with reasonable diligence (subject to Unavoidable Delays) with any of the foregoing orders. Any widening or other enlargement of any such street and the award or damages in respect thereto shall be deemed a partial condemnation and be subject to the provisions of Article 9.

ARTICLE 29

SUBORDINATION; ATTORNMENT

Section 29.01. Landlord's interest in this Lease, as this Lease may be modified, amended or renewed, shall not be subject or subordinate to (a) any mortgage now or hereafter placed upon Tenant's interest in this Lease or (b) any

other liens or encumbrances hereafter affecting Tenant's interest in this Lease.

Section 29.02. If by reason of (a) a default under the Master Lease, or (b) a termination of the Master Lease pursuant to the terms of the Settlement Agreement, such Master Lease and the leasehold estate of Landlord in the Premises demised hereby are terminated, Tenant will attorn to the then holder of the reversionary interest in the Premises demised by this Lease and will recognize such holder as Tenant's Landlord under this Lease. The Tenant agrees to execute and deliver, at any time and from time to time, upon the request of the Landlord or of the Master Landlord any further instrument which may be reasonably necessary or appropriate to evidence such attornment. Tenant waives the provision of any statute or rule of law now or hereafter in effect which may give or purport to give Tenant any right of election to terminate this Lease or to surrender possession of the Premises in the event any proceeding is brought by the Master Landlord to terminate the same, and agrees that this Lease shall not be affected in any way whatsoever by any such proceeding.

ARTICLE 30

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 either:

(a) shall afford to Landlord or, at Landlord's option, to the person or persons causing or authorized to cause such excavation the right to enter upon the Premises in a reasonable manner for the purpose of doing such work as may be necessary, without expense to Tenant, to preserve any of the walls or structures of the Buildings 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 and subject to the Master Development Plan, Design Guidelines and all applicable Requirements, (ii) Tenant shall have an opportunity to have its representatives present during all such work, (iii) Tenant shall be indemnified by Landlord or such other person, as the case may be, 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 and (iv) Landlord or such other person (whichever shall do the work) shall agree to reimburse Tenant for income, if any, lost by Tenant as a result of any such work; or

(b) shall do or cause to be done all such work, at Landlord's or such other person's expense, as may be necessary to preserve any of the walls or structures of the Buildings from injury or damage and to support the same by proper foundations, provided that (i) Tenant shall not, by reason of any such excavation or work, have any claim against Landlord for damages or for indemnity or for suspension, diminution, abatement, or reduction of Rental payable by Tenant hereunder and (ii) Landlord or such other person for whom the work is being performed shall agree to reimburse Tenant for income, if any, lost by Tenant as a result of any such work.

ARTICLE 31

CERTIFICATES BY LANDLORD AND TENANT

Section 31.01. Tenant agrees at any time and from time to time upon not less than ten (10) days' prior notice by Landlord to execute, acknowledge and deliver to Landlord or any other party specified by Landlord 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, as modified, is in full force and effect and stating the modifications) and the date to which each obligation constituting the Rental has been paid, and stating whether or not to the best knowledge of Tenant, 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 Tenant may have knowledge.

Section 31.02. Landlord agrees at any time and from time to time upon not less than ten (10) days' prior notice by Tenant to execute, acknowledge and deliver to Tenant or any other party specified by Tenant 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, as modified, is in full force and effect and stating the modifications) and the date to which each obligation constituting the Rental has been paid, and stating whether or not to the best knowledge of Landlord, 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 Landlord may have knowledge.

Section 31.03. Landlord agrees at any time and from time to time, upon not less than ten (10) days' prior notice by Tenant, to execute, acknowledge and deliver to Tenant, or any other party specified by Tenant, a statement in writing certifying that the Master Lease is unmodified and in full force and effect (or if there have been modifications, that the same, as modified, is in full force and effect and setting forth such modifications).

ARTICLE 32

CONSENTS AND APPROVALS

Section 32.01. All consents and approvals which may be given under this Lease shall, as a condition of their effectiveness, be in writing. The granting of any consent or approval by a party to perform any act requiring consent or approval under the terms of this Lease, or the failure on the part of a party to object to any such action taken without the required consent or approval, shall not be deemed a waiver by the party whose consent was required of its right to require such consent or approval for any further similar act, and each party hereby expressly covenants and warrants that as to all matters requiring the other party's consent or approval under the terms of this Lease, the party requiring the consent or approval 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 the other party of the requirement to secure such consent or approval.

Section 32.02. If, pursuant to the terms of this Lease, any consent or approval by Landlord or Tenant is not to be unreasonably withheld or is subject to a specified standard, then (i) unless expressly provided otherwise in this Lease, if the party who is to give its consent or approval shall not have notified the other party within fifteen (15) Business Days after receiving such other party's request for a consent or approval that such consent or approval is granted or denied, and if the latter, the reasons therefor in reasonable detail, such consent or approval shall be deemed granted, and (ii) 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. If it is so determined that Landlord shall have unreasonably withheld its consent or approval of any plans, specifications or other drawings submitted by Tenant to Landlord under Article 8, 11 or 13 hereof, including, without limitation, the Preliminary Plans and Specifications and the Plans and Specifications, then, anything herein contained to the contrary notwithstanding, Tenant may commence an action against Landlord in the Supreme Court of the State of New York in New York County for damages caused by such unreasonable withholding or delay of consent or approval, but Landlord shall

not be liable for any damages unless it is determined in such action that Landlord arbitrarily and capriciously withheld such consent or approval. Any liability of Landlord in such action shall be subject to the provisions of Section 41.06 hereof.

Section 32.03. If, pursuant to the terms of this Lease, any consent or approval by Landlord or Tenant is not to be unreasonably withheld, such consent or approval shall, in addition, not be unreasonably delayed.

ARTICLE 33

SURRENDER AT END OF TERM

Section 33.01. 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 the Premises in good order, condition and repair, reasonable wear and tear excepted, free and clear of all lettings, occupancies, liens and encumbrances other than those, if any, existing at the date hereof, created by Landlord or which lettings and occupancies by their express terms and conditions extend beyond the Expiration Date and which Landlord shall have consented and agreed, in writing, may extend beyond the Expiration Date, without any payment or allowance whatever by Landlord. Tenant hereby waives any notice now or hereafter required by law with respect to vacating the Premises on any such termination date.

Section 33.02. On the last day of the Term or upon any earlier termination of the Lease, or upon a re-entry by Landlord upon the Premises pursuant to Article 24 hereof, Tenant shall deliver to Landlord 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 each of 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, together with a duly executed assignment thereof to Landlord, all financial reports, books and records required by Article 38 hereof and any and all other documents of every kind and nature whatsoever relating to the Premises.

Section 33.03. Any personal property of Tenant or of any Subtenant, Tenant-Stockholder or Unit Owner which shall remain on the Premises after the termination of this

Lease and after the removal of Tenant or such Subtenant, Tenant-Stockholder or Unit Owner from the Premises, may, at the option of the Landlord, be deemed to have been abandoned by Tenant or such Subtenant, Tenant-Stockholder or Unit Owner and either may be retained by Landlord as its property or be disposed of, without accountability in such manner as Landlord may see fit. Landlord shall not be responsible for any loss or damage occurring to any such property owned by Tenant or any Subtenant, Tenant-Stockholder or Unit Owner.

Section 33.04. The provisions of this Article 33 shall survive any termination of this Lease.

ARTICLE 34

ENTIRE AGREEMENT

This Lease, together with the Exhibits hereto, contains 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 therein set forth and other than as may be expressly contained in any written agreement between the parties executed simultaneously herewith.

ARTICLE 35

QUIET ENJOYMENT

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) peaceably and quietly have, hold and enjoy the Premises for the term hereby granted without molestation or disturbance by or from Landlord or any Person claiming through Landlord and free of any encumbrance created or suffered by Landlord.

ARTICLE 36

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 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 two (2) arbitrators thus appointed shall together appoint a third disinterested person within fifteen (15) days after the appointment of the second arbitrator, and said three (3) arbitrators shall, as promptly as possible, determine the matter which is the subject of the arbitration and the decision of the majority of them 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 (2) arbitrators appointed by the parties shall fail to appoint a third arbitrator when required hereunder, then either party) may apply to any court of competent jursidiction to appoint such arbitrator. The arbitration shall be conducted in the City and County of New York and, to the extent applicable and consistent with this Article 36, shall be in accordance with the Commercial Arbitration Rules then obtaining of the American Arbitration Association or any successor body of similar function. The expenses of arbitration shall be shared equally by Landlord and Tenant but each party shall be responsible for the fees and disbursements of its own attorneys and the expenses of its own proof. 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. If the arbitration concerns any Capital Improvement or Restoration, then each of the arbitrators shall be licensed professional engineers or registered architects having at least ten (10) years' experience in the design of residential buildings, and, to the extent applicable and consistent with this Article 36, such arbitration shall be conducted in accordance with the Construction Arbitration Rules then obtaining of the American Arbitration Association or any successor body of similar function.

ARTICLE 37

INVALIDITY OF CERTAIN PROVISIONS

If 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 38

FINANCIAL REPORTS

Section 38.01. Tenant, from and after the date upon which any portion of the Premises is subleased or occupied or rents or other charges are received by Tenant for the use or occupancy thereof, shall furnish to Landlord the following:

(a) if the Premises shall be used for rental purposes, as soon as practicable after the end of each fiscal year of Tenant, and in any event within one hundred and twenty (120) days thereafter, Tenant shall furnish to Landlord financial statements of operations of the Premises, for such year, setting forth in each case, in comparative form, the corresponding figures for the previous fiscal year, all in reasonable detail and accompanied by a report and opinion thereon of a Certified Public Accountant approved by Landlord, which approval shall not be unreasonably withheld, which report and opinion shall be prepared in accordance with generally accepted accounting principles relating to reporting, subject to the general exceptions usually taken with respect to such reports and opinions; and

(b) if Tenant's leasehold estate in the Premises shall have been submitted to either a cooperative or condominium form of ownership, as soon as practicable after the end of each fiscal year of such cooperative or condominium, and in any event, within one hundred and twenty (120) days after the end of such fiscal year, the annual report of such cooperative or condominium which is submitted to Tenant-Stockholders or Unit Owners, as the case may be.

Section 38.02. Upon Landlord's request, if at any time Tenant shall furnish to any Mortgagee operating statements or financial reports in addition to those required to be furnished by Tenant to Landlord pursuant to Section 38.01, Tenant promptly shall furnish to Landlord copies of all such additional operating statements and financial reports.

Section 38.03. Tenant shall keep and maintain at all times full and correct records and books of account of

the operations of the Premises in accordance with such generally accepted accounting standards and otherwise in accordance with any applicable provisions of each Mortgage and accurately shall record and preserve for a period of four (4) years the records of its operations upon the Premises. Within fifteen (15) days after request by Landlord, Tenant shall make said records and books of account available from time to time for inspection by Landlord and Landlord's designee during reasonable business hours. The provisions of this Section 38.03 shall not apply to any Unit Owner.

Section 38.04. The obligations of Tenant hereunder shall survive the Expiration Date.

ARTICLE 39

RECORDING OF MEMORANDUM

Neither Landlord nor Tenant shall record this Lease. However, each shall, upon the written request of the other, join in the execution of a memorandum of this Lease or a memorandum of any amendment or modification of this Lease in proper form for recordation.

ARTICLE 40

NO DISCRIMINATION

Section 40.01. Tenant covenants and agrees that in the sale, transfer or assignment of its interest under this Lease, or in its use, operation or occupancy of the Premises and employment and conditions of employment in connection therewith, or in its subleasing of the Premises or any part thereof, or in connection with the erection, maintenance, repair, Restoration, alteration or replacement of, or addition to, any Building, the Civic Facilities or the Service Road (a) it shall not discriminate nor permit discrimination against any person by reason of race, creed, color, religion, national origin, ancestry, sex, age, disability or marital status, and (b) it shall comply with all applicable Federal, State and local laws, ordinances, rules and regulations from time to time in effect and the provisions of the Master Lease prohibiting such discrimination or pertaining to equal employment opportunities.

Section 40.02. Tenant shall be bound by and shall include the following paragraphs (a) through (e) of this Section 40.02 in all Construction Agreements, service and management agreements and agreements for the purchase of

goods and services and any other agreements relating to the operation of the Premises, in such a manner that these provisions shall be binding upon the parties with whom such agreements are entered into (any party being bound by such provisions shall be referred to in this Section as "contractor"):

(a) Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, religion, national origin, ancestry, sex, age, disability or marital status, shall comply with all applicable Federal, State and local laws, ordinances, rules and regulations from time to time in effect and the provisions of the Master Lease prohibiting such discrimination or pertaining to equal employment opportunities and shall undertake programs of affirmative action to ensure that employees and applicants for employment are afforded equal employment opportunities without discrimination. Such action shall be taken with reference to, but not limited to, recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff or termination, rates of pay or other forms of compensation, and selection for training or retraining, including apprenticeship and on-the-job training.

(b) Contractor shall request each employment agency, labor union and authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish it with a written statement that such employment agency, labor union or representative will not discriminate because of race, creed, color, religion, national origin, ancestry, sex, age, disability or marital status and that such agency, union or representative will cooperate in the implementation of contractor's obligations hereunder.

(c) Contractor shall state in all solicitations or advertisements for employees placed by or on behalf of contractor that all qualified applicants shall be afforded equal employment opportunities without discrimination because of race, creed, color, religion, national origin, ancestry, sex, age, disability or marital status.

(d) Contractor shall comply with all of the provisions of the Civil Rights Law of the State of New York and Sections 291-299 of the Executive Law of the State of New York, shall upon reasonable

notice furnish all information and reports deemed necessary by Landlord and shall permit access to its relevant books, records and accounts for the purpose of monitoring compliance with the Civil Rights Law and such sections of the Executive Law.

(e) Contractor shall include in all agreements with subcontractors the foregoing provisions of Sections (a) through (d) in such a manner that said provisions shall be binding upon the subcontractor and enforceable by the Contractor, Tenant and Landlord. Contractor shall take such action as may be necessary to enforce the foregoing provisions. Contractor shall promptly notify Tenant and Landlord of any litigation commenced by or against it arising out of the application or enforcement of these provisions, and Tenant and Landlord may intervene in any such litigation.

Section 40.03. Tenant has reviewed and participated in the development of the Affirmative Action Program for the Project, a copy of which is annexed hereto as Exhibit F. Tenant covenants and agrees that it shall, and shall cause each of its agents, contractors and subcontractors to, promptly and diligently carry out its obligations under such Program in accordance with the terms thereof. Notwithstanding the provisions of Article 24, if Tenant fails to comply with its obligations under this Section 40.03 or under Exhibit F, Landlord's sole remedies shall be as provided in Exhibit F.

Section 40.04. Tenant has reviewed and participated in the development of the Affirmative Fair Housing Marketing Program annexed hereto as Exhibit "G", and Tenant covenants and agrees that it shall, and shall cause each of its agents to, comply with all of the terms and provisions of said Program. Notwithstanding the provisions of Article 24, if Tenant fails to comply with its obligations under this Section 40.04 or under Exhibit G, Landlord's sole remedies shall be as provided in Exhibit G.

ARTICLE 41

MISCELLANEOUS

Section 41.01. 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. 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. 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 "successors and assigns" or "successors or assigns" of Landlord or Tenant shall be deemed to include the heirs, legal representatives and assigns of any individual Landlord or Tenant.

Section 41.04. Tenant agrees to pay any and all charges of Depository in connection with any services rendered by Depository pursuant to the provisions of this Lease.

Section 41.05. Except as otherwise provided in Article 42, if more than one entity is named as or becomes Tenant hereunder, (i) Landlord may require the signatures of all such entities in connection with any notice, to be given or action to be taken by Tenant hereunder, (ii) each entity named as Tenant shall be fully liable for all of Tenant's obligations hereunder and (iii) any notice by Landlord to any entity named as Tenant shall be sufficient and shall have the same force and effect as though given to all entities named as Tenant provided such notice is given to all other Persons named pursuant to Article 25.

Section 41.06. The liability of Landlord or of any Person who has at any time acted as Landlord hereunder for damages or otherwise shall be limited to Landlord's interest in the Premises, including, without limitation, 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 or 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 or 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, exe-

cution or other enforcement procedure for the satisfaction of Tenant's remedies hereunder.

Section 41.07. 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, this Lease or the leasehold estate created hereby or any interest in this Lease or in such leasehold estate as well as the fee estate in the Premises.

Section 41.08. Notwithstanding anything contained in this Lease, including, without limitation, Article 24 to the contrary, the liability of Tenant hereunder for damages or otherwise shall be limited to Tenant's interest in the Premises, including, without limitation, 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 or other interests, sums or receivables appurtenant to the Premises. Neither Tenant nor any of the directors, officers, partners, shareholders, employees, agents or servants of Tenant shall have any liability (personal or otherwise) hereunder beyond Tenant's interest in the Premises, and no other property or assets of Tenant or any of the directors, officers, partners, shareholders, employees, agents or servants of Tenant shall be subject to levy execution or other enforcement procedure for the satisfaction of Landlord's remedies hereunder.

Section 41.09. Tenant shall store all refuse from the Premises off the streets in an enclosed area on the Premises, and in a manner, reasonably satisfactory to Landlord.

Section 41.10. Tenant promptly shall apply to the appropriate authorities to obtain a separate tax lot designation for the Premises and the tax assessment for such tax lot shall be the basis for calculating PILOT payments under Section 3.02 hereof and Landlord shall cooperate with Tenant in connection therewith. If Tenant shall not be able to obtain a separate tax lot designation, Landlord and Tenant shall cooperate to obtain annually a separate, undivided tax assessment and such assessment shall be the basis for calculating PILOT payments under Section 3.02 hereof.

Section 41.11. Each of the parties represents to the other that it has not dealt with any broker, finder or

like entity in connection with this lease transaction. If any claim is made by any Person who shall claim to have acted or dealt with Tenant or Landlord in connection with this transaction, Tenant or Landlord as the case may be, will pay the brokerage commission, fee or other compensation to which such Person is entitled.

Section 41.12. This Lease may not be changed, modified, or terminated orally, but only by a written instrument of change, modification or termination executed by the party against whom enforcement of any change, modification, or termination is sought.

Section 41.13. This Lease shall be governed by and construed in accordance with the laws of the State of New York.

Section 41.14. The agreements, terms, covenants and conditions herein shall be binding upon, and shall inure to the benefit of, Landlord and Tenant and their respective successors and (except as otherwise provided herein) assigns.

Section 41.15. All references in this Lease to "Articles" or "Sections" shall refer to the designated Article(s) or Section(s), as the case may be, of this Lease.

Section 41.16. All plans and drawings required to be furnished by Tenant to Landlord under this Lease, including, without limitation, the Schematics, the Preliminary Plans and Specifications and the Plans and Specifications, and any and all other plans, drawings, specifications or models prepared in connection with construction at the Premises, any Restoration or Capital Improvement, shall become the sole and absolute property of Landlord upon the Expiration Date or any earlier termination of this Lease. Tenant shall deliver all such documents to Landlord promptly upon the Expiration Date or any earlier termination of this Lease. Tenant's obligation under this Section 41.16 shall survive the Expiration Date.

Section 41.17. All references in this Lease to "licensed professional engineer", "licensed surveyor" or "registered architect" shall mean a professional engineer, surveyor or architect who is licensed or registered, as the case may be, by the State of New York.

Section 41.18. If Battery Park City Authority or any successor to its interest hereunder ceases to have any interest in the Premises under the Master Lease or there is at any time or from time to time any sale or sales or disposition or dispositions or transfer or transfers of all or

any part of the Landlord's interest in the Premises, the seller or transferor shall be and hereby is entirely freed and relieved of all agreements, covenants and obligations of Landlord hereunder to be performed on or after the date of such sale or transfer relating to such portion of the Premises, 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 lessee's interest in the Premises under the Master Lease, including, without limitation, the purchaser or transferee in any such sale, disposition 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 or transfer.

Section 41.19. 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, Master Development Plan, the Design Guidelines or Settlement Agreement which (a) increases or materially alters or otherwise materially affects Tenant's obligations under this Lease, (b) decreases or materially alters or otherwise materially affects Tenant's monetary rights or monetary claims under this Lease, (c) limits the permitted uses of the Premises, the Civic Facilities or the Service Road, (d) limits Tenant's rights under this Lease to dispose of or assign its interest in, the Premises, (e) decreases or alters the rights of a Mortgagee which holds a first lien on Tenant's interest in this Lease under Article 10 or (f) reduces or decreases or otherwise materially affects any rights of (i) Tenant hereunder as a Developer (as such term is defined in the Master Lease) or (ii) Mortgagee hereunder as an Institutional Leasehold Mortgagee (as such term is defined in the Master Lease), under the Master Lease, unless the same is consented to by Tenant (or, in the case of (e), by Mortgagee) or is made subject and subordinate to this Lease and to the rights of such Mortgagee. Notwithstanding anything contained in this Lease to the contrary, in the event that Landlord shall enter into or cause to be entered into an amendment or supplement to the Master Lease, Master Development Plan, Design Guidelines or Settlement Agreement which is not in conformity with this Section 41.19, Tenant shall not be obligated to comply with the provision or provisions of such amendment or supplement which do not so conform. With respect to any provision of this Lease which requires Tenant to comply with the Design Guidelines, Master Development Plan, Master Lease or Settlement Agreement, such compliance shall be limited to the Design Guidelines, Master Development Plan, Master Lease and Settlement Agreement as existing on the date hereof. Notwithstanding anything herein contained to the contrary, Tenant shall have no right to approve any amendment, modification or supplement to the Master Lease,

Master Development Plan, Design Guidelines or Settlement Agreement which does not affect Phase II or any part thereof.

Landlord acknowledges, covenants and agrees that (a) Tenant is, or is deemed to be, a Developer under a Basic Sublease (as such terms are defined in the Master Lease) and (b) any Mortgagee which is an Institutional Lender hereunder is, or is deemed to be, an Institutional Leasehold Mortgagee (as such term is defined in the Master Lease).

Section 41.20. 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 41.21. To the extent permitted by law from time to time, Tenant shall have the right to all depreciation deductions, investment tax credits and all other tax items attributable to any construction, demolition and Restoration performed or caused to be performed by Tenant with respect to the Premises or attributable to the ownership of the Buildings. Landlord shall, from time to time, execute and deliver to Tenant such instruments and other documents as Tenant shall reasonably require in order to effect the provision of this Section 41.21, and Tenant shall pay Landlord's reasonable costs and expenses related thereto. Landlord makes no representations as to the availability of any such items of taxation.

Section 41.22. Whenever Landlord shall have the right to approve an architect, engineer or attorney to be retained by Tenant, any architect, engineer or attorney so approved by Landlord at any time shall be deemed to be acceptable to Landlord for retainment by Tenant at any time and from time to time thereafter, unless Landlord shall have good cause for refusing to allow the retainment of any such architect, engineer or attorney. Whenever Tenant is required to obtain Landlord's approval of an architect, engineer or attorney, Tenant shall notify Landlord if it intends to retain an architect, engineer or attorney previously approved. In the event that Landlord shall refuse to approve the retainment of any such architect, engineer or attorney, it shall so notify Tenant and such notices shall contain the reason for such refusal.

Section 41.23. Landlord represents and warrants that Rector Place, South End Avenue, Albany Street, Liberty Street and West Thames Street have been dedicated to New York City.

ARTICLE 42

CONDOMINIUM OWNERSHIP

Section 42.01. Definitions. As used in this Lease, the following terms shall have the following meanings:

"Approved Conversion" shall mean, if the Premises are then used for rental purposes, the submission by Tenant of its leasehold estate in the Premises to the Condominium Act (hereinafter defined) at any time subsequent to Completion of the Buildings.

"Board of Managers" shall mean the board of managers established pursuant to the By-Laws (hereinafter defined).

"Board of Managers Failure to Act" shall have the meaning provided in Section 42.10.

"By-Laws" shall mean the by-laws annexed to the Declaration (hereinafter defined) together with all amendments, modifications and supplements thereto.

"Common Charges" shall mean Rental and assessments payable to the Board of Managers by the Unit Owners (hereinafter defined) for the purpose of meeting the costs and expenses in connection with the repair, maintenance, replacement, restoration and operation of and any alteration, addition or improvement to the common elements.

"Condominium Act" shall mean Article 9-B of the Real Property Law of the State of New York or any statute in lieu thereof.

"Condominium Depository" shall have the meaning provided in Section 42.05(c).

"Condominium Documents" shall mean the Condominium Plan (hereinafter defined), Declaration and By-Laws.

"Condominium Plan" shall mean the plan to submit Tenant's leasehold estate in the Premises to condominium ownership together with all amendments, modifications and supplements thereto.

"Declaration" shall mean the instrument by which Tenant's and/or Landlord's respective leasehold estates in the Premises are submitted to the Condominium Act, together with all amendments, modifications and supplements thereto.

"Default Certificate" shall have the meaning provided in Section 42.07(b).

"Defaulting Unit Owner" shall have the meaning provided in Section 42.07(b).

"Deficiency Amount" shall have the meaning provided in Section 42.07(c).

"Hudson View" shall mean Hudson View Towers Associates or an assignee or transferee of its interest as Tenant under this Lease excluding Unit Owners.

"Initial Unit Transfer" shall mean the closing of the first transfer of a Unit (hereinafter defined) to a Qualified Unit Purchaser (hereinafter defined) pursuant to the Condominium Plan and in accordance with this Article 42.

"Initial Unit Transfers" shall mean (i) other than if in connection with an Approved Conversion, the first closings of the transfers of 35% of the Units to Qualified Unit Purchasers pursuant to the Condominium Plan and in accordance with this Article 42 and (ii) if in connection with an Approved Conversion, the first closings of the transfers of fifteen percent (15%) of the Units to Qualified Unit Purchasers pursuant to the Condominium Plan and in accordance with this Article 42.

"Landlord's Lien" shall have the meaning provided in Section 42.09(c).

"Letter of Credit" shall have the meaning provided in Section 42.05(a).

"Letter of Credit Amount" shall mean (i) if other than in connection with an Approved Conversion, $425,470 and (ii) if in connection with an Approved Conversion, the product derived by multiplying the Base Rent, PILOT and Supplemental Rent, if any, for the month immediately preceding the date of the Initial Unit Transfer by twelve (12).

"Liabilities" shall have the meaning provided in Section 42.12(g).

"Maximum Fund Requirement" shall mean $106,370.

"Partial Rental Payment" shall have the meaning provided in Section 42.07(c).

"Permitted Reduction" shall have the meaning provided in Section 42.05(d).

"Proportionate Rent" shall mean each Unit's proportionate share of Rental under this Lease in accordance with each Unit's common interest as set forth in the Declaration.

"Purchase Option" shall mean that certain agreement dated as of June 6, 1980 by and between UDC, BPC Development Corporation, Landlord and New York City and recorded in the Office of the City Register, New York County on June 11, 1980 in Reel 527 at page 153.

"Qualified Purchase Agreement" shall mean (i) a purchase agreement for the purchase of a Unit made by any Person who is not a Related Entity (hereinafter defined) substantially in the form set forth in the Condominium Plan, providing for a purchase price equal to or in excess of the purchase price for such Unit set forth in the Condominium Plan and under which such purchase agreement such Person made all down payments required thereunder, and (ii) with respect to any Person who is a Related Entity, a purchase agreement for the purchase of a Unit made by any Person who is a Related Entity substantially in the form set forth in the Condominium Plan, providing for a purchase price equal to or in excess of the purchase price for such Unit set forth in the Condominium Plan, under which such purchase agreement such Person made all down payments required thereunder and provided (i) such Person shall not pay or have paid for any portion of the purchase price with funds advanced by or contributed or borrowed from Hudson View or any Related Entity or (ii) Hudson View or any Related Entity shall not have guaranteed any portion of the purchase price.

"Qualified Unit Purchaser" shall mean the purchaser under a Qualified Purchase Agreement.

"Recognized Unit Mortgage" shall have the meaning provided in Section 42.11(b).

"Recognized Unit Mortgagee" shall have the meaning provided in Section 42.11(b).

"Related Entity" shall mean (i) any Person that has, directly or indirectly, an ownership interest in Tenant or any Person in which Tenant, any partner of Tenant or any

stockholder of any Person that is a partner in Tenant, has an ownership interest, and (ii) any individual who is a member of the immediate family (whether by birth or marriage) of an individual who is a Related Entity, 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.

"Security Fund" shall have the meaning provided in Section 42.05(b).

"Unit" shall have the meaning set forth in the Condominium Plan.

"Unit Assignment Agreement" shall mean the instrument by which a Unit Owner acquires its interest in a Unit and a proportionate undivided interest in the common elements appertaining to such Unit by partial assignment from Hudson View.

"Unit Mortgage" shall have the meaning provided in Section 42.11(a).

"Unit Mortgagee" shall have the meaning provided in Section 42.11(a).

"Unit Mortgagee Representative" shall have the meaning provided in Section 42.11(e).

"Unit Owner(s)" shall have the meaning set forth in the Condominium Plan.

"Unit Owner Action" shall have the meaning provided in Section 42.10(b).

"Unit Owner Default" shall have the meaning provided in Section 42.07(b).

"Unit Owner Monetary Default" shall have the meaning provided in Section 42.07(b).

"Unit Owner Non-Monetary Default" shall have the meaning provided in Section 42.07(b).

Section 42.02. Approval of Condominium Documents by Landlord.

(a) Tenant shall submit the Condominium Documents to Landlord for Landlord's approval. Landlord's approval shall be limited solely to determining, in Landlord's rea-

sonable opinion, whether or not the Condominium Documents conform to the provisions of this Lease. If Landlord shall determine that the Condominium Documents do so conform, Landlord shall notify Tenant to that effect within fourteen (14) Business Days after Landlord's receipt of the Condominium Documents. If Landlord shall determine that the Condominium Documents do not so conform, Landlord shall so notify Tenant within such fourteen (14) Business Day period, specifying, in reasonable detail, those respects in which the Condominium Documents do not so conform and Tenant shall revise the Condominium Documents to so conform and resubmit the Condominium Documents to Landlord. Each review by Landlord of Tenant's revisions to the Condominium Documents shall be carried out within five (5) Business Days of the date of submission of the revised Condominium Documents. If Landlord shall not have notified Tenant of its determination within the periods herein set forth, Landlord shall be deemed to have determined that the Condominium Documents or revised Condominium Documents, as the case may be, do so conform.

(b) If at any time after Landlord shall have approved the Condominium Documents Tenant shall desire to amend, modify or supplement any Condominium Document, Tenant shall, except as otherwise provided herein, submit such proposed amendment, modification or supplement to Landlord for Landlord's approval, which approval shall be limited solely to determining whether or not such amendment, modification or supplement conforms to the provisions of this Lease. Each review by Landlord shall be performed in the manner provided in Section 42.02(a) within five (5) Business Days after submission to Landlord. Notwithstanding the foregoing, Tenant shall have no obligation to submit to Landlord and Landlord shall have no right to approve, any proposed amendment, modification or supplement (i) to change the price (including without limitation the terms of sale and manner of payment of the purchase price) or layout of, or number of rooms in, any Unit, (ii) to change the size and/or number of Units by subdividing one or more Units into separate Units, combining separate Units into one or more Units, or otherwise, (iii) to re-apportion among the Units affected by any such change, subdivision, combination or alteration their appurtenant interests in the common elements and (iv) to any of the following provisions in the Condominium Plan: budget, composition and identity of the officers of the Board of Managers, closing costs, fees and procedures for purchasing a Unit, tax benefits, permitted occupancy of Units, policies relating to the offering, financing of Units, non-residential leases and agreements, description of Premises, location and area information, information set forth on price schedules, utility cost schedules, control by

sponsor and working capital and other funds (excluding the Security Fund).

(c) Landlord shall approve any reasonable amendment to this Article 42 as may be requested by the New York State Department of Law. In the event there is a dispute as to reasonableness of such request by the New York State Department of Law, Landlord shall appoint a representative to meet with Tenant's counsel and a representative of the New York State Department of Law to resolve the dispute. In no event however shall Landlord be obligated to approve any amendment modifying Section 42.02(d) or (e) hereof.

(d) The responsibility to assure that the Condominium Documents comply with all applicable Requirements of Governmental Authorities, including without limitation, the rules and regulations of the New York State Department of Law, shall be Tenant's; Landlord's determination that the Condominium Documents conform to the provisions of this Lease shall not be, nor shall it be construed to be or relied upon by Tenant, any Unit Owner, any Unit Mortgagee or any other Person as a determination that the Condominium Documents comply with all applicable Requirements of Governmental Authorities, including without limitation, the rules and regulations of the New York State Department of Law.

(e) Landlord's determination that the Condominium Documents conform to the provisions of this Lease shall not be, nor shall it be construed to be or relied upon by Tenant, any Unit Owner, any Unit Mortgagee or any other Person as a determination that Landlord has approved the offering of Units pursuant to the Condominium Plan.

Section 42.03. Conditions to Recording Declaration and Closing of the Initial Unit Transfer.

(a) Subject to compliance with the provisions of this Section 42.03, Tenant may submit Tenant's leasehold estate in the Premises to the provisions of the Condominium Act by recording the Declaration as required by the Condominium Act.

(b) Provided the conditions hereinafter set forth shall have been satisfied by Tenant (or waived by Landlord in accordance with Section 42.03(d)), Landlord shall (i) execute the Declaration for the purpose of evidencing its consent to the submission of Tenant's leasehold estate in the Premises to the Condominium Act, provided such consent be in form and substance reasonably satisfactory to Landlord or (ii) if required by applicable law or the New York State Department of Law, join in the execution of the Declaration for the sole purpose of submitting its leasehold estate in the Premises (but, in no event, its fee estate in the Premises) to the Condominium Act.

(c) Landlord shall have no obligation to consent to the recording of the Declaration or join in the execution of the Declaration, as the case may be, and Tenant shall not (x) record the Declaration or (y) consummate the Initial Unit Transfer unless the following conditions shall have been satisfied:

(i) The Condominium Documents shall have been approved, or deemed to have been approved, by Landlord in accordance with the provisions of Section 42.02(a).

(ii) The Condominium Plan shall have been accepted for filing by the New York State Department of Law and a true and correct copy of the letter issued by the New York State Department of Law evidencing such acceptance shall have been delivered to Landlord.

(iii) The Condominium Documents shall not have been amended, modified or supplemented unless Landlord shall have approved or shall be deemed to have approved such amendment, modification or supplement, if such approval was required, in accordance with the provisions of Section 42.02(b).

(iv) There shall be in full force and effect Qualified Purchase Agreements for the purchase of at least 35% of the Units (provided, however, that with respect to an Approved Conversion such percentage shall be 15%), true and correct copies of such purchase agreements shall have been delivered to Landlord and Tenant shall have delivered to Landlord Tenant's certification that (x) each such purchase agreement is a Qualified Purchase Agreement, (y) all conditions contained in each such purchase agreement have been (or, to the reasonable expectation of Tenant, will at closing be) satisfied and (z) the closings of the transfers of such Units pursuant to such purchase agreements are scheduled to occur within sixty (60) days after the date of the Initial Unit Transfer. If Landlord shall not have notified Tenant of its objections as to the correctness of Tenant's certification within five (5) Business Days after delivery by Tenant of its certification to Landlord, Landlord shall be deemed to have determined that each such purchase agreement is a Qualified Purchase Agreement.

(v) The Condominium Plan shall have been declared effective in accordance with its terms and a true and correct copy of the letter issued by

the New York State Department of Law evidencing acceptance of an amendment declaring the Condominium Plan effective shall have been delivered to Landlord.

(vi) No Event of Default shall have occurred and be continuing under this Lease.

(vii) The Buildings shall have been Substantially Completed.

(d) In the event that, at any time prior to the recording of the Declaration, (i) Landlord makes payment of the Indebtedness (as defined in the Purchase Option), (ii) New York City shall exercise its right under the Purchase Option to repay the Indebtedness, or (iii) Landlord agrees to convey the Premises or assign its right, title and interest as tenant under the Master Lease or as Landlord under this Lease to New York City or any other Person, Landlord shall give Tenant notice thereof within five (5) Business Days after the occurrence of such event. In such event, the provisions of subparagraphs (i) (as to approval of the Condominium Plan), (ii), (iii) (as to approval of amendments, modifications or supplements to the Condominium Plan), (iv), (v) and (vii) of Section 42.03(c) shall be waived by Landlord as conditions to recording the Declaration. At Tenant's request, Landlord shall (x) consent to or execute the Declaration, as the case may be, as provided in Section 42.03(b) and (y) cooperate with Tenant and, if requested by Tenant, cause Master Landlord to cooperate with Tenant, in causing the Declaration to be duly recorded prior to the acquisition of the Project Area by New York City or the consummation of any such conveyance or assignment.

(e) In no event shall Landlord convey its interest in the Premises or assign its right, title and interest as tenant under the Master Lease or as Landlord under this Lease to New York City or any other Person prior to the recording of the Declaration, unless Landlord shall have given Tenant at least sixty (60) days prior notice of such proposed conveyance or assignment.

(f) The Initial Unit Transfer shall not occur and Tenant shall have no right to assign, convey, mortgage or otherwise transfer a Unit, unless the conditions set forth in Section 42.03(c) shall have been satisfied at the time of the Initial Unit Transfer. In the event the Initial Unit Transfer shall occur on a date other than the date of recording of the Declaration, Tenant shall deliver to Landlord, immediately prior to the Initial Unit Transfer, its

certification that the conditions contained in Section 42.03(c) have been satisfied.

(g) At any time, and from time to time, upon two (2) Business Days prior notice by Hudson View, Landlord shall execute, acknowledge and deliver to Hudson View or any Person specified by Hudson View, a statement in writing certifying that all of the conditions in Section 42.03(c) have been satisfied (or if any such condition has not been satisfied, specifying those conditions not so satisfied) and each such statement delivered by Landlord shall contain the authorization to Hudson View's attorney (provided such attorney be acceptable to Landlord in its sole discretion) or Hudson View's title insurance company insuring the Unit transfer in question to collect the Transaction Payment applicable to the Unit in question and to hold the same in escrow pending prompt delivery thereof to Landlord.

Section 42.04. Subsequent Transfers of Units.

(a) Except as provided in Section 10.01(c), any transfer of Units subsequent to the Initial Unit Transfers shall not require the consent or approval of Landlord.

(b) Except as provided in Section 10.01(c), any Unit Owner shall have the right to assign, sublet, mortgage or otherwise transfer its interest in a Unit without Landlord's consent or approval.

(c) Immediately following the Initial Unit Transfers, Landlord shall execute, acknowledge and deliver to Hudson View or any Person specified by Hudson View, a statement in writing certifying that 35% of the Units (or, with respect to an Approved Conversion, 15% of the Units) have been sold pursuant to Qualified Purchase Agreements.

Section 42.05. Security Fund.

(a) To secure the obligations of Tenant and each Unit Owner under this Lease, Hudson View shall deliver or cause to be delivered to Landlord, immediately prior to the Initial Unit Transfer, a clean, irrevocable letter of credit (the "Letter of Credit") in the Letter of Credit Amount drawn in favor of Landlord and having a term of not less than one (1) year, payable upon presentation of sight draft in United States dollars, issued by and drawn on a commercial bank or trust company which is a member of the New York Clearing House Association satisfactory to Landlord and in form and substance satisfactory to Landlord.

(b) The Letter of Credit, the proceeds thereof and any interest or income earned thereon are hereinafter referred to as the "Security Fund". The Security Fund shall be retained by Landlord or the Condominium Depository, as the case may be, and disbursed only in accordance with the provisions of this Article 42.

(c) In the event Landlord shall present the Letter of Credit for payment in accordance with the provisions of this Article 42, Landlord shall promptly deposit the Letter of Credit Amount with a commercial bank or trust company which is a member of the New York Clearing House Association designated by Landlord (the "Condominium Depository"). All monies deposited with the Condominium Depository shall be deposited in one or more insured interest-bearing accounts or invested by the Condominium Depository in bank certificates of deposit or United States treasury bills. Landlord shall promptly notify the Board of Managers of the designation of the Condominium Depository and shall cause the Condominium Depository to furnish the Board of Managers with any information reasonably requested by the Board of Managers with respect to such deposit. The fees of the Condominium Depository, if any, shall be paid from the Security Fund.

(d) Provided Landlord shall not have applied the Letter of Credit Amount or any portion thereof in accordance with the provisions of Section 42.06, Hudson View or any Person designated by Hudson View in the Condominium Plan shall have the right to reduce the Letter of Credit as follows: (x) upon the closings of sale of 45% of the Units, the Letter of Credit Amount shall be reduced by 10%, (y) upon the closings of sale of 60% of the Units, the Letter of Credit Amount shall be reduced by an additional 50% and (z) upon the closings of sale of 75% of the Units, the Letter of Credit Amount shall be reduced to $106,370 (each such reduction of the Letter of Credit Amount is hereinafter referred to as a "Permitted Reduction"). In the event Landlord shall have applied the Letter of Credit Amount or a portion thereof in accordance with the provisions of Section 42.06, Landlord shall have no obligation to accept a reduction of the Letter of Credit or cause the Condominium Depository to make a refund in accordance with this Section 42.05(d) unless and until all Deficiency Amounts shall have been paid in full to Landlord. Upon receipt of such Deficiency Amount(s), Landlord shall cause the Condominium Depository to promptly refund to Hudson View or any Person designated by Hudson View in the Condominium Plan an amount equal to such Permitted Reduction. In the event the Letter of Credit shall have been presented by Landlord pursuant to Section 42.05(e), upon the satisfaction by Tenant of the conditions set

forth in this Section 42.05(d), Landlord shall cause the Condominium Depository to promptly refund to Hudson View or any Person designated by Hudson View in the Condominium Plan an amount equal to each such Permitted Reduction.

(e) Subject to the provisions of Section 42.05(d), at the expiration of eleven and one-half (11-1/2) months from the date of the Initial Unit Transfer, if Landlord shall not have previously presented the Letter of Credit for payment, Landlord shall, prior to the expiration date of the Letter of Credit, present the Letter of Credit for payment, in which event, Landlord shall promptly deposit the proceeds thereof with the Condominium Depository as provided in Section 42.05(c). Notwithstanding the foregoing, Landlord shall return the Letter of Credit to Hudson View provided Hudson View shall have delivered to Landlord, at least fifteen (15) days prior to the expiration date of the Letter of Credit, cash in an amount equal to the then Letter of Credit Amount. In such event, Landlord shall promptly deposit such monies with the Condominium Depository as provided in Section 42.05(c).

(f) Commencing on the tenth (10th) anniversary of the date of the Initial Unit Transfer and on each succeeding annniversary of such date, Landlord shall cause the Condominium Depository to disburse the amount by which the Security Fund then exceeds the Maximum Fund Requirement to the Board of Managers.

(g) If not previously applied by Landlord in accordance with this Article 42, Landlord shall cause the Condominium Depository to disburse to the Board of Managers the Security Fund on the Expiration Date.

Section 42.06. Application of Security Fund.

(a) In the event any item of Rental shall not have been paid to Landlord in full when the same shall become due and payable and such failure shall continue for twenty (20) days after notice from Landlord to the Board of Managers, Landlord may, at its election and without further notice to the Board of Managers or any Unit Owner and without waiving any right or remedy granted to Landlord pursuant to any provision of this Lease, present the Letter of Credit for payment, if such Letter of Credit be outstanding and pay to itself from the proceeds of the Letter of Credit an amount equal to the Deficiency Amount or, if the Letter of Credit shall no longer be outstanding, cause the Condominium Depository to pay to Landlord an amount equal to the Deficiency Amount. In the event Landlord presents the Letter of Credit for payment, any proceeds in excess of the Deficiency Amount

shall be promptly deposited with the Condominium Depository. In either event, Landlord shall, within ten (10) days thereafter, so notify the Board of Managers, which notice shall set forth the amount disbursed to Landlord from the Security Fund. Such disbursement from the Security Fund shall not constitute a waiver by Landlord of any Unit Owner Default or Board of Managers Failure to Act or prohibit Landlord from exercising any right or remedy granted to Landlord pursuant to the provisions of this Lease against any Defaulting Unit Owner.

(b) Upon payment by (i) the Board of Managers to Landlord of the Deficiency Amount or any lesser amount collected by the Board of Managers, as the case may be, as provided in Section 42.07(c) or (ii) a Defaulting Unit Owner or such Defaulting Unit Owner's Recogized Unit Mortgagee of the Deficiency Amount as provided in Section 42.09(f) or 42.09(g), Landlord shall either (x) promptly deposit such amount with the Condominium Depository for deposit in the Security Fund if Landlord shall have withdrawn an amount equal to the Deficiency Amount from the Security Fund or (y) apply such amount to the unpaid item of Rental if Landlord shall not have withdrawn an amount equal to the Deficiency Amount from the Security Fund.

Section 42.07. The Board of Managers.

(a) Commencing on the date of the Initial Unit Transfer and continuing throughout the Term, all Unit Owners hereby constitute and appoint the Board of Managers their true and lawful attorney-in-fact coupled with an interest for the purposes of paying, performing and observing all of the terms, covenants and conditions of this Lease on Tenant's part to be paid, performed and observed.

(b) Commencing on the date of the Initial Unit Transfer and continuing throughout the Term, the Board of Managers, on behalf of all Unit Owners, shall, subject to the provisions of this Section 42.07, pay, perform and observe all of the terms, covenants and conditions of this Lease on Tenant's part to be paid, performed and observed. If the Board of Managers does not so pay, perform or observe any term, covenant or condition of this Lease because of a failure by a Unit Owner (hereinafter, a "Defaulting Unit Owner") to pay, perform or observe any term, covenant or condition under such Defaulting Unit Owner's Unit Assignment Agreement, the By-Laws or any other Condominium Document (a failure by a Unit Owner to pay Common Charges or any assessment adopted by the Unit Owners being hereinafter referred to as a "Unit Owner Monetary Default" and any other failure by a Unit Owner being hereinafter referred to as a "Unit Owner Non-Monetary Default"; collectively, a "Unit Owner

Default"), the Board of Managers shall deliver to Landlord, within forty-five (45) days after such Rental shall have become due and payable, a certificate, in reasonable detail, specifying (x) the name and Unit of such Defaulting Unit Owner, (y) the nature of such Unit Owner Default and, if such Unit Owner Default be a Unit Owner Monetary Default, the amount thereof and (z) the name and address of the Recognized Unit Mortgagee, if any (such certificate being hereinafter referred to as a "Default Certificate") and, except as otherwise provided in Section 42.09(a), within ninety (90) days after such Rental shall have become due and payable, commence and diligently and continuously prosecute all of the rights and remedies of the Board of Managers under the By-Laws, the Declaration and as provided in the Condominium Act against such Defaulting Unit Owner.

(c) If, because of a Unit Owner Monetary Default, the Board of Managers does not pay, at the time and in the manner provided in this Lease, any item of Rental, the Board of Managers shall pay, at the time and in the manner provided in this Lease, so much of such item of Rental as shall have been collected by the Board of Managers from all other Unit Owners (such payment being hereinafter referred to as a "Partial Rental Payment"). In the event the Board of Managers shall thereafter obtain payment from the Defaulting Unit Owner or such Defaulting Unit Owner's Unit Mortgagee of such Unit Owner Monetary Default, the Board of Managers shall, within twenty (20) days thereafter, pay to Landlord the amount so obtained, but in no event, shall such amount be in excess of the Deficiency Amount. As used herein, "Deficiency Amount" shall mean an amount equal to the difference between such item of Rental and the Partial Rental Payment. The Deficiency Amount shall be applied by Landlord in accordance with Section 42.06(b).

(d) At the request of Landlord, the Board of Managers shall prepare and deliver to Landlord, within twenty (20) days after demand, a true and correct schedule of the names of all Unit Owners and the Units owned by such Unit Owners and copies of any other documents reasonably requested by Landlord. Landlord and Landlord's designee, at Landlord's expense, shall have the right, as provided in Section 38.03, to examine the records and books of account maintained by the Board of Managers and any managing agent appointed by the Board of Managers with respect to the Premises at a location designated by the Board of Managers in New York City.

(e) The Board of Managers may appoint a managing agent of the Premises for the management and operation thereof, maintenance and repair of the common elements and collection, custody and payment for Unit Owners of all Common Charges and other charges.

(f) No member of the Board of Managers shall have any personal liability under this Lease with respect to any act or omission of the Board of Managers or of any managing agent in connection with the terms, covenants and conditions on Tenant's part to be observed and performed under this Lease.

Section 42.08. Effect of Unit Owner Default on Lease; Obligations of Other Unit Owners.

(a) The failure of the Board of Managers to pay, in full, any item of Rental or part thereof when the same shall become due and payable because of a Unit Owner Monetary Default or to perform or observe any other term, covenant or condition of this Lease because of a Unit Owner Non-Monetary Default shall not constitute a Default under this Lease.

(b) Except as otherwise specifically provided herein, no Unit Owner shall be obligated to pay to Landlord any sums to replenish the Security Fund in the event the Board of Managers does not recover the Deficiency Amount or any portion thereof from a Defaulting Unit Owner or such Defaulting Unit Owner's Unit Mortgagee as provided in Section 42.07.

(c) Any Unit Owner Default shall not constitute a Default under this Lease and, notwithstanding anything contained in this Lease, including, without limitation, this Article 42 to the contrary, Landlord shall not, nor shall it have the right to, terminate this Lease because of any Unit Owner Default.

Section 42.09. Landlord's Remedies with Respect to Unit Owner Defaults.

(a) Provided the Board of Managers shall have delivered a Default Certificate to Landlord in accordance with Section 42.07(b), Landlord shall, within ten (10) days thereafter, notify the Board of Managers whether or not Landlord intends to exercise the remedies granted to Landlord under this Section 42.09 with respect to such Defaulting Unit Owner. In the event Landlord shall have elected to exercise such remedies and shall have so notified the Board of Managers within such ten (10) day period, the Board of Managers may, but shall not be obligated, at any time there-

after to commence any action against such Defaulting Unit Owner as provided in Section 42.07(b). In the event Landlord shall not have so notified the Board of Managers, the Board of Managers shall commence action against such Defaulting Unit Owner in accordance with Section 42.07(b). Provided the Board of Managers shall timely commence such action and diligently prosecute such action in accordance with Section 42.07(b), Landlord shall not, during the pendency of such action and except as otherwise provided in Section 42.09(d), commence any action against such Defaulting Unit Owner. In the event the Board of Managers shall fail to deliver the Default Certificate as provided in Section 42.07(b), Landlord may commence any action against such Defaulting Unit Owner at any time subsequent to the date that such Default Certificate should have been so delivered to Landlord.

(b) In the event Landlord shall have elected to exercise its remedies against a Defaulting Unit Owner in accordance with the provisions of Section 42.09(a), if at the expiration of sixty (60) days after such Rental shall have been due and payable a Defaulting Unit Owner shall not have paid its Proportionate Rent, Landlord shall so notify such Defaulting Unit Owner and if such Unit Owner does not pay such Proportionate Rent within thirty (30) days after such notice from Landlord, Landlord shall, subject to the rights granted to Recognized Unit Mortgagees pursuant to Section 42.11, have the right to commence and prosecute an action against such Defaulting Unit Owner for such unpaid Proportionate Rent and, in connection with such action, may without further notice, re-enter and repossess the Unit of such Defaulting Unit Owner using such force for that purpose as may be necessary without being liable to indictment, prosecution or damages therefor and may dispossess such Defaulting Unit Owner by summary proceedings or otherwise and exercise such other rights and remedies granted to Landlord at law or in equity, and whether or not Landlord shall have theretofore obtained payment of such unpaid Proportionate Rent from the Security Fund pursuant to Section 42.06(a).

(c) In addition to the rights and remedies granted to Landlord pursuant to the provisions of this Lease, each Unit Owner hereby grants to Landlord, effective only upon the occurrence of a Unit Owner Default and continuing until the payment to Landlord of the Deficiency Amount, a lien on such Unit (a "Landlord's Lien"), which Landlord's Lien shall be prior to all other liens on such Unit (including without limitation, the lien of any Unit Mortgage or Recognized Unit Mortgage of record), except for Taxes, Impositions, the lien granted to the Board of Managers pursuant to the Condominium Act and liens granted to Governmental Authorities which, pursuant to applicable law, are granted a priority. Such

Landlord's Lien shall be enforceable by Landlord only if Landlord shall have elected, in accordance with Section 42.09(a), to pursue its rights and remedies against such Defaulting Unit Owner.

(d) Notwithstanding anything herein contained to the contrary, Landlord shall, subject to the rights granted to Recognized Unit Mortgagees pursuant to Section 42.11, have the right to commence and prosecute an action against any Defaulting Unit Owner for a Unit Owner Non-Monetary Default if, by reason of such Unit Owner Non-Monetary Default, (i) Landlord's interest in the Premises, or any part thereof, shall be in imminent danger of being forfeited or lost, (ii) Landlord shall be in imminent danger of being subjected to criminal and/or civil liability or penalty, or (iii) Landlord would, in Landlord's reasonable judgment, be in default under the Master Lease as a result of such Unit Owner Non-Monetary Default.

(e) Prior to commencing any action against a Defaulting Unit Owner under this Section 42.09 Landlord shall so notify the Board of Managers and shall keep the Board of Managers reasonably informed as to the status of such action. The Board of Managers shall cooperate with Landlord, and, upon Landlord's request, shall promptly furnish to Landlord such information and documentation as may be reasonably requested by Landlord.

(f) If, during the pendency of any such action by Landlord against a Defaulting Unit Owner, either the Board of Managers, such Defaulting Unit Owner or such Defaulting Unit Owner's Recognized Unit Mortgagee shall have remedied such Unit Owner Default, Landlord shall cause such action to be discontinued with prejudice provided such Defaulting Unit Owner or such Defaulting Unit Owner's Recognized Unit Mortgagee shall have reimbursed Landlord for Landlord's costs and expenses incurred in connection with such action (including reasonable attorneys fees) together with interest thereon at the Involuntary Rate.

(g) In the event Landlord shall have obtained a judgment against a Defaulting Unit Owner and shall have recovered such judgment from such Defaulting Unit Owner or such Defaulting Unit Owner's Recognized Unit Mortgagee prior to payment to Landlord of the Deficiency Amount by the Board of Managers pursuant to Section 42.07(c), Landlord shall apply the amount so collected, after deducting therefrom Landlord's reasonable costs and expenses incurred in connection with such action to the extent not previously recovered by

Landlord, in payment of the Deficiency Amount and Landlord shall so notify the Board of Managers, whereupon the obligations of the Board of Managers to Landlord with respect to payment of such Deficiency Amount shall cease.

(h) If, as a result of such action by Landlord against a Defaulting Unit Owner, Landlord or any nominee or designee of Landlord shall become the owner of such Defaulting Unit Owner's Unit, Landlord or such nominee or designee shall, upon Landlord's or such nominee's or designee's acquisition of such Unit, promptly pay to the Board of Managers an amount equal to the difference between all accrued but unpaid Common Charges with respect to such Unit and the Deficiency Amount. The obligations of the Board of Managers to Landlord with respect to payment of any Deficiency Amount with respect to such Unit Owner Default shall cease. During the period that Landlord or such nominee or designee shall be the owner of a Unit, Landlord or such nominee or designee shall comply with all of the terms, covenants and conditions of the By-Laws and the Unit Assignment Agreement for such Unit, including without limitation, the payment of Common Charges for such Unit.

Section 42.10. Landlord's Remedies for Board of Managers Failure to Act.

In the event that the Board of Managers shall not have (x) paid to Landlord a Partial Rental Payment as provided in Section 42.07(c) or any Deficiency Amount or lesser amount obtained by the Board of Managers as provided in Section 42.07(c) or (y) performed or observed on behalf of the Unit Owners any term, covenant or condition of this Lease on Tenant's part to be performed or observed, which failure to perform or observe is not the direct result of a Unit Owner Default (hereinafter, a "Board of Managers Failure to Act"), the following provisions shall be applicable:

(a) Landlord shall give notice to the Board of Managers, all Unit Owners and Recognized Unit Mortgagees specifying the nature of the Board of Managers Failure to Act.

(b) Within forty-five (45) days after Landlord shall have given such notice (i) the Board of Managers, any Unit Owner(s) or Recognized Unit Mortgagee(s) shall cause such Board of Managers Failure to Act to be remedied or (ii) if the curing of such Board of Managers Failure to Act requires the imposition of an assessment or special meeting of Unit Owners for such purpose and/or special meeting of Unit Owners in order to replace the Board of Managers or work to

be performed, acts to be done or conditions to be removed which cannot by their nature or because of Unavoidable Delays reasonably be repaired, done or removed, as the case may be, within such forty-five (45) day period (collectively, "Unit Owner Action"), the Unit Owner(s) shall have commenced such Unit Owner Action within such forty-five (45) day period and shall thereafter (subject to Unavoidable Delays) diligently prosecute such Unit Owner Action to completion and promptly thereafter cause the Board of Managers Failure to Act to be remedied, provided, in any event, such Board of Managers Failure to Act shall be remedied within one hundred and eighty (180) days after the date of Landlord's notice.

(c) If a Board of Managers Failure to Act shall not have been remedied in accordance with Section 42.10(b), such unpaid Partial Rental Payment, Deficiency Amount or other unpaid item of Rental shall constitute Proportionate Rent and each Unit Owner shall be obligated to pay to Landlord its share of such Proportionate Rent in accordance with each Unit's common interest in the Premises as set forth in the Declaration. The failure of a Unit Owner to make such payment of Proportionate Rent shall constitute a Unit Owner Monetary Default, such Unit Owner shall be deemed to be a Defaulting Unit Owner and Landlord shall have the right, subject to the rights granted to Recognized Unit Mortgagees pursuant to Section 42.11, to pursue the rights and remedies granted to Landlord pursuant to Section 42.09 against such Defaulting Unit Owner for a Unit Owner Monetary Default.

Section 42.11. Unit Mortgages.

(a) Any Unit Owner shall have the right to mortgage its interest in a Unit to any Person (such mortgage being hereinafter referred to as a "Unit Mortgage" and the holder of such Unit Mortgage being hereinafter referred to as a "Unit Mortgagee").

(b) Prior to commencing any action against a Defaulting Unit Owner pursuant to Section 42.09, Landlord shall give to each Unit Mortgagee who shall have furnished Landlord with a true and correct copy of such Unit Mortgagee's Unit Mortgage together with the name and address of such Unit Mortgagee (such Unit Mortgagee being hereinafter referred to as a "Recognized Unit Mortgagee" and such Recognized Unit Mortgagee's Unit Mortgage being hereinafter re-

ferred to as a "Recognized Unit Mortgage") notice of such Unit Owner Default. Each Recognized Unit Mortgagee shall have a period of twenty (20) days more than is given to a Defaulting Unit Owner within which to pay to Landlord an amount equal to such Unit Owner Monetary Default and thirty (30) days more than is given to a Defaulting Unit Owner within which to remedy any Unit Owner Non-Monetary Default or causing action to remedy such Unit Owner Non-Monetary Default to be commenced. Provided such Unit Owner Monetary Default shall be so remedied, Landlord shall not take any action against the Defaulting Unit Owner. With respect to a Unit Owner Non-Monetary Default, so long as a Recognized Unit Mortgagee, in good faith, shall have commenced to cure such Unit Owner Non-Monetary Default within such thirty (30) day period and shall prosecute the same to completion or if possession of the Unit is required to cure such Unit Owner Non-Monetary Default, to institute foreclosure proceedings and obtain possession directly or through a receiver and to prosecute such proceedings with diligence and continuity and, upon obtaining such possession, to commence promptly to cure such Unit Owner Non-Monetary Default and to prosecute the same to completion with diligence and continuity, Landlord shall not take any action against the Defaulting Unit Owner. In the event such Recognized Unit Mortgagee shall have failed to so remedy such Unit Owner Default as hereinabove provided, Landlord may commence any action against such Defaulting Unit Owner without any further notice to such Recognized Unit Mortgagee. If, with respect to any Unit, there is more than one Recognized Unit Mortgagee, Landlord shall recognize the Recognized Unit Mortgagee whose Recognized Unit Mortgage is senior in lien as the Recognized Unit Mortgagee entitled to the rights afforded by this Section 42.11(b).

(c) Landlord shall accept performance by a Recognized Unit Mortgagee of any covenant, condition or agreement on a Unit Owner's part to be performed with the same force and effect as though performed by such Unit Owner.

(d) Landlord shall have no obligations hereunder and no Unit Mortgagee shall have any rights hereunder unless such Unit Mortgagee shall be a Recognized Unit Mortgagee.

(e) In the event either the Board of Managers or the Recognized Unit Mortgagees shall have designated a representative (the "Unit Mortgagee Representative") and shall

have notified Landlord of such fact, the Unit Mortgagee Representative shall have the right to participate, to the same extent as a Mortgagee, in any arbitration or other proceedings, including, without limitation, condemnation proceedings and insurance adjustment proceedings, provided for in this Lease and shall be entitled to exercise any rights afforded to Mortgagees in such arbitration or other proceedings.

Section 42.12. Miscellaneous.

(a) In the event that Taxes are assessed and levied by New York City against the Units, payment by the Unit Owners of such Taxes to New York City shall be credited against the next ensuing payments or installments of PILOT and Base Rent required to be paid under this Lease.

(b) Notwithstanding anything contained in this Lease, including, without limitation, Article 16 to the contrary, the Board of Managers shall be entitled to maintain its lien for unpaid Common Charges as provided in the Condominium Act.

(c) Except as otherwise specifically provided in this Lease, all notices, demands, requests, consents, approvals or other communications (collectively, a "notice") provided in this Lease to be given by Landlord to Tenant shall be effective for any purpose if addressed to the Board of Managers on behalf of all Unit Owners and given or served as provided in Article 25, except any notice relating solely to a Unit Owner or such Unit Owner's Unit shall be effective only if addressed to the relevant Unit Owner and given or served as provided in Article 25.

(d) Subsequent to the recording of the Declaration, the aggregate tax assessments for all Units shall be the basis for calculating PILOT payments under Section 3.02 hereof.

(e) (i) Notwithstanding anything contained in this Lease, including, without limitation, Article 21 to the contrary, Landlord may (but shall be under no obligation to) perform an obligation of a Defaulting Unit Owner without waiving or releasing the Defaulting Unit Owner from any obligation contained in this Lease, after notice to the Defaulting Unit Owner and after applicable grace

periods provided hereunder for the Defaulting Unit Owner, the Board of Managers, or a Recognized Unit Mortgagee respectively to cure or commence to cure a Unit Owner Default.

(ii) All reasonable sums paid by Landlord and all reasonable costs and expenses incurred by Landlord in connection with its performance of any obligation of a Defaulting Unit Owner as provided herein, together with interest thereon at the Involuntary Rate from the respective dates of Landlord's making each such payment, or incurring of each such sum, cost, expense, charge, payment or deposit until the date of actual repayment to Landlord, shall be paid by the Defaulting Unit Owner to Landlord on demand. Landlord shall look only to the Defaulting Unit Owner for such recovery or to the Security Fund, if any. Any payment or performance by Landlord of an obligation of a Defaulting Unit Owner shall not be nor be deemed to be a waiver or release of breach or a Unit Owner Default by the Defaulting Unit Owner, or of the right of Landlord to institute summary proceedings or take such other action as may be provided herein against such Defaulting Unit Owner.

(f) Notwithstanding anything contained in this Lease, including, without limitation, Article 13 to the contrary, a Unit Owner may make any changes, alterations or additions to the interior of its Unit and may combine two or more Units without Landlord's consent.

(g) Notwithstanding anything contained in this Lease, including, without limitation, Article 19 to the contrary, subsequent to the date of the Initial Unit Transfer a Unit Owner shall be obligated to indemnify and save the Indemnitees harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including without limitation engineers', architects' and reasonable attorneys' fees and disbursements (collectively the "Liabilities") which may be imposed upon or incurred by or asserted against any of the Indemnitees only if such Liabilities arise by reason of the occurrence of any of those matters specifically set forth in Article 19 in connection with the Unit owned by such Unit Owner; provided however, that each Unit Owner shall pay its proportionate share, in accordance with its Unit's common

interest as set forth in the Declaration, of the Liabilities if such Liabilities arise by reason of the occurrence of any of those matters specifically set forth in Article 19 and only as such Liabilities may pertain to the common elements as defined in the Declaration.

(h) The Introduction section of the Condominium Plan shall contain the following disclaimer:

> "DETERMINATION BY BATTERY PARK CITY AUTHORITY THAT THIS PLAN AND THE DECLARATION AND BY-LAWS OF THE CONDOMINIUM CONFORM TO THE PROVISIONS OF THE LEASE DOES NOT MEAN THAT BATTERY PARK CITY AUTHORITY HAS APPROVED THIS OFFERING."

Notwithstanding the foregoing, in the event the New York State Department of Law advises Tenant that such disclaimer may not appear in the Condominium Plan, Tenant shall not be required to delay the acceptance for filing of the Condominium Plan and shall be entitled to remove said language from the Condominium Plan. Such advice from the New York State Department of Law shall not reduce or diminish the obligation of Landlord to approve the Condominium Documents in accordance with the provisions of Section 42.02.

Any revision of the disclaimer set forth above or any additional disclaimer which Landlord requests to be incorporated in the Condominium Plan shall first be approved by the New York State Department of Law, which approval is to be obtained by Landlord at its sole cost and expense; provided, however, that (i) Tenant shall not be required to delay the preparation or submission to the New York State Department of Law of the Condominium Plan due to any such request of Landlord and (ii) the failure or refusal of the New York State Department of Law to approve any disclaimer which Landlord requests shall not reduce or diminish the obligation of Landlord to approve the Condominium Documents in accordance with the provisions of Section 42.02.

Landlord shall not take any action against the New York State Department of Law which would prevent, restrain or enjoin the New York State Department of Law from accepting the Condominium Plan for filing on the basis of the New York State Department of Law's determination that the disclaimer set forth above, or any other disclaimer pertaining to Landlord, may not appear in the Condominium Plan.

(i) Nothing in this Article 42 shall be deemed to grant to Landlord the right to (x) require inclusion in the Condominium Documents of any provision which is not required by the express terms of this Article 42, or (y) delay or withhold its approval of the Condominium Documents pursuant

to Section 42.02 as a result of Tenant's refusal to include in the Condominium Documents any provision which is not required by the express terms of this Article 42.

Section 42.13. Applicability.

To the extent the provisions of this Article 42 shall conflict with any other provision of this Lease, the provisions of this Article 42 shall govern.

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

BATTERY PARK CITY AUTHORITY

By: _____
President

HUDSON VIEW TOWERS ASSOCIATES

By: WZ HUDSON VIEW CORP.

By: _____
Its: _____

By: WW VIEW ASSOCIATES

By: GLK ~~TOWER~~ VIEW CORP.

By: _____
Its: _____

By: HUDSON VIEW TOWERS CORPORATION

By: _____
Its: _____

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

On this 6th day of December, 1984, before me personally came Meyer S. Frucher, to me known, who, being by me duly sworn, did depose and say that he resides at 324 West 101st Street, New York, New York, that he is the President of BATTERY PARK CITY AUTHORITY, the public benefit corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the members of said corporation; and that he signed his name thereto by like order.

Victoria P. Apostle
Notary Public

VICTORIA P. APOSTLE
Notary Public, State of New York
No. 4[illegible]
Qualified in Queens County
Term Expires March 30, 19[illegible]

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

On this 6th day of December, 1984, before me personally came William Zeckendorf, to me known, who, being by me duly sworn, did depose and say that he resides at 502 Park Avenue, New York, New York, that he is the President of WZ HUDSON VIEW CORP., the corporation described in and which executed the foregoing instrument and which executed the same as a Joint Venturer of HUDSON VIEW TOWERS ASSOCIATES, a New York joint venture; and that he signed his name thereto by order of the board of directors of said corporation.

Victoria P. Apostle
Notary Public

VICTORIA P. APOSTLE
Notary Public, State of New York
No. 4[illegible]
Qualified in Queens County
Term Expires March 30, 19[illegible]

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

On this 6th day of December, 1984, before me personally came William D. Hubbard, to me known, who, being by me duly sworn, did depose and say that he resides at 447 East 57th St NYC NY, that he is the President of Hudson View Towers Corporation, the corporation described in and which executed the foregoing instrument and which executed the same as a Joint Venturer of HUDSON VIEW TOWERS ASSOCIATES, a New York joint venture; that he signed his name thereto by order of the board of directors of said corporation.

Victoria P. Apostle
Notary Public

VICTORIA P. APOSTLE
Notary Public, State of New York
No. 4764
Qualified in Queens County
Term Expires March 30, 1985

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

On this 6th day of December, 1984, before me personally came Grant D. Alger, to me known, who, being by me duly sworn, did depose and say that he resides at Lawrenceville Harrison, N.Y., that he is the Pres. of GLK ~~Tower~~ Corp., the corporation described in and which executed the foregoing instrument as a general partner of WW View Associates, a New York limited partnership, and which executed the same as a Joint Venturer of HUDSON VIEW TOWERS ASSOCIATES, a New York joint venture; and that he signed his name thereto by order of the board of directors of said corporation.

Victoria P. Apostle
Notary Public

VICTORIA P. APOSTLE
Notary Public, State of New York
No. 4764
Qualified in Queens County
Term Expires March 30, 1985

Schedule 1

Lease Year	Column I	Column II
1	232,562	0
2	308,600	0
3	373,320	0
4	373,320	52,153
5	373,320	52,153
6	449,570	104,306
7	449,570	104,306
8	449,570	156,460
9	449,570	156,460
10	525,820	208,613
11	525,820	208,613
12	525,820	260,766
13	525,820	260,766
14	602,070	260,766
15	602,070	260,766
16	602,070	260,766
17	602,070	260,766
18	678,320	260,766
19	678,320	260,766
20	678,320	260,766
21	678,320	260,766
22	678,320	260,766
23	678,320	260,766
24	678,320	260,766
25 - First Appraisal Date	678,320	260,766

EXHIBIT A

Legal Description

PARCEL G

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of Albany Street with the westerly side of South End Avenue;

RUNNING THENCE South 77 degrees 31 minutes 29 seconds West along the southerly side of Albany Street, 133.58 feet;

THENCE South 12 degrees 28 minutes 31 seconds East, 122 feet;

THENCE North 77 degrees 31 minutes 29 seconds East, 128.53 feet to the westerly side of South End Avenue;

THENCE along the westerly side of South End Avenue the following 2 courses and distances:

1) Northerly along a curve bearing to the left having a radius of 1244.14 feet and a central angle of 5 degrees 9 minutes 54 seconds, a distance of 112.15 feet to a point of tangency,

2) North 12 degrees 28 minutes 31 seconds West, 10 feet to the point or place of BEGINNING.

TOGETHER with the benefits of an subject to the burdens of an easement of pedestrian and vehicular ingress and egress as set forth, limited and delineated in a Declaration of Easement made by Battery Park City Authority dated as of March 23, 1984 and recorded on March 28, 1984 in Reel 778 page 44 over the following described parcel:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County, City and State of New York and more particularly bounded and described as follows:

BEGINNING at a point in the southerly line of Albany Street, distant 108.58 feet westerly from the corner formed by the intersection of the westerly line of South End Avenue with the southerly line of Albany Street;

Exhibit A (Cont'd)

1) RUNNING THENCE South 12 degrees 28 minutes 31 seconds East, 122.00 feet;

2) THENCE South 77 degrees 31 minutes 29 seconds West, 182.00 feet;

3) THENCE North 12 degrees 28 minutes 31 seconds West, 122.00 feet to the southerly line of Albany Street;

4) THENCE North 77 degrees 31 minutes 29 seconds East along the southerly line of Albany Street, 25.00 feet;

5) THENCE South 12 degrees 28 minutes 31 seconds East, 97.00 feet;

6) THENCE North 77 degrees 31 minutes 29 seconds East, 132.00 feet;

7) THENCE North 12 degrees 28 minutes 31 seconds West, 97.00 feet to the southerly line of Albany Street;

8) THENCE North 77 degrees 31 minutes 29 seconds East along the southerly line of Albany Street, 25.00 feet to the point or place of BEGINNING.

Bearings are in the same system used on the Borough Survey, Borough President's Office, Borough of Manhattan.

EXHIBIT "B"

TITLE MATTERS

1. Agreement of Lease between the City of New York, as landlord, and Landlord, as tenant, dated November 24, 1969, recorded December 26, 1969, in Reel 161, page 1, as amended by Amendment of Lease, dated October 19, 1971, by Second Amendment of Lease, dated June 18, 1974, by Third Amendment of Lease, dated October 24, 1974, by Fourth Amendment of Lease, dated October 24, 1974, and by Fifth Amendment to Lease, dated September 10, 1979, and as further amended and superseded by Restated Amended Agreement of Lease, made as of June 10, 1980, between BPC Development Corporation, as landlord, and Battery Park City Authority, as tenant, a Memorandum of which was recorded on June 11, 1980 in the Office of the City Register, New York County in Reel 527 at page 163, as amended by First Amendment to Restated Amended Lease dated as of June 15, 1983 made between Battery Park City Authority, as landlord and Battery Park City Authority, as tenant and recorded on June 20, 1983 in said Register's Office in Reel 696 at page 424, and Second Amendment to Restated Amended Lease dated June 15, 1983 made

between Battery Park City Authority, as landlord and Battery Park City Authority, as tenant and recorded on June 20, 1983 in said Register's Office in Reel 696 at page 432.

2. The Settlement Agreement, dated as of June 6, 1980, between the City of New York and New York State Urban Development Corporation ("UDC"), as supplemented by Letter, dated June 9, 1980, from Richard A. Kahan to Edward I. Koch.

3. Memorandum of Understanding, dated as of November 8, 1979, among the Governor of the State of New York, the Mayor of the City of New York and the President and Chief Executive Officer of UDC and Battery Park City Authority, as supplemented by letter, dated November 8, 1979, from the President and Chief Executive Officer of UDC and Battery Park City Authority to the Mayor of the City of New York.

4. Option to Purchase, dated as of June 6, 1980, among UDC, BPC Development Corporation, Battery Park City Authority and the City of New York, recorded June 11, 1980, in Reel 527, page 153, in the Office of the Register of New York City (New York County).

5. Agreement between BPC Development Corporation, Battery Park City Authority and the City of New York, dated as of April 23, 1982, recorded October 27, 1982, in Reel 646, page 700, in the Office of the Register of New York City (New York County).

6. Declaration of Zoning Lot and Development Restrictions dated July 9, 1982 made by BPC Development Corporation and Battery Park City Authority and recorded in the Office of the Register of the City of New York, New York County in Reel 648 at page 276.

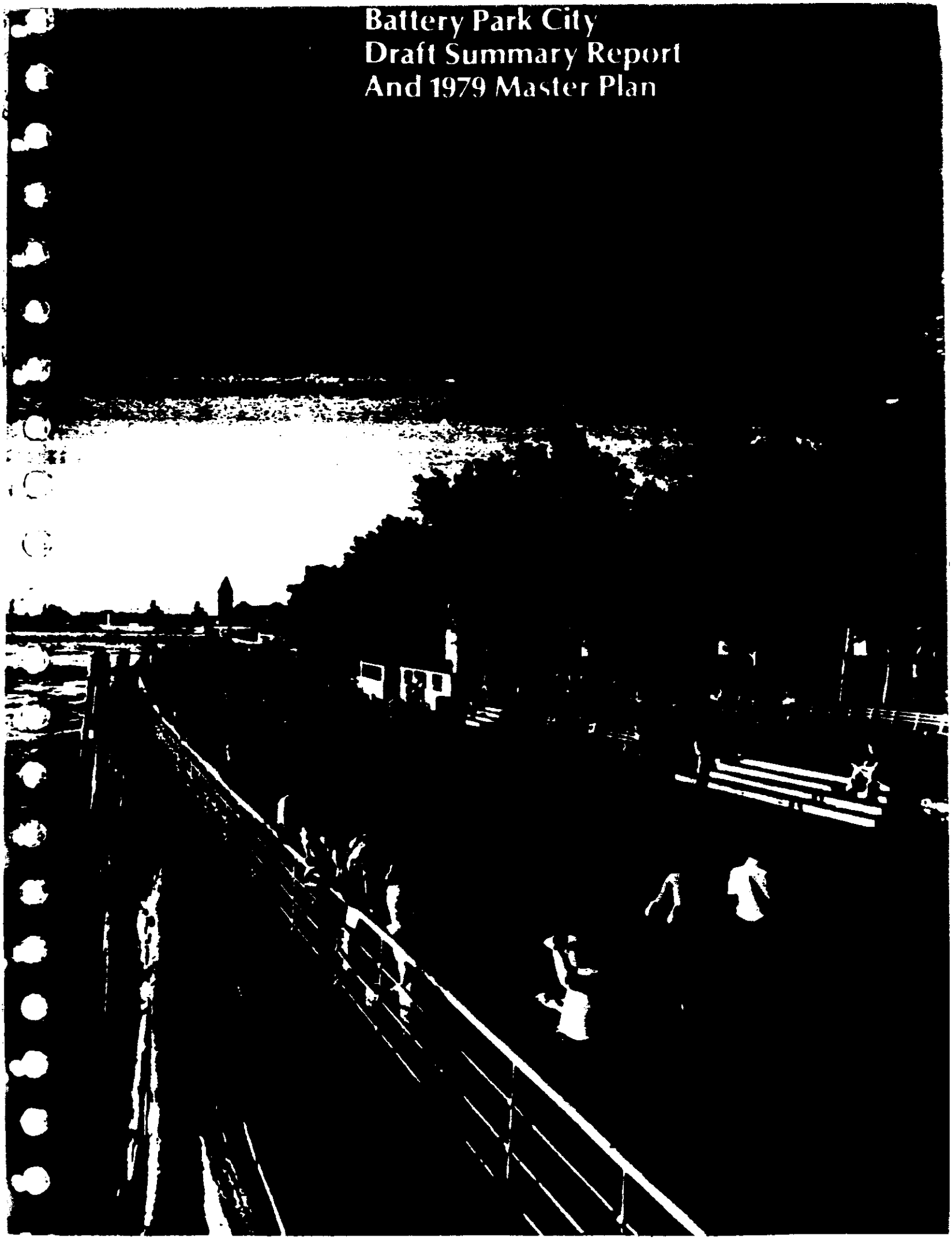
7. State of facts shown on survey by Benjamin D. Goldberg (Earl B. Lovell - S.P. Belcher, Inc.), dated September 19, 1984, bearing designation L.B. 82.

8. Declaration of Easement dated as of March 23, 1984 executed by Battery Park City Authority and recorded in the Office of the City Register, New York County on March 28, 1984 in Reel 778 at page 44.

9. Declaration of Covenants and Restrictions made by Battery Park City Authority dated March 15, 1984, recorded March 21, 1984, in Reel 776, page 360, in the Office of the Register of New York City (New York County).

10. Zoning and other laws, ordinances, governmental regulations, orders and requirements pertaining to the Premises.

Battery Park City
Draft Summary Report
And 1979 Master Plan



Battery Park City
Draft Summary Report
And 1979 Master Plan

Prepared for Battery Park City Authority
By
Alexander Cooper Associates
1230 Avenue of the Americas
New York, NY 10020

October 1979

Alexander Cooper Associates

Architecture Planning Urban Design Development Advisory Services 1230 Avenue of the Americas New York, New York 10020 (212) 489-[illegible]

October 31, 1979

Mr. Richard A. Kahan
President and Chief Executive Officer
Battery Park City Authority
40 Rector Street
New York, New York 10006

Dear Mr. Kahan:

Pursuant to our agreement, I am pleased to submit our report, "Battery Park City: Draft Summary Report and 1979 Master Plan."

I hope the work completed in the twelve-week period specified represents a suitable framework for review, public discussion and ultimately, the successful redevelopment of this crucial New York City asset.

I would like in particular to thank you and the Steering Committee (namely, Thomas F. Galvin, Robert Jacobs, Barbara Moore and Donald Sagman) for the dedicated support throughout the effort. If we can be of any further assistance, please advise.

Sincerely,

Alexander Cooper, A.I.A.
Alexander Cooper Associates

Alexander Cooper [illegible]
Partner

Stanton Eckstut [illegible]
Partner

Table Of Contents

Table Of Contents, cont'd.

Erata: November 5, 1979

Page 16 Third Paragraph

"Only 168,052 square feet of this lower Manhattan space was built after 1970."

Page 16 Fourth Paragraph

"Present absorption levels are two to three million feet per year for Lower Manhattan."

Page 17 Second Paragraph

"The late 1960's ..."

Page 24 Second Paragraph

"... into a 64-unit complex of unfurnished lofts."

Page 33 First Paragraph

"... phased to attract projects..."

Page 33 Third Paragraph

"total inventory of 32 million square feet"

Page 35 "Swig, Weiler and Arnow"

Page 37 Footnote

"3⅓ decreasing to 1½ years"

Page 41 Second Paragraph

"adjust to the regimen"

Page 94 Last Paragraph

For 1981 read 1980

Page 96 First Paragraph

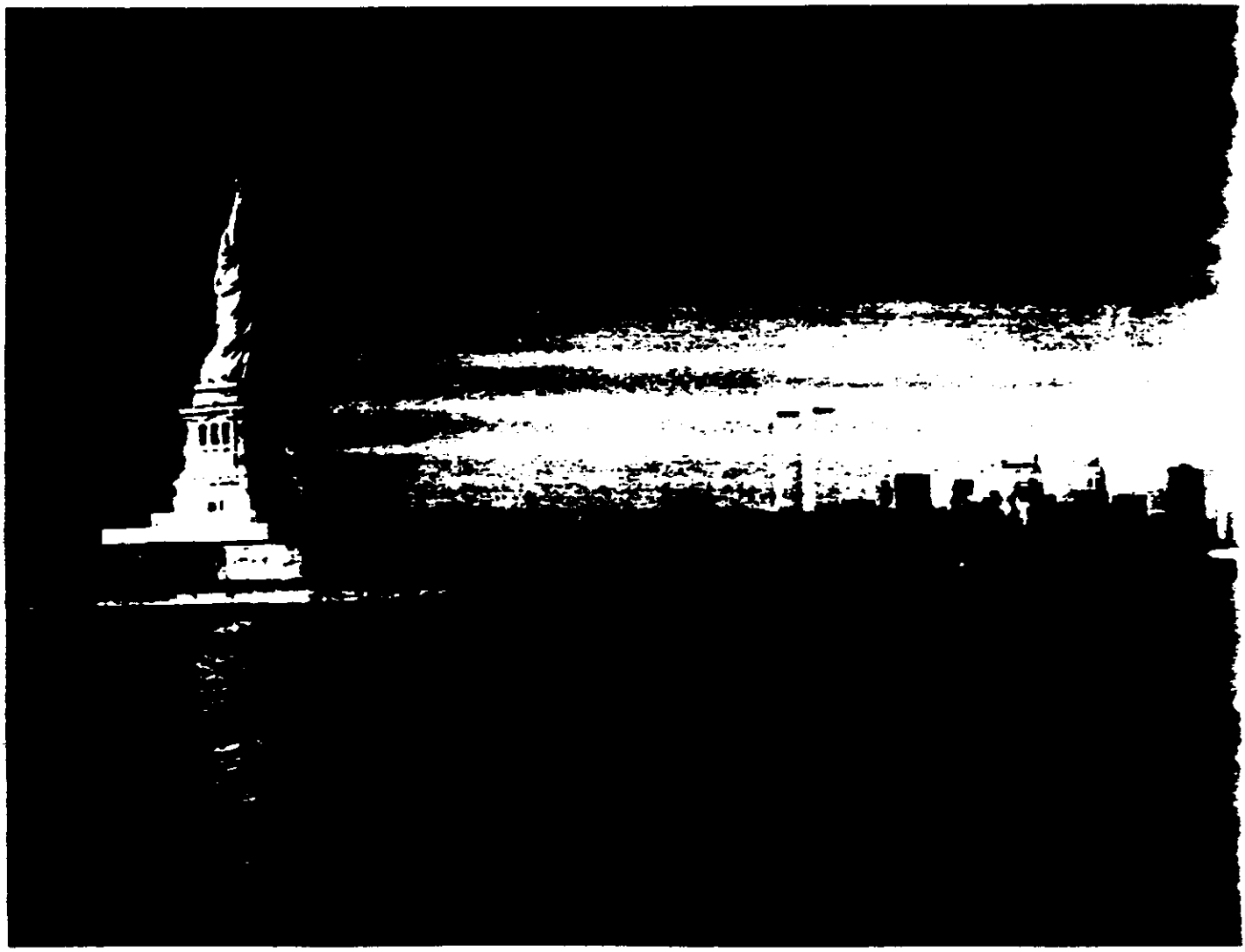
For $47.8 million read $46.6 million

For $62.7 million read $59.3 million

Figures

Tables

Chapter 1
Introduction

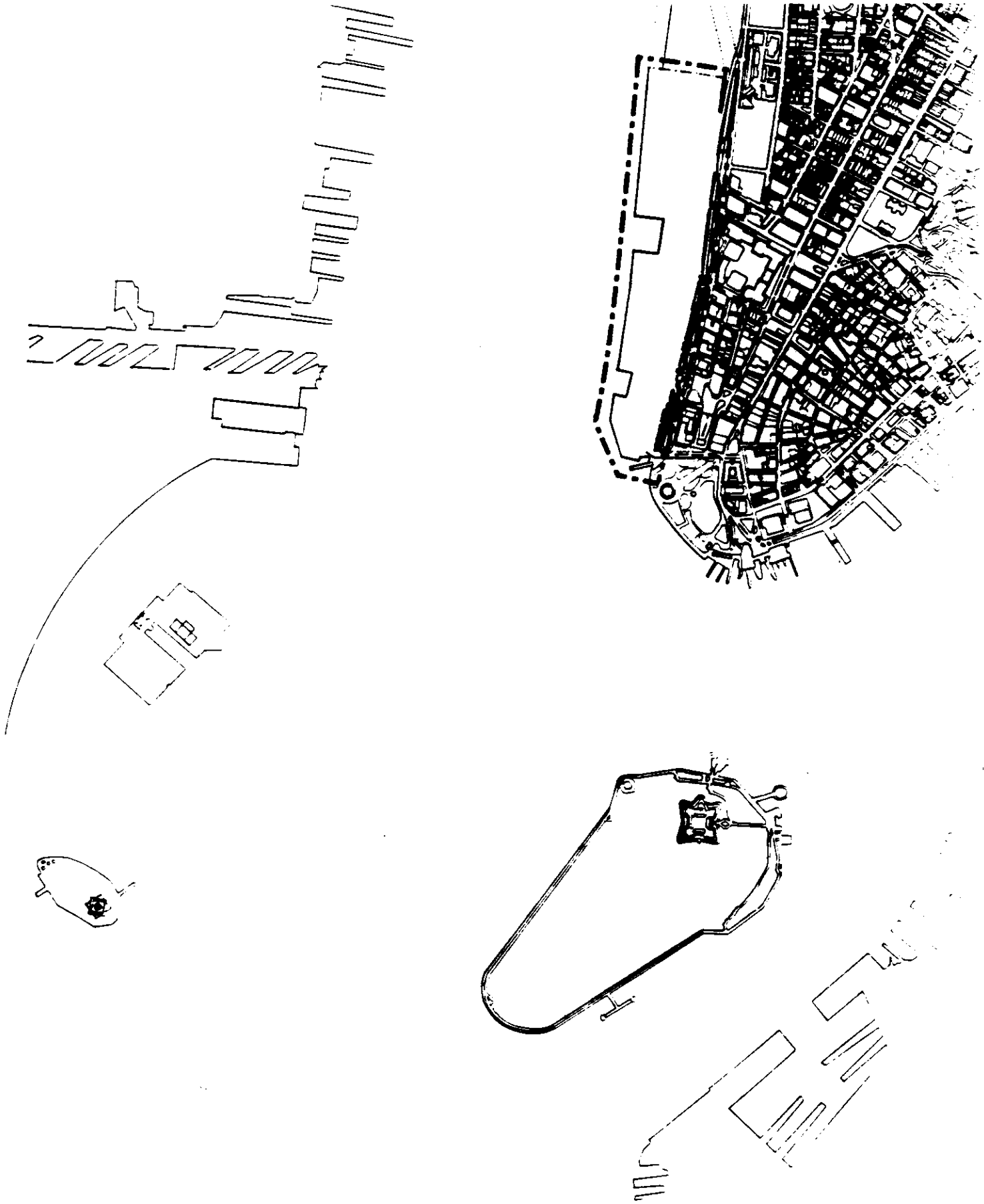


CHAPTER ONE: INTRODUCTION

Battery Park City is a paradox: it occupies one of the most spectacular and potentially valuable sites in the world, yet it has been unable to generate developer activity. For five years, its landfill has stood substantially complete, but unused. Rarely has such a development opportunity--92 acres of vacant land immediately adjacent to downtown Manhattan--gone unheeded. But the interplay of changing market forces, national economic trends and the passage of thirteen years since the project was initiated have combined to raise serious questions as to the project's financial stability and its potential contribution to the future of Lower Manhattan. One thing is clear, the Battery Park City Authority will not be able to meet its expenses throughout the 1980's unless a major cooperative effort is mounted by the New York State and the City of New York to put it back onto a sound footing.

The State and the Battery Park City Authority are presently examining and discussing with the City alternative courses of action to solve the problems of Battery Park City. One of them is to reverse past and present government policies favoring the project. Under this course of action, the project could be terminated, the outstanding BPCA bonds repaid and the land sold or held for future use. An opposing course of action would be to maintain a commitment to the project and to strengthen its ability to attract private development and construction, thereby obtaining the earliest possible revenues.

The second approach has substantial support throughout government and the business community. Battery Park City's vital role in the upgrading of downtown's business environment has long been recognized. Development of the Hudson River waterfront was proposed by the State in May, 1966, as a "coordinated community" mixing residential and commercial development, along with necessary support facilities and recreational amenities. Later that year, a joint planning effort by the City and the Downtown Lower Manhattan Association backed this



New York Harbor

Battery Park City · 1979 Master Plan
Alexander Cooper Associates

proposal and placed it into the context of a broad strategy for Lower Manhattan. That strategy was to create a group of planned, predominantly residential communities around the rim of Lower Manhattan. Many of the 450,000 employees downtown could live there and walk to work. The presence of a mixed income population downtown after working hours was seen as the key to supporting better retail services; they, in turn, would help downtown compete with midtown for new office employment. As will be noted later in this report, this strategy and the basic planning objectives remain valid today.

Both the State and the City are analyzing the financial consequences of these opposing alternatives and the courses of action that lie in between. The State recognizes that it faces a major financial exposure if there is not a successful workout of the project. The City would suffer indirect losses if a workout is not successful: Any default on BPCA bonds would likely bring a subsequent interest increase on all City issues. Therefore, both levels of government are eager to find the right formula to overcome the present situation.

To help in forming the decisions that will flow from the reexamination of Battery Park City, the Authority initiated a review of the Battery Park City Master Plan by a group of independent consultants. The consultants' assignment was:

- To review the current plan for Battery Park City, in light of the changes that have occurred since it was completed in April, 1969. These changes range from the slower pace of citywide development to the particular development problems and opportunities present in Lower Manhattan. The changes also relate to evolving philosophies of urban planning and to important lessons learned from the last decade's experience with innovative development controls.

- To take account of the development possibilities in Battery Park City that are raised by the successful leasing of the World Trade Center for office and retail space. After many years of leasing activity, office space in the World Trade Center is nearly all rented or committed. An 825-room hotel is under construction as the last phase of the Center's development. The activity created by this mixture of

new uses represents considerable development potential for the immediately adjacent section of the project site.

- To test the current planning program for its workability. The program consists of 5-6,000,000 square feet of office space, 960,000 square feet of retail space, and 12,000 to 16,000 units of assisted and unassisted housing. The consultants were to assume this program would be continued, as far as practical, and to test alternative planning concepts that could accomodate it.

- To propose a revised master plan for the project that makes it more attractive for investment and responsive to current planning approaches. The current plan emphasized large, interconnected groups of buildings, intricate decking of structures and activities and overhead walkways. This plan should be critically examined with the objective of arriving at a planning framework that carries out the enduring principles of the present scheme, but in a simpler and more achievable form.

The Authority appointed the consultants in late June and requested a report at the end of twelve to fourteen weeks. Such a short study period has required concentration on the most critical aspects of the plan, while leaving many specific design questions for follow-up studies. This approach is in keeping with the generally accepted approach to large-scale site plans: Detailed attention is given to the public areas, while only general guidelines are indicated for the buildings which could fit in between these areas. In the case of Battery Park City, the public areas of greatest importance are the streets (which will set the structure of the development) and the open spaces (which will be the principal public amenities). Consequently, the major planning effort focused upon these elements.

In developing a revised Master Plan, the consultants have sought to avoid a major weakness of the current proposals-its rigid framework. The revised plan is deliberately flexible and capable of refinement during subsequent public review and implementation.

This report provides a summary of the technical work which led to the formulation of the revised plan.

The report draws upon work carried out by both the lead consultant and by a team of special consultants. A listing of the consultants who have contributed to this study appears in the Appendix.

The report is divided into an introduction and five other chapters. Chapter Two reviews the problems of the original plan and Chapter Three describes the external factors that the team considered in developing the revised proposals. Chapter Four describes public policy, development and program considerations. The chapter begins with a consideration of the agenda before City and State agencies involved with Battery Park City. It then addresses the locational, transportation, physical and market factors operating within Lower Manhattan. With this background, the chapter lays out the basic theme of the concept: Battery Park City as a natural extension of Lower Manhattan, rather than a linear city separate from it.

Chapter Five describes the 1979 Master Plan. The principles that govern the proposals are laid out first; then the revised plan's land allocation, site layout, circulation system and open space proposals are explained. Finally the design of the priority public areas and the Commercial Center are developed in some detail.

Chapter Six indicates strategies for implementing the revised plan. It sets forth a development concept closely linked with the planning concept. The financial implications of the plan are presented so that the Authority may reasonably anticipate the project's cash flow requirements. The chapter concludes with guidelines for amended development controls to govern the plan.

The 1979 Master Plan summarized in this report offers a highly-desirable and workable approach to moving Battery Park City ahead. Other approaches have been examined but found to be less advantageous. The proposed plan offers a simpler, more easily developable layout than before. At the same time, it contains more direct and attractive public benefits than previously. Implementation would be guided by a strategy for less complicated but more sure controls than the present ones. The combination of these advantages should help to attract the private investment needed to turn Battery Park City into a reality.

Chapter 2
Review of the 1969 Plan

CHAPTER TWO: REVIEW OF THE CURRENT MASTER PLAN

The consultants have tried to accomplish two main objectives in their review of the current plan for Battery Park City.

The first is to isolate those problems with the current plan and its administrative arrangements that have held back or prevented development of this extraordinary site.

The second is to review the changes that have occurred in Lower Manhattan, in federal policy making and in urban planning practice since the Master Plan was drawn up in 1969. This second objective is addressed in Chapter Three.

With respect to the first objective, it is clear that the development of Battery Park City has been hampered by two types of difficulties; those which are factual and others which are perceptual. The consultants have reviewed the existing Master Plan and discussed it with members of the development community, public officials and other professionals. The distillation of this review process indicates that there are three catagories of "real" problems and three sets of "perceived" problems.

2.1 Real Problems That Have Hampered Development.

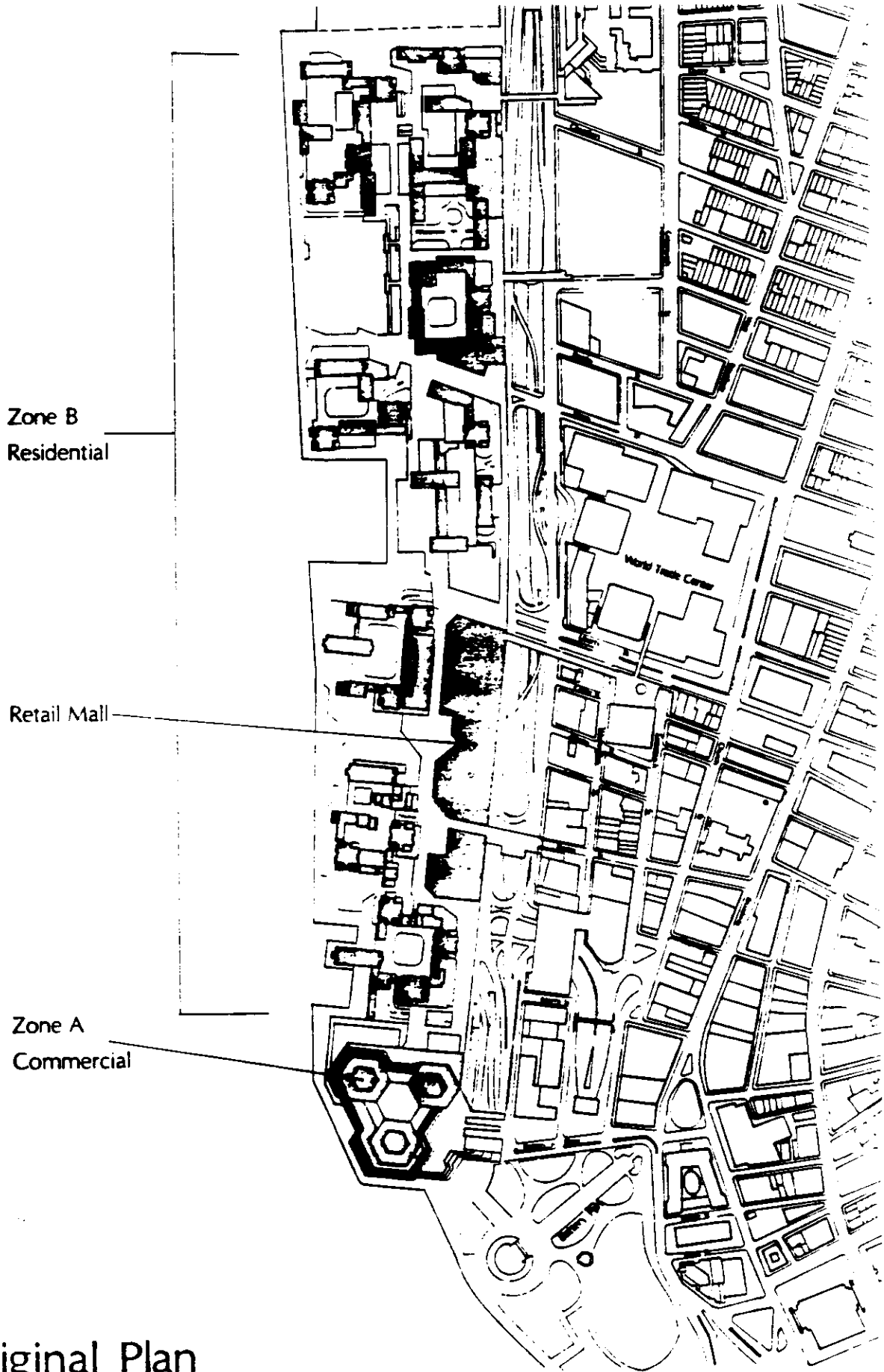
Developers have been deterred from locating in Battery Park City by the following:

- Market uncertainty and an excessively rigid large-scale development format
- Overly complicated planning and development controls
- Questions as to the financial stability of the Authority

2.1.1 Market Uncertainty

Undoubtedly one reason for the failure of Battery Park City to attract development during the early years was the glut of commercial office space in Lower Manhattan during the mid-1970's and the failure of the residential market to strengthen during the same period.

During this period of uncertainty, the City's large developers were unwilling to build in Battery Park City. These developers, though few in number, are influential in the construction of the high-rise, large-scale properties that the original Master Plan called for. A number of developers entered negotiations with the Authority but the private investments needed to initiate a development project in Battery Park City were simply not forthcoming.



Original Plan

Battery Park City · 1979 Master Plan
Alexander Cooper Associates

Although the market conditions of the past were a real deterrent, there are signs that the situation may be changing. The decision of the American Stock Exchange to build its new headquarters at Battery Park City has demonstrated the site's ability to satisfy the requirements of a major financial institution. The headquarters will include 250,000 square feet of offices in addition to the trade floor. The choice of Battery Park City over five other available sites is witness to the assets of the site adjacent to the World Trade Center and to the Hudson River waterfront. It is to be expected that these assets will become increasingly important as the present tight office market in Lower Manhattan begins to generate the need for new buildings.

The Authority is also negotiating with a developer for the recommencement of construction (foundations are already in place) of 1,642 units of rental housing planned for its POD III complex next to Liberty Street. While financing and insurance arrangements are close to completion, market conditions for tax-exempt bonds have precluded a fall construction start. If FHA insurance arrangements can be made soon, and if the market for tax-exempt bonds improves, it is hoped that POD III construction can proceed in the spring of 1980.

Continued improvement in the market is fundamental to the success of Battery Park City. But with a plan that can only accomodate large-scale projects requiring major investments, the Authority will remain vulnerable to future economic changes. To overcome this problem the Authority must be able to offer a wider range of development opportunities to a larger and more diversified group of developers.

Clearly, uncertainty about the market undoubtedly prevented some developers from proceeding with projects in Battery Park City. Others were unwilling to engage in the complicated and time-consuming process made necessary by the complexities of the current Plan and the related New York City lease provisions.

2.1.2 Overly Complicated Controls

The consultants found a consistent sentiment that the Authority suffers from over-regulation. This is a real problem from two points of view. First, the Authority is a "covered organization" under the New York State Financial Emergency Act. Consequently, all of its

major expenditures must be approved by the Financial Control Board, potentially causing delays in essential project outlays. Second, the site is subject to a highly-specific Special Zoning District, administered by the City Planning Commission and the Director of City Planning which limits development flexibility on the site.

The purpose of the District is to insure that the project's buildings, open spaces, and community amenities are in keeping with the City's objectives and planning policy, the framework of which was established in the Lower Manhattan Plan of 1966. The most important of these objectives are an improved working environment, a rationalized circulation system, and an attractive waterfront. For each parcel of developable land, the Special District maps and describes such requirements as building lines, visual corridors, arcades, pedestrian connectors, overhead bridges, esplanades, people-mover corridors, and others.

As the Authority began negotiations with developers, difficulties arose with the Special Zoning District provisions. The prescribed elevated pedestrian system proved cumbersome and expensive. The pedestrian connections and overhead bridges only worked when linked to other sections of the development. The plan was clearly not geared to an incremental building program scheduled to last more than a decade. Most importantly, the District's rigid requirements encouraged developers to propose buildings that met the regulations in the most literal way. The design quality suffered. The regulations caused developers to give first priority to minimizing their risks, and the broader design considerations were lost. Negotiations among the Authority, the developers and the City often became long and involved, delaying possible construction. Many developers decided to go elsewhere rather than to build under the most demanding regulations in the City. This exacerbated the Authority's problems.

Clearly, a review of present legislation and regulations must be undertaken. One effective way to expedite decision-making would be to remove the Authority as a covered organization under the Financial Control Board and place it instead under the jurisdiction of the Public Authorities Control Board. Another modification might be to allow the

design review process to be carried out by the Authority itself persuant to a set of performance criteria agreed upon by the Authority and the City. Under any circumstances, the State and City must address these administrative issues on a high-priority basis, otherwise the effectiveness of the other actions to make the plan more attractive, which are recommended later, will be neutralized.

2.1.3 Questions As To The Financial Stability Of The Authority

The third "real" problem has grown out of the first two and concerns the financial footing of the Authority. Put simply, the lack of development has placed the Authority in a position where it is unable to meet its financial obligations. Since the provision of infrastructure to support development has to be carried out by the Authority, private developers require complete confidence in the ability of the Authority to finance such improvements.

The original financial plan of the Authority has counted on revenues from ground rent starting in 1976, but the delay in construction has left the Authority without such income. The only income available to it is the investment earnings from the remaining proceeds of the Authority's $200 million dollar bond issue in 1972. These earnings are approximately $7 million per year, but they are declining rapidly as the Authority's expenditures on bond interest, site improvements, and administrative and operating expenses continue apace. As of November 1, 1979, the Authority has spent a total of $115 million, leaving $85 million available. The current annual cost of debt service and administrative expenses alone is estimated at approximately $14 million. This will increase to about $16 million in 1980, as payments on the bond principal begin. Unless development starts quickly and ground rents begin to flow to the Authority, the remaining bond proceeds will be exhausted by the mid-1980's.

Even if the recently announced American Stock Exchange is constructed at Battery Park City, the likely revenues accruing to the Authority for ground rent are only $575,000 a year, according to an April 1979 study by the State Assembly.*

* Committee on Legislative Oversight and Investigation New York State Assembly, "Financial Prospects for Battery Park City Authority", April 6, 1979.

This amount would offer only marginal relief to the Authority's revenue shortfall. Similarly, the Legislature estimates that the POD III housing development adjacent to the Exchange would only generate annual revenues of $1.2 million per year.

Co-operative efforts of the State and the City together with the adoption of a new Master Plan should be able to attract development to Battery Park City. Nevertheless, there will still be a need for funds from other sources during the coming years.

The State must provide the confidence required to attract developers and to satisfy financial institutions making investments in Battery Park City. A firm and totally convincing financial commitment will be needed to the future of the Authority and the project.

2.2 Negative Perceptions of Battery Park City

Developers and tenants hesitated to locate in Battery Park City due to the following negative perceptions:

- A lack of assurance about timely provision of infrastructure
- Uncertainty about Westway
- Lack of construction by an initial developer

2.2.1 Unassured Provision Of The Infrastructure

There is a perception that the Battery Park City Authority may not have the resources and expertise to assure the provision of infrastructure when it is needed for particular buildings on the site. Potential delays are a dual concern regarding both management and regulations. The Governor's decision in January 1979 to make major management changes was a response to this question. A new management team has been installed and has initiated a needed review and reassessment of the situation. A critical factor will be the speed with which the new management team can move to begin construction of long-delayed projects. Providing that the long-term financial stability of the Authority can be achieved, there is no reason to believe that the Authority cannot provide the necessary leadership and competence to complete necessary infrastructure improvements.

2.2.2 Uncertainty About Westway

The state of uncertainty that surrounds Westway has created doubts about future access to Battery Park City. One doubt relates to access to and from Battery Park City if Westway is not built. Another doubt

concerns the potential impact on Battery Park City during the construction period if Westway is built. Under either set of circumstances, the impacts on the Battery Park City site are generally overstated. If Westway goes ahead according to plan and in conformance with City and State policy, it will obviously provide excellent access to and from Battery Park City.

The construction would take place within the 250-foot right-of-way of West Street that now exists. There would be adequate temporary provision for traffic to the Brooklyn Battery Tunnel and to the east side underpass. They would not interfere with the waterfront-oriented development at Battery Park City.

If Westway is not built and the West Side Highway is torn down, West Street could be rebuilt to serve the entire frontage of the project with an at-grade boulevard configuration, providing continuous access to Battery Park City at numerous points.

2.2.3 Lack Of An Initial Developer

Many large-scale projects in American cities experience difficulty getting underway because no developer wants to be first in an unbuilt site. Battery Park City is no exception. Even in a City like New York, with many experienced developers, sizeable mixed-use projects are too complex for all but a handful of sophisticated development firms. They have the diversified staff, financial backing, and organizational expertise to carry out such projects. Furthermore, they are better able to shoulder the risks of large-scale development.

The strategy of the Authority has been to convince any one of these development firms to participate, hoping that the force of this example would attract more activity. Unfortunately, the timing of events worked against this strategy. First, the completion of the six-year landfill program coincided with the beginning of the national real estate recession in 1974. No development began during this period. Second, the glut of office space, especially in the World Trade Center, brought all new office construction downtown to a halt. Third, the unsuccessful experience of Independence Plaza created serious doubts as to the viability of housing along the waterfront of Lower Manhatten. As a result, developers, banks, investors, and government insurers all developed a negative perception of Battery Park City. None participated,

even though some had announced publicly that they would. Only recently has this started to change, largely as a result of the AMEX decision to locate in Battery Park City and the aggressive pursuit of other projects by the new management team. But clearly, other major projects must follow suit quickly.

Modification of the 1969 Master Plan is essential in order to provide a different development concept. Instead of restricting development to huge commercial and residential complexes that only large firms can undertake, provision should be made for a variety of small, medium and large-scale building opportunities. A much wider cross section of the development community would therefore be able to participate in the construction of Battery Park City. This should quicken the pace of development and broaden the selection of building types.

In summary, the real and perceived problems with the current Battery Park City Master Plan appear to be manageable, provided that they are recognized and attacked comprehensively. The inadequacies of the current Master Plan are well understood, as are the problems associated with the complex development approval process. The important point is to recognize the interdependence of the various factors that have contributed to the failure of the project to date.

Modifications to the Master Plan must be accompanied by a reduction in the complexity of the planning controls and a commitment to the financial stability of the Authority. The new management must demonstrate its ability to construct infrastructure, to put the Westway project in perspective and to get initial development projects off the ground. These are formidable tasks, and they cannot be achieved without the cooperation of the State and the City and the confidence of the financial, development and business communities.

Chapter 3

Changes Since 1969

CHAPTER THREE: CHANGES SINCE 1969

In addition to reviewing the current Master Plan, the consultants also examined the changes that have occurred in Lower Manhattan, in government policy and development activity since the publication of the original proposals. The purpose of this review is twofold.

- To test whether there are sufficient public policy reasons for proceeding with the development of the Battery Park City site; and
- To identify changes in the external context of the project that should be recognized in the preparation of a revised Master Plan.

Ten years is a long time in the life of a city as dynamic as New York. In that period, City administrations have changed twice, important development agencies have been renamed and reorganized, the financial crisis has been weathered, new policies have been announced, new programs have been developed, and new concepts of city planning have emerged. Also, a number of important developments which were on the drawing boards in 1969 have been completed. The consultant's identified three catagories of change likely to affect Battery Park City:

- Changing development concepts and planning techniques
- Changing market factors impacting development
- Developments in Lower Manhattan

3.1 Changing Development Concepts

Professional viewpoints and working techniques have fundamentally reshaped the fields of city planning, urban design and property development over the past ten years. Benefiting from the sometimes bitter lessons of experience, from a deeper understanding of how cities function and from an increased awareness of what constitutes a successful urban place, the planners and developers have become more sensitive to what exists and more realistic toward achievable objectives.

The emphasis on planned new communities and massive new towns-in-town, fashionable to the 1960's, has been replaced by a return to more fundamental forms of urban development. This follows the failure of federal programs such as Title VII that encouraged these communities.

It is now realized that the financial costs of massive self-contained projects are out of scale with the public benefits derived from them.*

In addition, radical changes have occurred in the attitudes of urban designers and architects. Battery Park City's original plan conceived of the project as a single continuous building --a megastructure. Its framework was to be a retail and circulation spine running its entire length. Buildings were to be built over the spine or next to it. As early as 1973, this scheme's financial and market problems had become apparant, and the plan was revised; the spine was shortened and the multiple uses along it simplified. The housing was moved onto pods, and the shopping center became a separate, though interconnected, unit. The office buildings were limited to the southern end of the site.

Yet the legacy of the megastructure concept still remains in the present plan and continues to present difficulties. The framework is too costly and too fixed to allow the necessary flexibility for incremental development. These difficulties are similar to those which prevented the actual building of other such designs in many other cities. These complex, integrated, single building projects rarely reached fruition, unless they were sponsored by such non-profit institutions as colleges, research institutions, expositions, hospitals, and, of course, government. They have rarely been carried out where the majority of the financing is to be private, over a long development period. In a study of these "urban futures of the recent past," it was concluded that "the few built examples (stand) isolated in the architectural wilderness like dinosaurs surviving, not from any past epoch, but from a fossil future that was not to be...*

The concept of the megastructure has been replaced by more traditional and successful concepts of city buildings. The multi-purpose street is seen as the prime organizing element, instead of a complex decked service spine. Architectural proposals reflect surrounding conditions. Parcels with street frontage are used as the basic development unit, in recognition of their adaptability and flexibility to changing requirements.

* Hugh Evans and Lloyd Rodwin, "The New Towns Program and Why It Failed," The Public Interest, No. 56 Summer 1979.

* Reyner Banham, Megastructure: Urban Futures of the Recent Past, New York: Harper and Row, 1976.

These concepts have stood the test to time. Indeed, they have been characteristic of the most emulated urban districts in the world. In Manhattan, they were the basis of the original 1811 street plan, which has proven to be remarkably adaptable to modern building and transportation technology. Even Manhattan's most successful planned development, Rockefeller Center, owes much of its environmental quality to its recognition of the basic street grid. At Battery Park City, the urban design challenge is to recapture this heritage in meeting the development needs of the 1980's.

3.2 Changing Market Factors Impacting Development

Over the past ten years there has been an evolution of market constraints affecting urban development. Government programs, too, have changed and, in many cases, contracted. The impact of these changes on New York City has been particularly strong.

First and foremost is the reduced pace of office development, following the boom years of 1969 to 1972. Overbuilding during that period left Manhattan with 31.8 million square feet of vacant office space in 1973.* Due to the national real estate recession of 1973 to 1975, and the subsequent ill effects of the New York financial crisis, it was not until 1978 that this enormous inventory was reduced to manageable proportions. Today, the inventory is down to 9.4 million square feet, mostly in older buildings; one-third of this space is in Lower Manhattan. Only 168,052 square feet of this Lower Manhattan space was built after 1971.** Rents there are rising again and now achieving a range of $12 to $15 per square foot of prime space.

Battery Park City's original program was based upon absorption of office space at a level commensurate with the boom years of 1966 to 1970. Present absorption levels are two to three million square feet per year for all of Manhattan.***

* Cross and Brown, Survey of Available Office Space In Manhattan, July 1979.

** Carter B. Horsley, "Cities Robust Office Market Posts A 'No Vacancy Sign,'" New York Times, January 28, 1979.

*** See Chapter Four of this report and report of Eastdil Reality, Inc., 1979 Master Plan: Financial Report, October 1979. For further discussion of development potential and financial projections.

This is one-half of what it was at the height of the boom period. If this pace continues, and is not further limited by the current recessionary climate, it suggests that absorption of the five or six million square feet of office space to be provided is still possible, but it would be built over a longer period.

Like office development, housing construction in New York has slowed dramatically during the last ten years. The last 1960's were a period of intense residential activity: Large numbers of high-rise luxury buildings were being built in midtown, the upper East Side, and around Lincoln Center on the West Side. Strong State and City Mitchell-Lama programs were available and were producing middle-income housing in many neighborhoods. The Federal government's Section 235 and 236 programs were beginning to finance a significant amount of modern-income housing.

As a public benefit corporation whose primary mission is to build housing, the Battery Park City Authority had available to it the possibility of tapping considerable private and public resources for housing construction. Even though the original financial plan for Battery Park City envisioned subsidizing ground rent for housing through office rents, it was clear that Federal, State and City subsidies would be needed to lower rents to middle and moderate-income levels. Without these subsidies, Battery Park City could not provide the mix of housing required by the Master Plan.

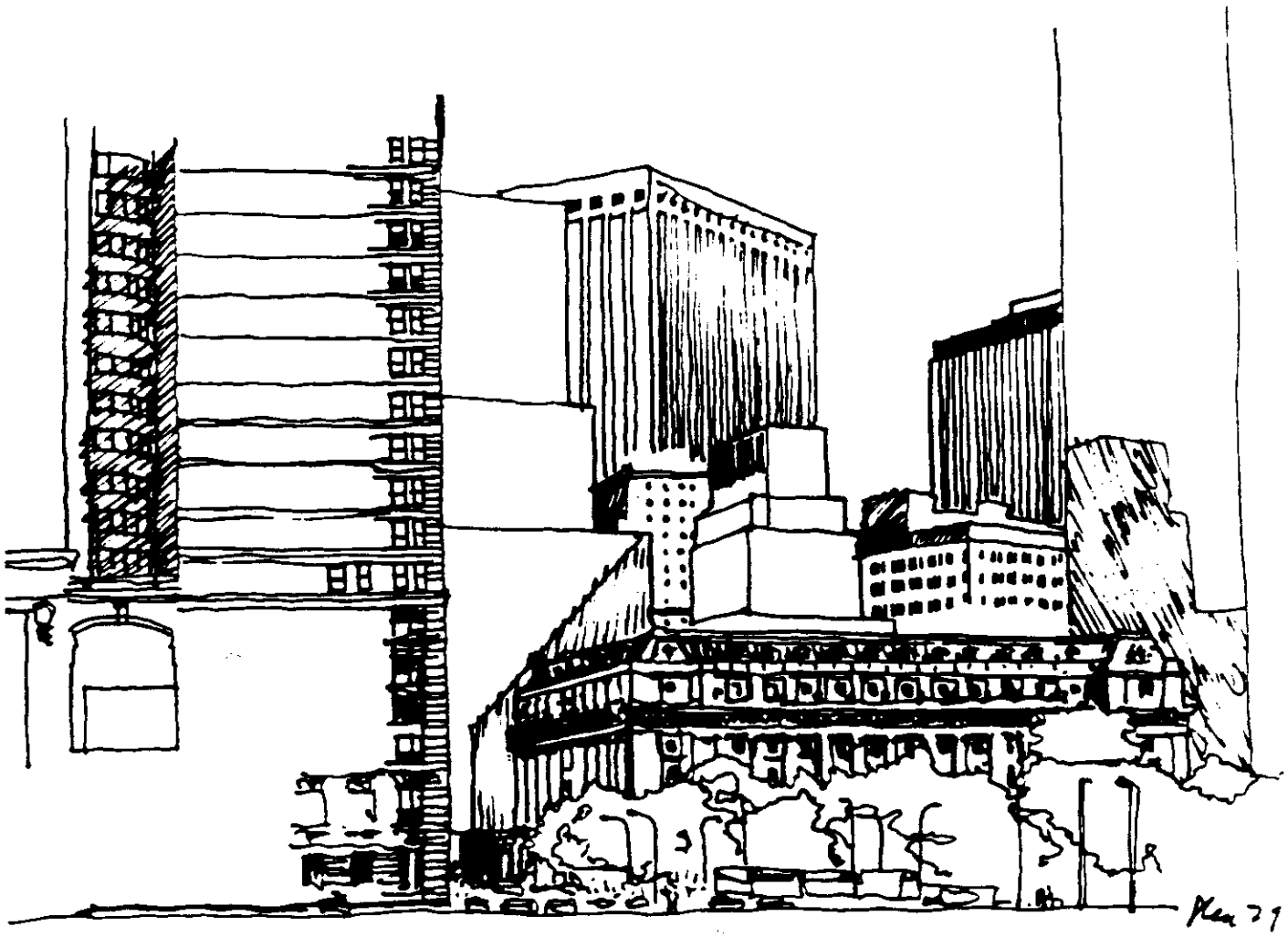
By the mid-1970's, the housing field was in turmoil. The national real estate recession had abruptly halted a number of luxury housing projects (including the Park Vendome and Nevada Towers in Manhattan); plans for new luxury buildings were shelved and construction ground to a halt. In January, 1973, the Federal government halted the initiation of moderate-income projects, and this action effectively cut off the previously committed construction by 1975. Rapidly rising construction costs, together with the New York City financial crisis of 1975, brought an end to the City and State middle-income housing programs. The long-term costs of government-financed mortgages were judged beyond the reduced means of the City and State. Also, inflationary rises in rents had convinced many decision makers that the program was no longer able to meet the needs of the middle-income group.

Consequently, the mechanism for providing large numbers of subsidized middle and moderate-income housing --as originally envisioned --does not now exist. The Battery Park City Authority mortgage for POD III, the first residential development in the project, will allow rents below market levels, but they will be middle income or higher. Hopefully, the State will continue to provide such mortgages but this is not assured. The State is not in a position to sponsor moderate-income housing, and there is no technique for meeting the needs of this income group. The City of New York intends to examine all policy options available with regard to the future housing component of the project.

The private market for new housing has revived in Manhattan since 1977. Cooperative apartments have become scarce, and their prices have reached and exceeded the record levels established in the 1960's. Rental apartments are exceedingly hard to find and rents have been escalating sharply. In response, developers have resumed construction of new buildings; they are renting as soon as they are being completed, despite rents approaching $300 per room per month. The number of units being produced is modest, though. The level of production is well below that of the boom years. Demand remains strong, and the prospects for new housing developments are good.

Battery Park City should benefit from this trend. It is a short walk from the World Trade Center, the Financial District, andthe Civic Center. The site is roomy enough to provide large areas of public and private open space; this will allow it to compete for residents who would not be satisfied with the confined amount of outdoor space in loft renovations. Finally, future apartments can offer views of the harbor, the Hudson, and Lower Manhattan that are unavailable from other housing locations. However, to attract wider developer participation, there is a need to review the current Plan's emphasis on large building sites: A wider variety of site sizes would allow a more diverse group of developers to participate, therefore hastening the pace of development.

Battery Park from South Cove



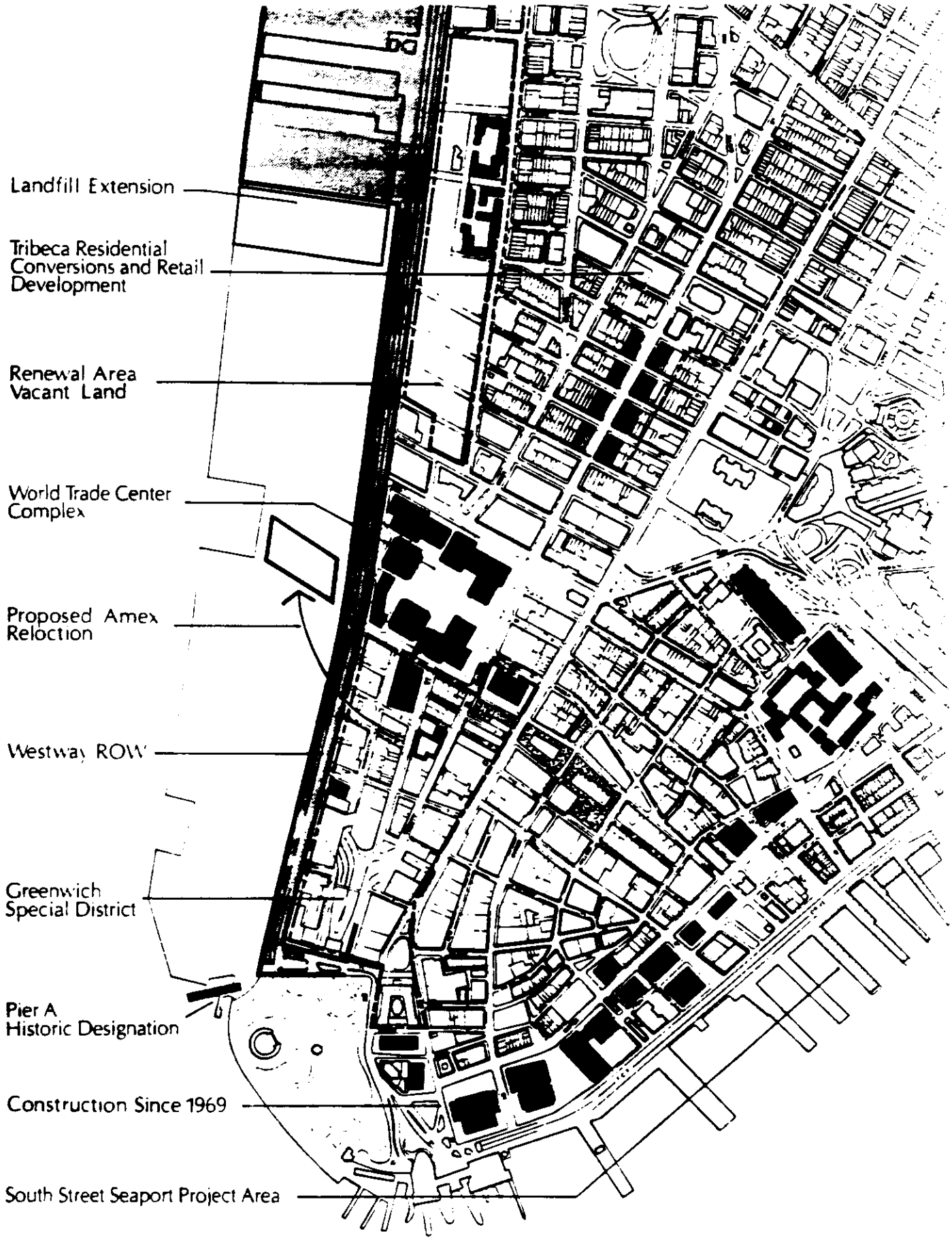
In summary, it is apparent that there is a more cautious, but more sophisticated, attitude toward large-scale urban development than in the 1960's, when the original Battery Park City plan was conceived. While the outlook about downtown's future remains good, the "boom" atmosphere has subsided. Today, the prospects are for solid, continued growth at a modest rate. Growth may quicken in the mid-1980's, as the business cycle moves beyond the present recession, and as the tightening shortage of office space precipitates development activity.

3.3 Developments In Lower Manhattan

Since the Master Plan was prepared in 1969, four important changes in Lower Manhattan have occurred: The near-completion and successful leasing of the World Trade Center; the creation of a new residential community in converted loft buildings; the partial completion of the Washington Street Urban Renewal Project; and the closing of the West Side Highway. The first two of these changes have had a positive effect on the development potential of Battery Park City; the second two have had a less beneficial impact. In addition, a number of new projects are beginning to emerge, including the planned retail complex at the South Street Seaport on the East River.

After a long lease-up period dating from December 1970, the World Trade Center has become a major force downtown. It is a new magnet for government administration, trading companies, international consulting firms, banking, retailing and transportation. Its 9.6 million square feet of offices house over 40,000 employees and host about 65,000 visitors on an average business day. The Center's restaurants and observatory have proven particularly attractive to tourists, and they have brought new life to Lower Manhattan after working hours. The PATH terminal under the Center has given the area a new gateway that is attractive and functional. It handles over 85,000 passengers on a typical workday.

Most important now that the Center has reached virtual full occupancy, development pressures for additional commercial office space should start to be felt in the Center's immediate surroundings. Proximity to the Center will be attractive to office tenants who have close dealings with the government agencies and the private companies tenanted there. Also, a location near the Center will allow the employees of firms to tap its



Changes Since 1969

Battery Park City · 1979 Master Plan
Alexander Cooper Associates

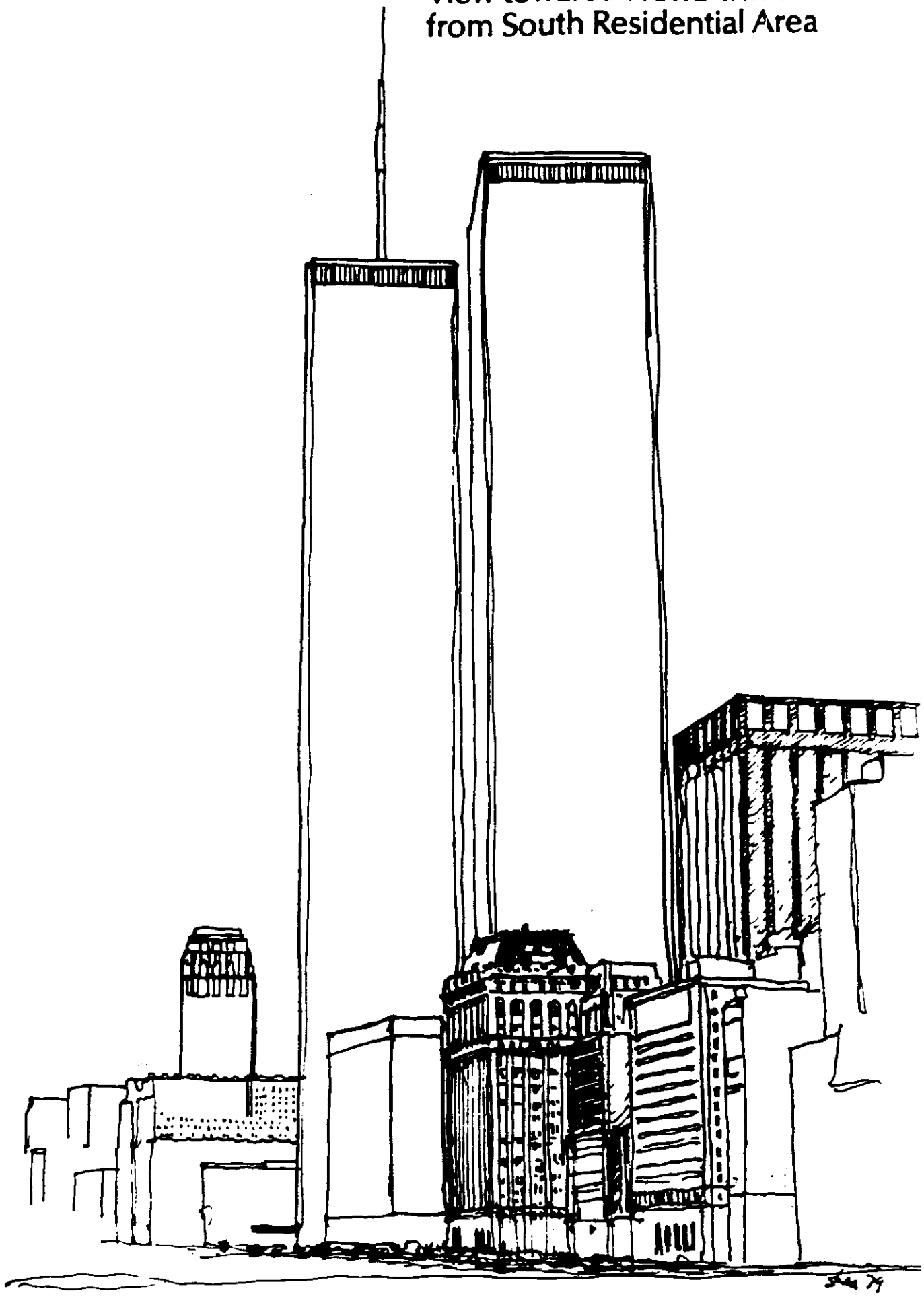
services and retail stores, and to have access to the subway facilities and the PATH terminal at the Center. These factors are shifting Lower Manhattan's development pressures westward, toward the Center and toward Battery Park City.

Battery Park City is uniquely ready to absorb these development pressures. It is an open building parcel, where developers can avoid any problem of site assembly or tenant relocations. There is only one other large site close to the Trade Center where this is true: The Washington Street Urban Renewal Project. But this site is north of the Center, where it is isolated from the Financial District and blocked from the Trade Center by its trucking entrance and utility plant. The land is the only sizeable vacant site immediately opposite the Trade Center; moreover, it is the only vacant development area scheduled to have a direct overhead walkway to the plaza of the Center. For these reasons, the project should be competitive for new office space, as development pressures build up around the Center. An important modification to the Master Plan will be the reorganization of land-use patterns so as to relocate commercial office uses on the area of the site closest to the Center.

The popularity of loft conversion in Lower Manhattan offers another planning opportunity that was not present in 1969. Most conversion is occuring in Tribeca, located northeast of Battery Park City. Its boundaries are Canal Street on the north, Broadway on the east, Greenwich Street on the west, and Park Place on the south. Tribeca is a mixture of 19th century lofts and newer industrial buildings that house a variety of wholesaling and manufacturing activities. As these activities contracted during the 1960's and early 1970's, loft dwellers from neighboring Soho began to convert the buildings into living spaces. This process was illegal until the City rezoned the area in 1976 for joint living/working accommodations. Tribeca was not restricted to artists like Soho; instead it was opened up to everyone interested in loft living. Within a short period, Tribeca has become the second largest neighborhood of loft conversions in the City; 224 loft units were counted there by the City Planning Commission in a 1977 survey.

In the last two years, professional developers have begun to convert buildings in compliance with the building code. This represents a new,

View towards World Trade Center
from South Residential Area



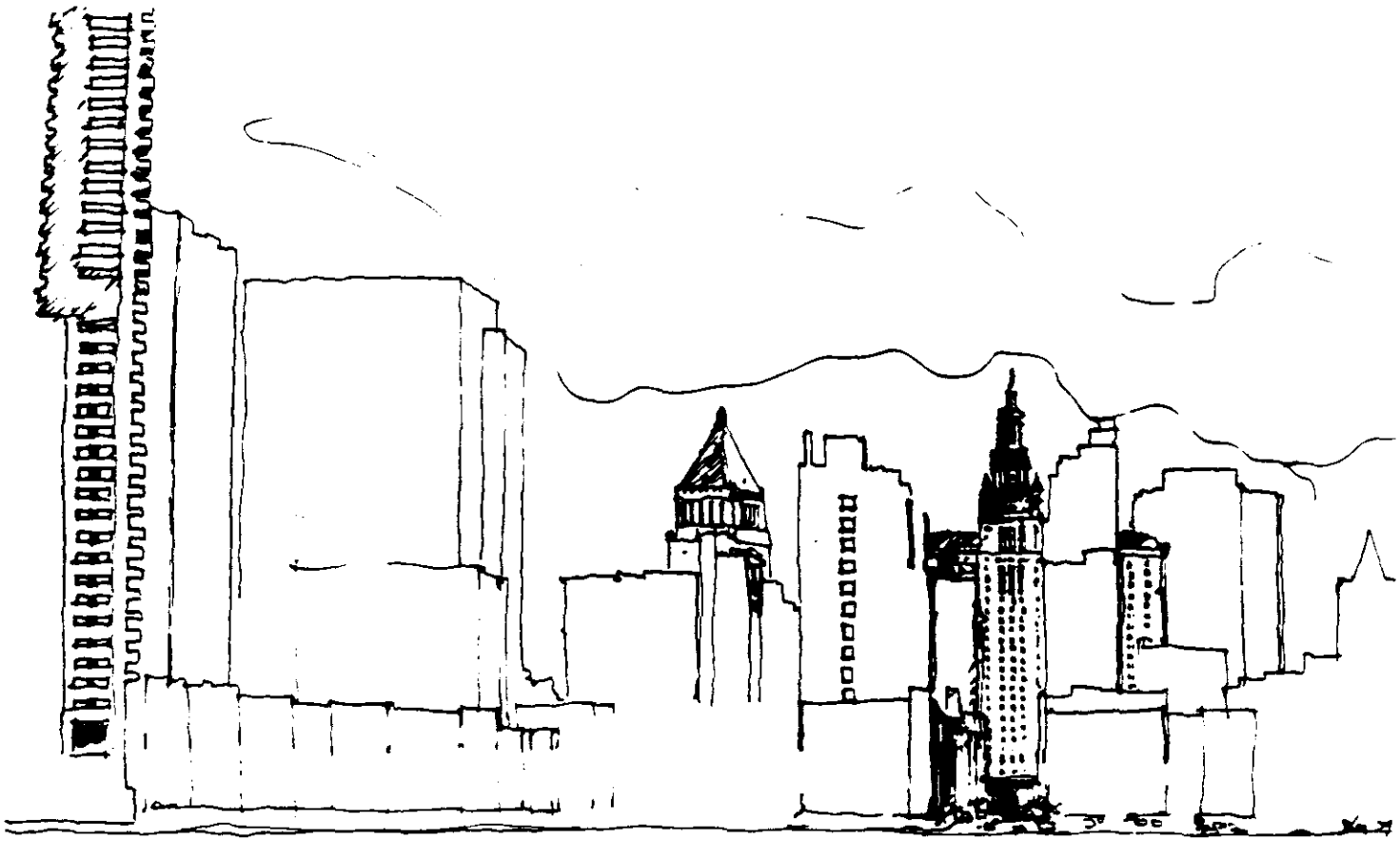
more advanced stage in the transformation of Tribeca to a residential neighborhood. Instead of offering tenants raw space, these developers are selling finished apartments on a co-operative basis. They are appealing to high-income people who cannot devote the time necessary to do their own conversion. Demand for these conversions is high, and is a demonstration of a new interest in living in Lower Manhattan by people with choice.

Loft living is spreading from Tribeca to the rest of the Financial District. A number of small, unmodernized office buildings have been converted recently east of Broadway; they, too, have received a strong market response. In July, 1979, the largest conversion thus far in Lower Manhattan was announced: A 33-story office building at 55 Liberty Street is being recycled by a developer into a 64-unit complex of finished lofts. Sales prices range from $58,000 for a "simplex" unit to $222,000 for a penthouse "triplex" unit.

The proliferation of loft conversions throughout Lower Manhattan is bringing a residential character to the area. Thus, the recommendations of the Lower Manhattan Plan are becoming a reality, although the form in which the recommendations are being carried out is not as envisioned. Instead of new buildings springing up on filled land or platforms around the rim of the area, a change in use is taking place in existing buildings on upland sites. There is some doubt whether the residential market in Lower Manhattan is strong enough to support construction of new, high-rise housing at market rentals on new land. Such housing without State support is still speculative, but the spontaneous emergence of a vital housing market where none existed before is a change that can only work in Battery Park City's favor.

The successful leasing of office space at the World Trade Center and of the encouraging trend toward residential conversion in Lower Manhattan needs to be balanced against the disappointing performance of the Independence Plaza project in the Washington Street Urban Renewal Project. It occupies a long, narrow site bounded by Greenwich Street, Hubert Street, West Street and Barclay Street. The southern section of the project is immediately adjacent to the northern quarter of Battery Park City, but it is cut off from the waterfront by West Street.

Chambers Street Visual Corridor



Initiated in the early 1960's, the purpose of this project was to remove the congested and anitquated cheese, butter and egg market from Lower Manhattan to the Bronx. The land was to be cleared, except for a few historic buildings, and then rebuilt as a mixture of new apartment houses, office towers and a campus for Manhattan Community College.

The plan for the project resembled the plan for Battery Park City. The buildings would rise from a deck at the same level as the World Trade Center Plaza. They would be connected to the Trade Center and Battery Park City by overhead walkways. The mixture of land uses was the same as Battery Park City, and so was the design treatment. The buildings would take the form of interconnected megastructures along a north/south circulation spine. Both public and private open space would be provided.

Timing worked against this project, as it did at Battery Park City. After a slow start, the project reached construction by the mid-1970's. The college and a large housing development called Independence Plaza began to rise side-by-side. The City's financial crisis in 1975, brought the college to a halt after it was about 20% completed, but the housing development was allowed to be finished. Three 40-story towers with low and medium rise buildings were completed with 1,332 rental units, plus nine partially restored townhouse units. The housing was aimed at the middle-income market. Developers and realtors watched rentals at Independence Plaza as a test of the market for middle-income units, since they were to form the preponderance of housing at Battery Park City.

Independence Plaza did not pass this test. Rentals lagged, and the financial viability of the project became imperiled. Since there was a government mortgage at stake, the City decided to salvage the project by applying Section 236 funds. This brought down rents to the moderate-income level. Once the market was broadened to include this level, the the units filled up. But the use of moderate and low-income subsidies in this location was difficult from a city-wide prospective. The present City administration is determined not to allocate any further such subsidies to Lower Manhattan.

The failure of Independance Plaza as a middle-income project clouded the possibilities for such housing at Battery Park City. However, there

is reason to believe that the situation with regard to residential development in Lower Manhattan has changed significantly and will continue to change as we enter the 1980's. There is no doubt that Battery Park City can offer residential locations that are far superior to those in the Urban Renewal Project. A better test of the market will come when the first residential project in Battery Park City is ready for rental.

Failure to move forward with the Washington Street Urban Renewal Project is mirrored by the inability of the State and City to replace the now-closed West Side Highway. Progress toward achieving Westway has been slow. Despite the backing of all three levels of government, it remains unclear when construction can begin.

Westway's problems are yet another indication of the difficulty that government has in implementing large-scale projects. The continued inaction raises questions about government's effectiveness in bringing about other desired improvements in Lower Manhattan, all of which are in accordance with the 1966 plan for that area. Despite these problems, the consultants believe that a revised plan can show how to design Battery Park City so that it can function satisfactorily with or without Westway.

A positive development in Lower Manhattan that should improve the ability of Battery Park City to attract developers is the recent announcement of a 116,500 square foot shopping development at the South Street Seaport. The planned restoration and redevelopment of the seaport area will extend along the East River from Burling Slip to Peck Slip. A mixture of museums, retailing offices and residential uses will be used in historic buildings and new construction. A pedestrian precinct will be established in the place of the present streets so as to provide a pleasant retreat from the adjacent Financial District. It will create a tourist attraction on the East Side of Downtown that will complement the popularity of the World Trade Center's observatory deck, restaurants and shops on the West Side. The combination of the two projects will firmly establish Lower Manhattan as a regional tourist attraction. In so doing, it will further the Lower Manhattan Plan goal of turning the district into a 24-hour commercial and residential community.

The presence of a large number of high calibre shops at the Seaport suggests that Battery Park City's retail planning emphasize personal services,

convenience goods, restaurants and entertainment. This theme would mean a retail center that would build upon the strengths of the existing World Trade Center concourse and be located in such a way that pedestrian access between the two could be made simple.

3.4 A Rationale For Continued Public Support of Battery Park City

Although the changes that have occurred in Lower Manhattan over the last few years have resulted in both positive and negative impacts on the Battery Park City planning concept, on balance there appears to be no reason why the project should be abandoned. From a public policy view, there remains a strong planning rationale for developing the site with a mixture of commercial and residential uses. Its location on Lower Manhattan's waterfront presents as magnificant a development opportunity as it did in 1966, when it was conceived. Its closeness to the Financial District, its views of the harbor, its waterfront recreational potential, and its highway and mass transit access are still without equal. To delay development, as in a land banking program, would be to abandon a key element of the strategy to upgrade Lower Manhattan, predicated on the carrying out of the joint public and private sector development program agreed upon in 1966.

From a market point of view, too, the concept of a mixed-use development on the Battery Park City site continues to be valid. In city after city across the country, the successful downtown renewal projects of the past twenty years have demonstrated the importance on in-town living. Several downtowns have met this challenge successfully. Philadelphia has used urban renewal to strengthen its office space, to allow institutions to expand, and to rehabilitate adjacent residential neighborhoods, such as Society Hill. Baltimore has attracted large private investments in downtown office buildings by rebuilding its Charles Center and Inner Harbor areas, and by bracketing them with new and rehabilitated housing. Even downtown Los Angeles has followed suit by building a new convention center and high-rise luxury housing as a lure for new hotels and office buildings; the effectiveness of this strategy has resulted in a new skyline for the district.

Lower Manhattan can achieve similar gains. It has retained much of its attraction for financial, shipping and insurance headquarters. Rising rents in Midtown are bringing new tenants to the area's cheaper office

space, and a new hotel rising at the World Trade Center will be the first lodging to be created in the area in a century.

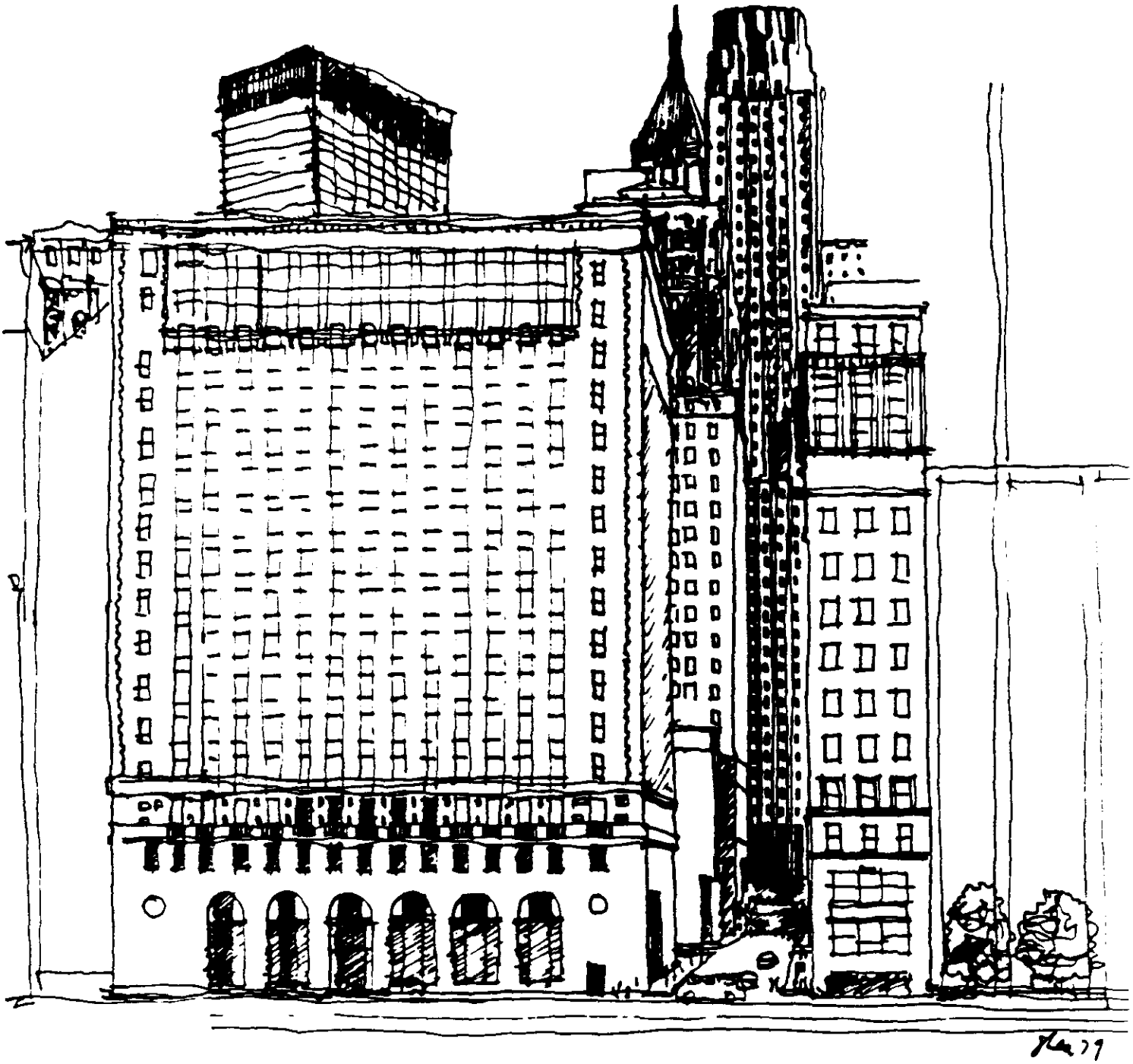
This vitality will be enhanced by building housing within close walking distance of the office core. For many, this convenience outweighs the higher rent and smaller space that in-town living requires. Today's energy concerns strengthen the desire to avoid long distance commuting. The Lower Manhattan Plan's emphasis on a rim of housing around the office district is more valid than ever. Battery Park City is the first step in carrying out this strategy, and its implementation should lead to expanded retailing downtown and additional office investment.

In addition, the agreement of the American Stock Exchange to build its new headquarters on the site is critical. It will place an important financial institution in a visible location at the middle of the site. The positive image and active trading activities associated with the exchange can help to attract other commercial tenants.

Finally, the amenities the project would bring to Lower Manhattan are perhaps the most important reason for continuing the project. The long-term benefits will make downtown a much more pleasant and stimulating place to work. The riverfront will be opened up for lunch-time strolls and after-work relaxing; in addition, the setting necessary for desirable in-town living will be created. Parks along the Hudson will be connected to a sequence of tree-lined walkways and smaller open spaces within the project area. All of these amenities will provide the sitting areas and open spaces that Lower Manhattan so conspicuously lacks today. To miss the opportunity to create these improvements might defer their achievement for another generation. The inability to achieve Battery Park City would not only be a great loss to today's working population, but it would inhibit investment in Lower Manhattan for many years to come.

To summarize, the examination of the changes that have occurred since 1969 in Lower Manhattan reveal that both the market and planning opportunities outweigh the problems holding back Battery Park City. A revised plan can address negative perceptions that are barriers to developer participation. It can also pursue a planning concept more in keeping with development realities than the current plan. This can be done without

Rector Street Visual Corridor



sacrificing the amenities that make the project desirable.

A new Master Plan alone cannot meet the project's cash flow problems over the next few years. Without additional assistance from the State, the Authority will not be able to carry out the necessary infrastructure improvements that will enhance the project's credibility. Calculations of the magnitude of this assistance have been made and are described later. The amounts needed are manageable. To miss this opportunity to attract developers would be to ignore unmistakable market improvements: Today's potential for office, residential and retail development is stronger than it has been for a decade.

Chapter 4

Public Policy, Development and Program Considerations

CHAPTER FOUR: PUBLIC POLICY, DEVELOPMENT AND PROGRAM CONSIDERATIONS

The revised Master Plan reflects the attention paid by three public policy priorities: The State's interest in accomplishing a satisfactory workout at Battery Park City, the City's desire to achieve a superior quality of public environment in the project, and the widely recognized need to reduce the complexity and cost of the project's infrastructure requirements.

4.1 A Quality Public Environment

While all parts of government are eager for the plan to attract development, there is also a strong desire that the resultant public environment be of superior quality. This concern grows out of an appreciation of the need for public amenities in Lower Manhattan.

The City administration is particularly eager to see the Lower Manhattan waterfront improved. Mayor Koch has announced his intention to make waterfront access and amenity throughout the City his most important planning program. Waterfront parks and marinas in Lower Manhattan would place usable amenities within walking distance of a worker population of 450,000 and a growing residential community.

The revised plan will be reviewed by the City Planning Commission. This scrunity is welcomed by the consultants. High priority has been given to the development of an amenity package that is more accessible, more usable, more handsome, more comfortable, more safe, and more maintainable than that provided by the current plan.

4.2 Simplified Infrastructure Requirements

Battery Park City's presently proposed infrastructure system is much more complex than in conventional urban development. The Municipal Facilities Agreement between the City and the Authority specifies that the cost of this infrastructure will be borne initially by the Authority and then paid back by the City over time. The City payments could reach a maximum of $10 million per year.

At present, all parties are attempting to minimize these expenses. City officials are concerned that infrastructure costs could become an onerous burden. They would like to see the project's infrastructure system simplified and its front-end costs reduced.

Revisions to the plan can help meet this goal by laying out development sites in a strategic manner, so that the initial phases of building construction can occur close to existing streets and utilities. Extensions can be made step by step as closer-in building lots fill up and long utility runs to distant points of the site can be avoided by staged development. To the maximum extent possible, these improvements should be located and phases to attract projects that can put Battery Park City on a firm financial footing.

If public resources are to be conserved, the revised plan must depart in some respects from the current plan. A much leaner plan is called for and the revised plan must propose a more functional and market sensitive land use distribution, a more flexible street system and a clearer and less idiosyncratic design image for the project.

4.3 Current and Projected Market Conditions

In the past ten years New York's office market has followed national trends. Thus it experienced rapid development in the late 1960's and early 1970's in order to meet the current demand. This led to excessive building on a speculative basis, in anticipation of future expected market needs. There was little construction in the mid-1970's as the extra space was absorbed and the economy slowed down. At the end of the last construction cycle in 1973 a total inventory of nearly 33 million square feet of space was available for rent in the midtown and downtown Manhattan. Since then little new space has been added to the market. The available space has been absorbed at an average annual rate of approximately 2.9 million square feet in midtown, and 900,000 square feet downtown.

There was a net addition to space in the downtown market between 1973 and 1975 as various firms moved out of New York, moved uptown, or reduced their space needs as a result of the economic recession.

The general lack of recent office construction had reduced midtown's supply of vacant space to an estimated 6.1 million sq. ft. by mid-1979, compared to a previous 12 month net reduction in availability of space of 4.2 million sq. ft. This inventory of space equates to approximately one and one half year to two year supply of space, if demand continues at the average level experienced in the past 3 years.

Downtown's inventory space has been reduced to 3.3 million sq. ft. of which approximately 1.0 million sq. ft. is in post-war buildings. A con-

tinuation of the demand experienced during the last few years would absorb this space in approximately one year.

In both the midtown and downtown markets, no major blocks of contiguous space are available, especially in prime buildings. In addition, available downtown office space in buildings built since 1970 amounts to only about 200,000 sq. ft. This is far less than the 1.3 million sq. ft. of quality space absorbed in the past 12 months downtown. Clearly, the office market in both areas of Manhattan is "tightening up". The well-publicized result in midtown has been a rapid escalation in rental rates from the "teens" to figures in excess of $30 per sq. ft. in prime buildings. Such high rental rates have generated a building boom. The resultant construction during the next 18 to 36 months will increase midtown's total office space inventory by approximately 7 million sq. ft.

However, unlike the speculative developments of ten years ago, new office space can be financed only on a preleased basis. Consequently, additional construction is anticipated to meet future demand in the midtown market. It is not expected to produce a glut of speculative office space.

The apparently acute shortage of Class A space in the downtown market has not yet led to the construction of new buildings. It is estimated that downtown's existing and projected demand is for approximately 1 million to 1.5 million sq. ft. of space per year. This demand must be met primarily through new development. To date only one new project appears to be going ahead, the Continental Corporation building. This is a 900,000 sq. ft. project primarily for Continental's own use.

There are, however, a number of significant land assemblages available for development. The most important are listed in Table I.

Table I Downtown Office Sites Available For Development

Site Location	Potential Development Millions/sq.ft.	Sponsor/Tenant
60 Wall Street	1.7	American International Group
7 Hanover Street	0.8	Swig, Weiler/Arrow/Milstein
85 Broad Street	0.9	Galbreath-Ruffin Corp./ Goldman Sachs
Washington Market Urban Renewal Area	1.0	Irving Trust Company
S/E/C Broad Street and William Street	0.9	Lehman Bros.
45 Broadway	0.6 (Est.)	N/A

Source: Alexander Cooper Associates/Eastdil Realty Inc.

No action on these sites is to be expected until rent levels in downtown rise. Rental rates, even in prime locations, have not achieved the $18 to $20 per square foot level necessary to justify development by providing an adequate return to the developer. Total "hard" and "soft" construction costs, excluding land, now total approximately $100 per square foot.

Rent levels are expected to rise to $20 per sq. ft. in the next 12 to 24 months for prime locations. The total development potential for sites listed in Table II (including the Continental Corporation building) is estimated at 7 million sq. ft. Since a portion of these sites are in prime locations, they are likely to be developed in advance of sites at Battery Park City.

No significant development of commercial offices at Battery Park City can be expected until firm leasing arrangements at rents in excess of $19 per sq. ft. can be achieved. Rents of this level should be available for projects in Battery Park City by 1983.

The projected absorption of commercial office space in Battery Park City (see Table II) takes account of competitive developments likely to occur on the sites noted earlier. Modest development targets are postulated for the initial years, when the majority of the projected demand will be absorbed by projects on these sites. As the inventory of these sites is used up, the importance of Battery Park City's commercial area will increase and the project will provide for an increasingly large amount of new development in Lower Manhattan.

Defining the demand for residential development is extremely difficult. There are no projects of comparable size and quality to those that are planned for Battery Park City. The only major residential project in the area -- Independence Plaza--was not successful although there are reasons to believe that the timing of this project was unfortunate. Recent loft and office building conversions demonstrate a significant growth of interest in the residential market in Lower Manhattan. Furthermore, demand for middle and upper income apartments is strong throughout Manhattan and there is no reason to believe that Battery Park City should not be able to attract a reasonable portion of the demand. Since the return to the Authority on rental residential development is considerably below that realized by commercial office projects modest residential absorption rates are of relatively less importance than the early development of the project's commercial center in achieving the financial stability for the authority.

Table II

PROJECTED DOWNTOWN OFFICE DEMAND*
FIFTEEN YEAR ABSORPTION RATE
(THOUSAND SQ. FT.)

Year	New Office Demand (Excluding BPC)	BPC Demand	Total Market Demand
1979	1,050	400	1,500
1980	1,100	250	1,400
1981	850	400	1,300
1982	750	400	1,200
1983	700	400	1,100
1984	600	400	1,000
1985	600	400	1,000
1986	600	400	1,000
1987	600	400	1,000
1988	600	400	1,000
1989	600	400	1,000
1990	600	400	1,000
1991	600	400	1,000
1992	600	400	1,000
1993	600	400	1,000
1994	850	150	1,000

* All "Demand" figures relate to the commitment for space by tenants or developers, with actual occupancy of newly developed space 1½ to 2½ years after the commitment period upon construction completion.

Source: Eastdil Realty, Inc.

In order to accelerate commercial development at Battery Park City, it will be necessary to find a method for making the commercial development economically attractive to developers who are to be the "first in". Incentive must be offered to attract development in the early years when rents in Battery Park City will be low and/or at the margin of profitability.*

To stimulate normal development in 1981, the following financial incentives are recommended:

1. A special real estate tax abatement for the first 3 million sq. ft. of office space to be developed. This abatement would be equal to 75% of the full tax rate in the first year after completion; it would be reduced equally over a twenty year period.
2. A reduction in ground rent payments in the first year after construction completion, followed by equal increases in ground rent payments each year, until full payment is reached in the fourth year.

In a project of the size and scope of Battery Park City the initial development is often a "loss leader" when evaluated on an isolated basis. The concessions necessary to attract a credible first user are expected to be offset by more rapid acceptance and consequent development of the remaining sites. The lack of development at Battery Park City and the related stigma has made the initiation of commercial activity difficult to attain and has extended the total development period. The inactivity of the project has also had a broader detrimental effect on downtown and has reduced confidence in the area's future. Notwithstanding the need to provide incentives for an accelerated development program the potential for the critical commercial sector of Battery Park City appears to be present. The keys to the realization of this potential are:

- To capitalize on the significant changes occurring in the downtown commercial office market. Although these improvements are not expected to impact Battery Park City for approximately two years, they will provide for the successful development of the project in the long term.

* For further discussion of the need for incentives see Battery Park City 1979 Master Plan: Financial Analysis. Eastdil Realty, Inc. Table E.

- To redesign the current Master Development Plan to reflect current market preferences for office location. The primary change should be to relocate the commercial center from the southern portion of the site to a position opposite the World Trade Center, and
- To provide financial incentives that make the commercial sites more economically attractive during the initial development phase. Since the development of Battery Park City is to be on a phased basis, each project must stand on it's own financially. Economic incentives will be critical to secure early developer participation.

4.4 The Development Program

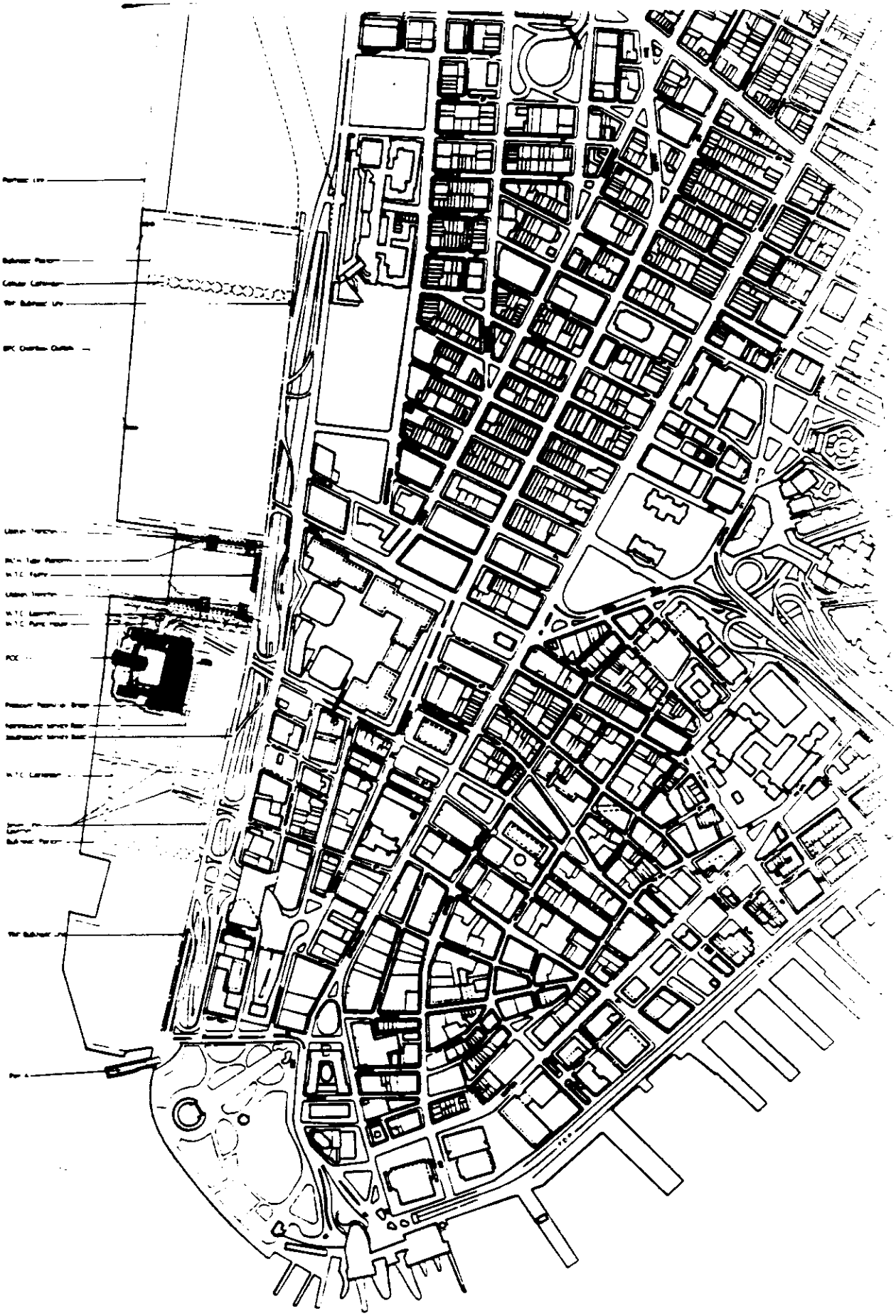
The preliminary examination of the market for commercial development in Lower Manhattan indicates no reason at this time to recommend major changes in the current development program of 6 million sq. ft. of office space for the Battery Park City site.

As noted earlier, the residential market is more difficult to analyze and the current program total of 16,000 units may be difficult to achieve. The City is presently reviewing its housing policy for Lower Manhattan and updated recommendations are expected to follow. However, for the purposes of developing the physical components of the revised plan -- roads, utilities and open space requirements, the consultants have assumed that a range of residential development from 12,000 to 16,000 may have to be accommodated.

A significant change has been made in the program for retail facilities. The current Master Plan makes provision for a major regional shopping facility at a location between Liberty and Rector Streets adjacent to West Street. The proposed facility has a projected floor space of 750,000 sq. ft. There is ancillary parking for 1,000 autos. The review of Lower Manhattan development trends does not suggest that such a scale of regional shopping facility would be successful in this location. In addition, it would pose severe environmental problems due to its high concentration of vehicles and parking. Accordingly, the revised plan will make provision for a much reduced convenience retail component of approximately 150,000 sq. ft.

4.5 Components Of The Current Plan Already In Place

There are a significant number of improvements already in place or planned that are based upon the current plan. These improvements and projects have, for the most part been taken as givens in the development of the revised plan.



Existing Conditions

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Those improvements that are in place include utilities, some to serve the development and others to serve the World Trade Center, bulkheads and the final phase of a road contact adjacent to the site of POD III.

The residential development at POD III is the largest "given" on the site. The project has been designed and the foundations are in place. It's location does not conflict with the overall planning objectives of the revised plan. However, minor modifications to the design of the project may be necessary to adjust to the regiment of revised plan.

Pier A, which dates from the mid 19th century, is a landmark structure. Its retention was not part of the current plan. However, the City has requested that the structure be retained and that it be returned to its jurisdiction.

In addition to those improvements which are already in place, planning and design for the American Stock Exchange has reached an advanced stage. The location of the building has, in cooperation with the architects, been fixed. AMEX will become the first development in the new commercial center. It will be located on the extension of Liberty Street where it has excellent access to one of Lower Manhattan's most important streets.

The most important of these existing improvements are illustrated in Figure 4. In general, the opportunities created by the "givens" outweigh their constraints. No fundamental changes have been sought, but the consultants have reviewed each to insure that locational and design aspects of public concern can be accommodated within the revised plan.

Chapter 5
The 1979 Master Plan

CHAPTER FIVE: THE 1979 MASTER PLAN FOR BATTERY PARK CITY

The revised Master Plan takes as its theme an acceptance of all that is desirable about New York's basic pattern of development. Included are the City's system of streets and blocks, its prevelant building forms, its density, its mixed land use and its efficient transportation systems. The consultant's objective has been to refine and develop these familiar elements of the New York's environment and to adapt them to the unique opportunities presented by a magnificant waterfront site.

5.1 Principles Of The Revised Plan

Eight organizing principles define the revised plan. They deal with the overall planning approach, the layout and orientation of the plan, the form of the project, the quality of its neighborhoods, pedestrian circulation, waterfront amenities, special design opportunities, and flexible development controls.

PRINCIPLE ONE: Battery Park City should not be a self-contained new-town-in-town, but a part of Lower Manhattan.

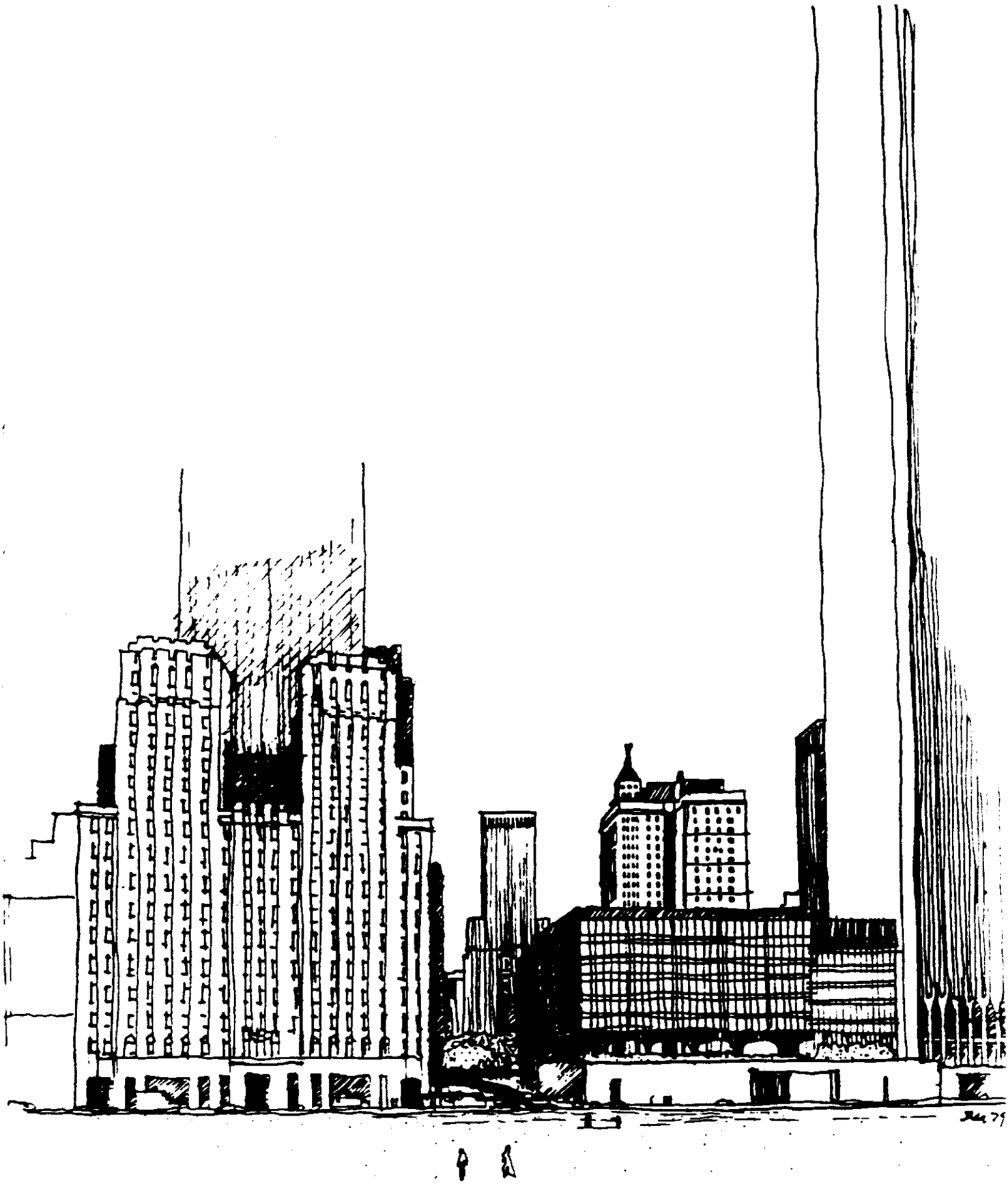
The revised plan recognizes the difficulties inherent in the new town-in-town approach to large scale urban development. The current plan follows this approach and lays out a series of superblocks with very little relation to the rest of Lower Manhattan. This arrangement contributes to a sense of separateness, which is considered to be neither a desirable nor realistic strategy.

The lessons learned from similar projects elsewhere suggest that Battery Park City should not turn its back on Lower Manhatten but instead respond to and build upon the strength and character of the adjacent neighborhoods. Lower Manhattan's assets are its office inventory, its subway services and its community facilities and services. The mixture of uses in the project's development program remains a firm basis upon which to proceed. The challenge is to find the proper layout, building forms, and amenities to express this potential.

PRINCIPLE TWO: The layout and orientation of Battery Park City should be an extension of Lower Manhattan's system of streets and blocks.

There are strong reasons for knitting Battery Park City into the existing grid system of Lower Manhattan. Street extensions can be very

Vesey Street Visual Corridor



important in helping the project to overcome a potential sense of isolation from the upland area. Utilizing a block system of development can set a structure for Battery Park City that will easily integrate its building forms with the adjacent area's existing development. Creating conventional building lots can reduce the hesitancy of the development community about the project. The normal rules of site development elsewhere in Manhattan should also apply at Battery Park City (Figure 5).

Bringing new development into a closer relationship with the upland area should also benefit Lower Manhattan. The financial core will be able to expand more readily onto the project's reservoir of vacant land. Residents of the project will be better able to support Lower Manhattan's growing range of shops and services. The waterfront amenities at Battery Park City will be more accessible to the employee and resident population of the entire area south of Canal Street. All three of these advantages will be supportive of the goals of the Lower Manhattan Plan.

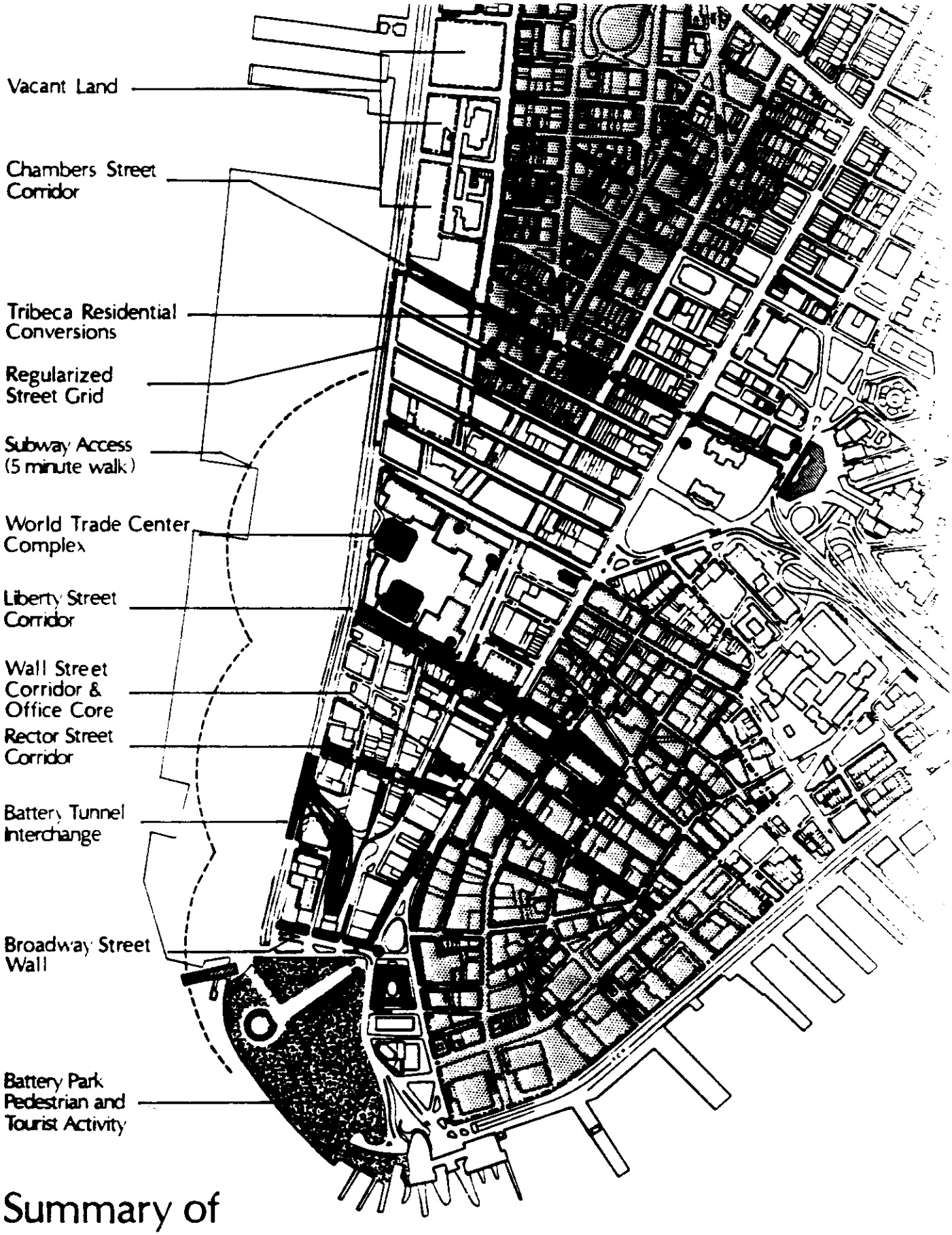
PRINCIPLE THREE: Battery Park City should offer an active and varied set of waterfront amenities.

Opening up Lower Manhattan to the waterfront is a basic objective of the planning concept, just as it was of the 1969 plan for Battery Park City. The revised plan will recommend ways of improving the previous proposals for waterfront amenities so that they are more attractive, more useful, more accessible, and more safe.

A wide variety of spaces will be provided at the waterfront: Lunch-time sunning areas, an esplanade for strolling along the river's edge, large gathering places for public events, and small, quiet interior courts. The waterfront will have access to and from subway stations, with minimal contact with vehicular traffic. The concept will also give attention to maintenance and safety of the park spaces.

PRINCIPLE FOUR: The design of Battery Park City should take a less idiosyncratic, more recognizable, and more understandable form.

The current plan for Battery Park City proposes 200 acres of land uses on a 92-acre site. The technique for accomplishing this seemingly impossible feat is to stack several uses on top of each other, the upper deck being utilized for open space over streets and public facilities. Analysis of the project's planning program has shown that such a complicated decking scheme is expensive and unnecessarily complex.



Summary of Adjacent Conditions

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The revised plan proposes an alternative to decking. The design image we have aimed for is an adaptation of New York: Streets with sidewalks, along which buildings can be constructed by individual developers, large and small. Public amentities would be the main governmental contribution to environmental quality. Guidelines for building development would allow for the creation of special places within the framework of conventional streets and blocks. This is the physical form and institutional arrangement which is the easiest and most familiar way of constructing new neighborhoods in New York. We feel strongly that it can be adapted to bring high quality environmental design to the project (Figure 6).

PRINCIPLE FIVE: Circulation at Battery Park City should reemphasize the ground level.

Over the past 20 years, planning for large-scale projects the world over has emphasized the isolation of functions from one another and the vertical separation of pedestrian and vehicular traffic. It has become clear in recent years that this concept, thoughtlessly applied, has hampered the success of many new projects rather than enhancing market acceptance.

A more realistic concept would provide basic access at the ground level where it is most convenient. Only in the most congested areas are overhead or underground connections justified. They are most utilized where they lead to an important destination, like a shopping area or a transit station.

At Battery Park City the objective is to provide comfortable street level circulation within the site and at those places where the site meets the existing City. Street level crossings will be emphasized instead of underground or overhead walkways. Only where pedestrian flows are demonstrably heavy, as between the project and the World Trade Center Plaza and transit stations, will offgrade connections be recommended.

The revised plan balances pedestrian needs and vehicular requirements. As with the pedestrian routes, vehicular circulation will be mainly at the ground level. There is no general policy of vehicular restraint; rather, we have chosen to limit through-traffic by the layout of streets and access points into the project. Placing both vehicles and pedestrians

on the ground level will simplify circulation generally and will allow for pedestrian ease of access to busses, taxis, cars and deliveries.

PRINCIPLE SIX: Battery Park City should reproduce and improve upon what is best about New York's neighborhoods.

New York's finest neighborhoods are the product of incremental development over a long period of time. Their system of streets and blocks has been sufficiently adaptable to allow the replacement of obsolete buildings while maintaining and upgrading buildings of value. The neighborhoods of greatest desirability are often those of the most intensive mixture of land uses and building types such as Greenwich Village, Brooklyn Heights, and the Upper East Side.

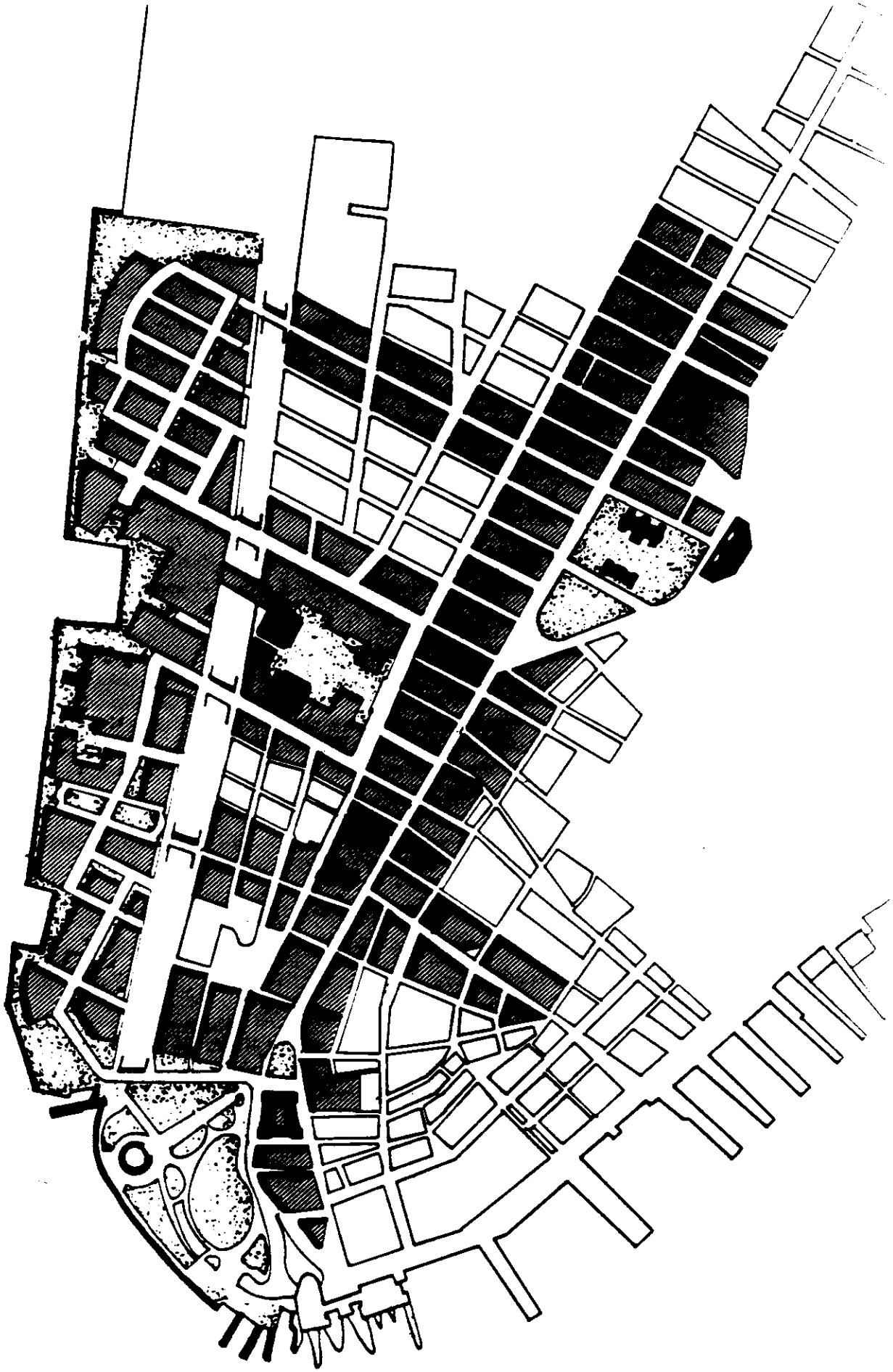
The revised planning concept seeks to give Battery Park City a structure that will allow for similar growth and change, but in a more compressed time frame. The plan must suit the long-term construction of buildings, while also being capable of meeting the demands of an accelerated development program.

The object in the layout for Battery Park City will be to foster the sequential small scale spaces that give New York its special character from block to block. The plan will provide for the intimate texture of residential areas that are vital to the livability of the City.

PRINCIPLE SEVEN: Battery Park City's commercial center should become the central focus of the project.

Instead of being located at one end of the project site as in the current plan, the commercial center of Battery Park City should be relocated to the center of the site. In that location, it would be closer to major retail facilities and to the neighboring World Trade Center, and this juxtaposition can create a special type of community center able to compliment other Lower Manhattan sites and with locations in midtown.

The compactness, amenities, and level of integration of this center with the Trade Center should determine its ability to succeed. Because attaining these objectives is a planning and design issue, the layout and building arrangement of the commercial center is specified to a finer level of detail than any other part of the plan. This emphasis is warranted by the importance of the center to the overall ability of Battery Park City to move forward.



Design Principles

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PRINCIPLE EIGHT: Land use and development controls should be sufficiently flexible to allow adjustment to future market requirements.

The land use designations in the current Battery Park City plan were fixed by their location on the linear spine and within its decking system. Subsequent changes in land use are difficult to make, because the entire scheme was dependant on the successful completion of each piece.

The revised plan avoids the rigid character of the earlier plan. The street and block form of development allows land uses to be altered on certain sites if market requirements change--without constraining development on adjacent blocks.

These eight principles, when taken together, form a statement of the planning concept for Battery Park City. They are not in themselves a complete master plan, but they set its basic structure. As such, they constitute the initial stage of the master planning process.

Twelve weeks has not allowed the formulation of a complete master plan to the extent of detailing the location of future community facilities, specific densities for all building lots and estimates of the future employee and resident population block by block. These determinations must await the next stage of planning.

The description which follows shows how the eight principles have been integrated into a plan. The overall pattern of land use is described, the street and block layout is explained, land use allocations are listed, the transportation systems outlined, the open space diagrammed and special places in the plan are illustrated.

5.2 Revised Land Use Concept

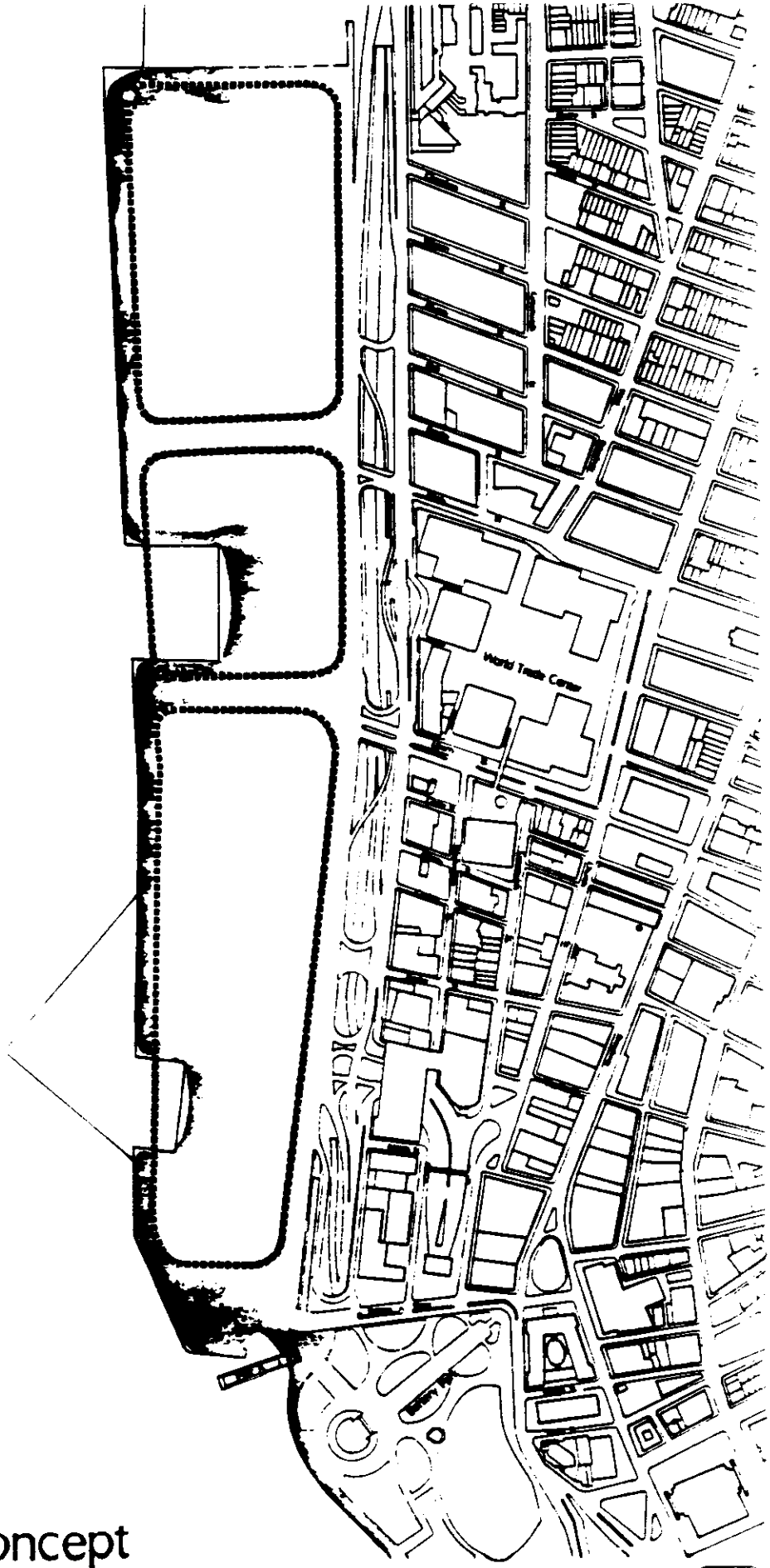
The area west of the World Trade Center is the heart of the project (See Figure 7). It can house all of the project's five to six million square feet of office space as well as most of its retail space. With its linkage to the World Trade Center Plaza, this Commercial Center will relate to the Financial District and to Battery Park City's residential neighborhoods to the north and south. The edges of the commercial center are defined by two visual corridors. They are the rights-of-way of Liberty and Vesey Streets, which also form the southern and northern borders of the Trade Center. Each of them will protect the views of the water from upland areas.

North Area:
Residential

Central Area:
Commercial

South Area:
Residential

Waterfront
Open Space



Land Use Concept

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These two areas adjoining Battery Park City on either side of the World Trade Center are strongly contrasted in character. To the south, the site is bounded by a transitional office area; to the north is the changing area of Tribeca and the Washington Market Urban Renewal Project. These differences present constraints and opportunities for the development of Battery Park City. Residential development south of the project's Commercial Center can be planned and marketed to cater to employees of the Financial District who want close walking access to their jobs. Most households will be small and densities can be high. Since there is no established adjacent residential neighborhood services and facilities to support this area can be orientated to these groups.

The existence of the Tribeca community and the Urban Renewal Project north of the Commercial Center calls for more a complementary neighborhood within Battery Park City. Consequently, buildings will be lower and public spaces more generous. Households can be expected to be larger than in the southern neighborhood. Services for this area will be different in character and the potential exists for integration with the retail and personal service facilities already developing within the Tribeca community.

The waterfront is treated conceptually as the fourth major land use in the diagram. There are large spaces at the north and south ends of the project and a major public plaza will be the focus of activities at the Commercial Center.

5.3 Streets and Blocks

By choosing to organize the revised plan around a system of streets and blocks, the revised plan returns to the historic grid pattern of development that has served Manhattan since 1811. It has proven to be highly adaptable. At Battery Park City, utilization of a street grid will assist in establishing physical, visual and functional integration with the adjacent neighborhoods. Some streets will continue directly into the site and will provide direct access to nearby subway stations at Chambers, Liberty, and Rector Streets, as well as at Battery Place (See Figure 8).

The average block size follows the 200' x 400' size that is standard in New York. Over the years, this block dimension has suited buildings ranging in size from small brownstones to large mixed-use projects covering entire blocks. Studies of modern building sizes show that this dimension would adequately serve a wide range of residential and commercial structures. Furthermore, the block size would make possible a parceling of development sites that serve small and large developers alike and broaden the range of developers able to participate in the building of Battery Park City.

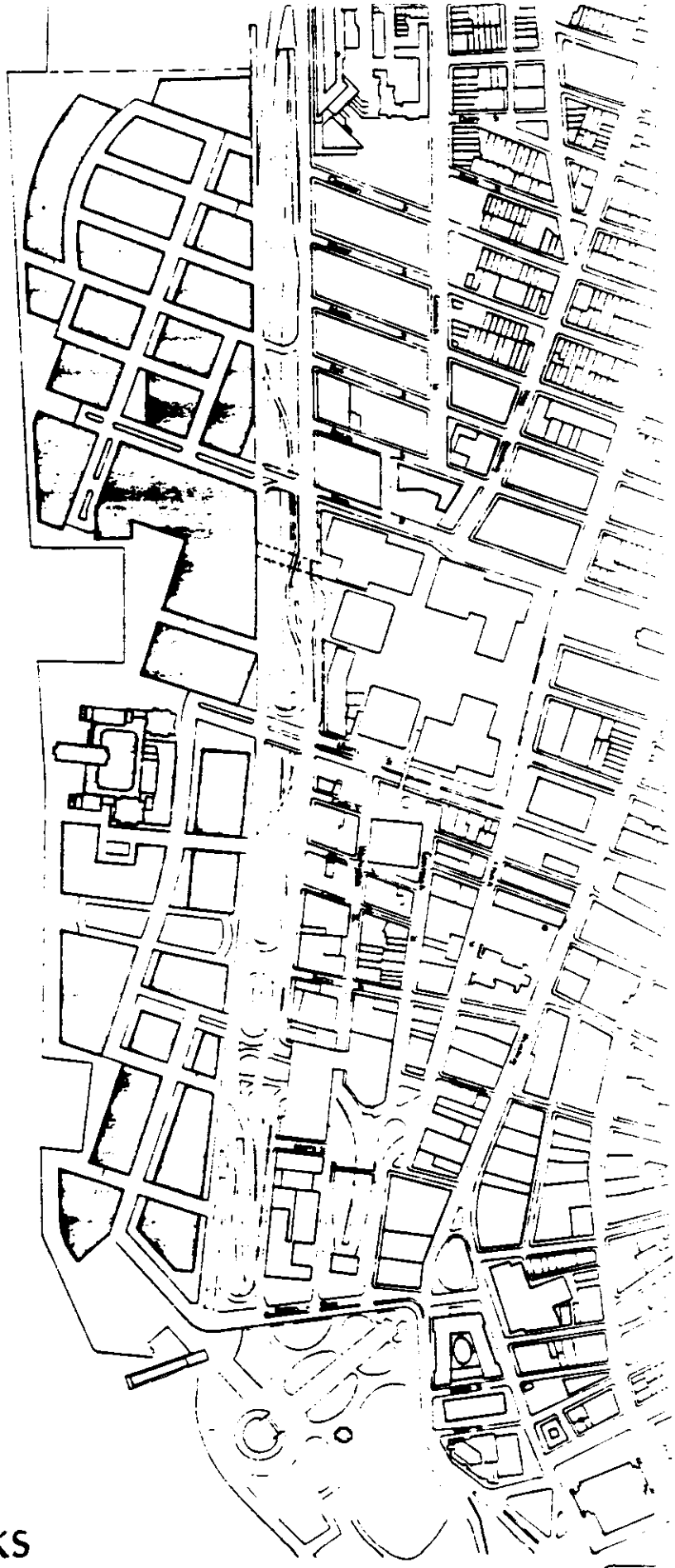
Three types of streets will carry traffic and pedestrians and organize development in the project. The principal streets will be two north/south avenues which serve the northern and southern residential neighborhoods. Each of these avenues will be the main focus of activity. They will be both prestigious residential "addresses" and the center of neighborhood shopping, community facilities and entertainment. Each avenue will have a 100' right of way; 40' of this right of way will be a linear park with landscaping and benches. Traffic will be one way and restricted to a 36 foot roadway. The side streets branching off the avenues will serve the adjacent buildings and penetrate to the waterfront. These streets will be landscaped and specially treated at locations where they join the waterfront esplanade.

In addition, there will be private service streets which will function like driveways, serving only a few properties. Typically, they will be short, stub-ended streets connecting the avenues with interior development parcels. Traffic flows on such streets are expected to be light. Although they will be privately constructed and maintained, the streets will have public pedestrian rights of way.

The streets in the Commercial Center could also be private, but for a different reason: They would be built to special design standards and may be restricted to certain classes of traffic.

As can be seen on the street and block plan (Figure 8), the orientation of the street grid is an extension of the grid that intersects with Broadway and is rotated to focus on harbor views. This orientation will greatly enhance the visual quality of the main avenues and provide unparalleled views from the streets and the buildings. The

Figure 6



Streets and Blocks

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secondary streets of the grid system will benefit from this orientation too. All of them, with the exception of a special area in the northern neighborhood, will have views to the water.

The orientation of the streets and the provision of arcades will protect pedestrians from winter winds while permitting summer breezes from the south to circulate along the avenues.

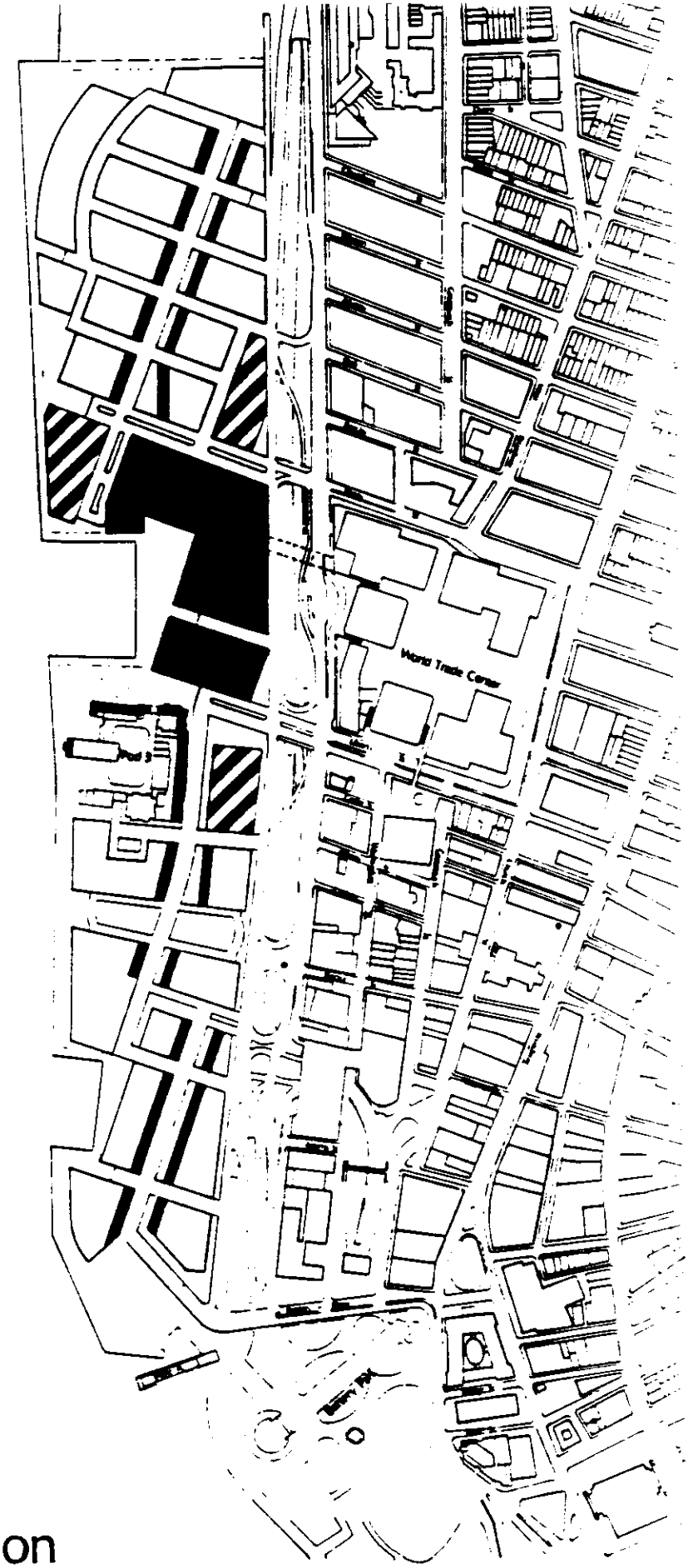
The street and block system serves numerous purposes simultaneously. It sets the structure for a flexible parcelling system, it builds in amenities and activities at the street level, and it furnishes the linkages to upland areas that will help make the neighborhoods of Battery Park City organic extensions of Lower Manhattan.

5.4 Land Use Allocation

The proposed distribution of land uses throughout the site emphasizes residential neighborhoods and public open space (See Figure 9). The residential neighborhoods account for approximately 42% of the total area and public open space for 30% (See Table III). The residential neighborhoods will offer a wide range of development opportunities. The main avenues will provide sites for larger scale buildings. A zoning overlay will allow the development of retail and commercial facilities at street level along the avenue frontages. Community facilities will be distributed throughout the areas as the need emerges.

The Commercial Center is located between the Liberty and Vesey Street corridors. Within that area the main bulk of the 6 million square feet of commercial development will be accomodated. Another 150,000 square feet of retail/entertainment development will be placed in the center related to the major pedestrian movements.

Although the entire 6 million square feet can be accomodated within the Commercial Center, the potential exists for locating some of it on the blocks immediately to the north and south of the Commercial Center adjacent to West Street. Furthermore, the waterfront blocks within the Commercial Center south of Vesey Street have the potential for outstanding hotel/residential developments.



Residential
Permitted Retail Center
Commercial Retail Center
Potential Commercial or Residential Sites

Land Use Allocation

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Table III LAND USE ALLOCATION

Land Use	Acres	% Of Total Average
1.1 Residential Land*	38.1	42%
1.2 Commercial Land	8.7	9%
1.3 Public Open Space	28.0	30%
(Esplanade)	(6.1)	
(Park/Plaza)	(21.9)	
1.4 Streets	17.8	19%
Total Master Plan	92.6	100%

* Residential Land includes 50% allowance for private open space.

Source: Alexander Cooper Associates

Finally, mixed use developments (residential/hotel/retail) are desirable possibilities for locations adjacent to the Commercial Center or to the major open spaces. No special land use category has been shown here but it is recommended that the mixed use proposals be considered favorably in appropriate locations.

It would be unrealistic to set residential density targets at this time. Such targets would build inflexibility into the plan. Instead, the plan postulates the density range necessary to meet the general magnitude of housing units called for in the original planning program. The range is from a low of F.A.R. 9 to a high of F.A.R. 12.

Ultimately the resolution of development density in Battery Park City's neighborhoods will depend upon balancing the Authority's financial needs with the City's housing policies. The next stage of the planning process will require such a resolution. The proposed plan provides for a range in the northern neighborhood of 5,900 units to 7,700 units. South of the Commercial Center, next to the Financial District, 6,500 and 8,500 units can be accommodated.

The next stage of planning will also address the need for community facilities in these neighborhoods. Requirements will depend on the magnitude and demographic characteristics of the eventual population to be served. The street and block system allows for considerable flexibility in the choice of sites for future community facilities. Therefore, it is not necessary now to specify the number and location of such facilities. They can be located later within each neighborhood as the need emerges without significantly narrowing development opportunities for residential buildings.

5.5 Vehicular Circulation

Concentration of the bulk of Battery Park City's commercial office sites in one central location benefits both pedestrian and vehicular circulation. The provisions for both are far superior to those in the current plan. As can be seen from Tables IV-VI, by far the majority of person and vehicle trips are generated by the Commercial Center.

Table IV 1979 Master Plan Projected Person Trips

Zone	Round-trips Per Day
Commercial Center	
Employee trips	40,000
Visitor trips	48,000
Residential Zones	
Work trips	16,800
School trips	9,600
Social/Shopping	32,000
Civic facilities (Employees)	3,375
Local retail (Employees)	400
Visitor trips	8,000
Total Daily Trips	158,175

Source: Vollmer Associates

Table V 1979 Master Plan Modal Split - Commercial Center

Mode	Employers	Visitors
Walk	2%	4%
Subway/Ferry/PATH	92%	78%
Bus	2%	3%
Auto	3%	5%
Taxi	1%	10%
	100%	100%

Source: Vollmer Associates

Table VI Projected Peak Hour Traffic

Zone		Daily Traffic With Origin Or Destination Outside Of Battery Park City	
Residential Zones			
Residents			
Work Trips		1,180	Autos and taxis
School Trips		30	Buses
Social, Shopping, Etc.		2,570	Autos and taxis
Civil Facilities		220	Autos and taxis
Neighborhood Shopping			
Work Trips		20	Autos and taxis
Deliveries		200	Trucks
Visitors		1,080	Autos and taxis
	Sub-Total	5,300	
Commercial Center			
Employees		2,520	Autos and taxis
Visitors		11,200	Autos and taxis
Deliveries		640	Trucks
	Sub-Total	14,360	
	Total	19,600	Vehicles Per Day

Source: Vollmer Associates

Locating the Commercial Center opposite the World Trade Center provides for much improved access to the Lower Manhattan subway systems. Access to the subway stations and PATH in the World Trade Center is of the upmost importance since it is estimated that 92% of all work trips will be made by public transportation.*

Vehicular circulation is also improved by the relocation of the commercial zone. The auto, taxi, and delivery trips to the Commercial Center can be better distributed from the new location onto Westway, onto West Street, and onto the main crosstown streets, Vesey and Liberty.

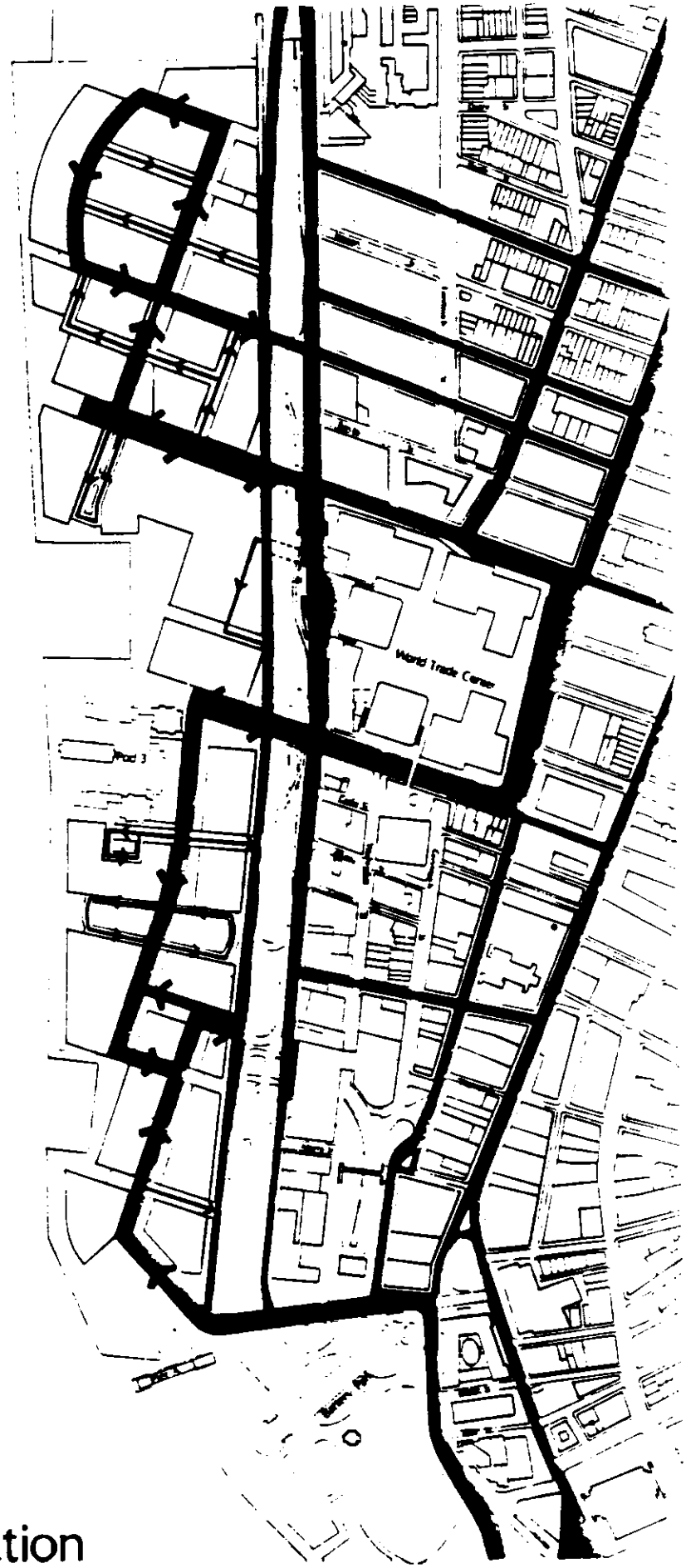
The street system of the revised plan is organized as a series of loops, each of which serves a specific part of the site (See Figure 10). The loops utilize the grid of streets, but through the use of one way streets they avoid creating conditions that would encourage vehicular traffic to pass through the residential neighborhoods.

The Commercial Center is served from the perimeter by high capacity streets--Vesey, West, and Liberty. All proposed development parcels have both lobby and service access from the streets. In addition, each parcel has the capacity to accommodate up to 100 on-site parking spaces. All buildings in the center will be serviced via internal loading docks.

In the residential neighborhoods vehicular traffic is not expected to be heavy. Consequently, the layout of the main circulation system shows all buildings fronting onto a public street for access. Servicing buildings and access to parking may be achieved from service courts.

Traffic analysis of the proposed system indicates that a number of minor modifications to the present design of intersections between Battery Park City streets and proposed West Street as shown in the Westway Plan are required. These modifications can be accomplished without negative impacts on the operation of proposed West Street and Westway.

* A preliminary analysis of travel and traffic characteristics of the proposed plan has been carried out as part of this study. See Battery Park 1979 Master Plan: Traffic and Engineering Analysis, Vollmer Associates.



Primary Circulation
Secondary Circulation

Vehicular Circulation

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Traffic analysis has also been performed on the proposed system and the interim design for West Street (i.e. the conditions resulting from the demolition of the existing West Side Highway but before Westway is constructed). The proposed system operates satisfactorily under these conditions.

Finally the main vehicular circulation system has been designed to accommodatecity bus services, and it is recommended that existing routes be extended into the site.

5.6 Pedestrian Circulation

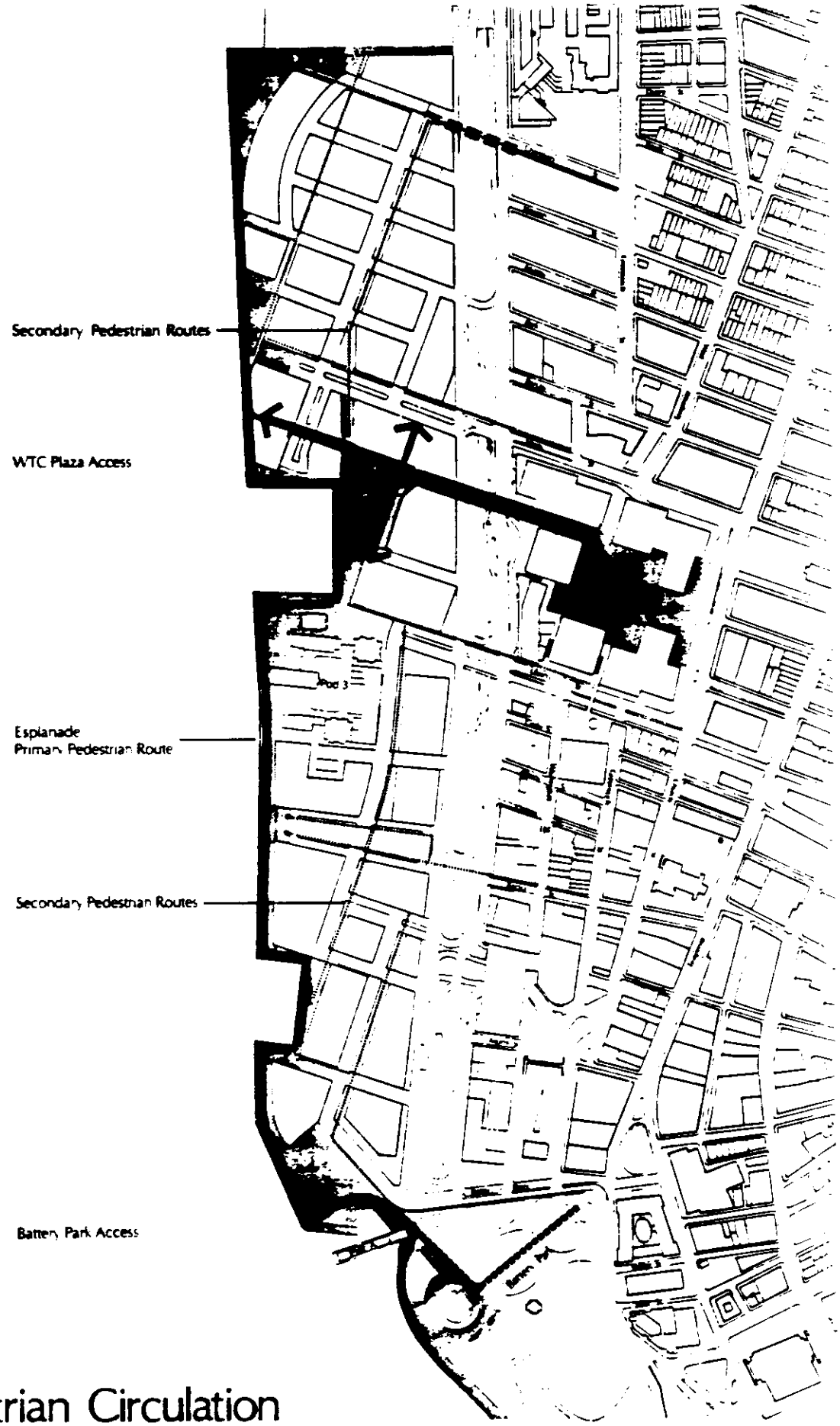
Pedestrian circulation systems (see Figure 11) have a number of different functions and characteristics.

The major pedestrian movements in terms of volume will be those generated by the Commercial Center employees crossing onto the World Trade Center Plaza to gain access to the subway and PATH stations. The estimated evening peak hour flow is projected to be 34,270 per hour. This level of pedestrian movement justifies the provision of a major elevated pedestrian link in order to cross West Street and Westway. The volume of pedestrian movement also justifies the provision, within the Commercial Center, of an elevated pedestrian circulation system. This system would link the pedestrian bridge to the World Trade Center with the lobbies of all major building. The elevation of the system would be at approximately +32 feet.

Elsewhere in Battery Park City the projected pedestrian flows will be less and the provision of elevated pedestrian circulation systems are not warranted except where crossing of Westway cannot be easily accomplished at-grade.

Much lighter pedestrian movements will occur within the neighborhoods. Shopping, school, and social pedestrian trips will be handled primarily on the main avenues where two different design features are provided. The avenues have on one side an all weather arcade and on the other, a 40 foot wide linear park, thus providing for both winter and summer movements.

The third set of pedestrian movements are those that are related to the waterfront, the esplanade and parks. These movements are generally



Pedestrian Circulation

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for recreation purposes and include both north/south movements along the waterfront and movements through Battery Park City along east/west streets.

5.7 Parking

Parking at Battery Park City should be more simply provided for than in the current project plan. It is recommended that each project provide for its own parking. This would follow present practice in New York City. Each building parcel should be subject to parking requirements that reflect its nearness to main highways, its access to mass transit, the number of households to be housed there, the income mix, and other criteria.

Parking standards, as evolved during the next stage of planning, should also be consistent with proposed regulations limiting parking as part of the Air Quality Control Plan for New York City. The effect of these regulations may be to reduce the number of spaces to be provided in Battery Park City.

5.8 Open Space

The most treasured public resource in high-density Manhattan is its open space. The revised Battery Park City Plan has given absolute priority to preserving most of the project site as open space. The Hudson River waterfront is Lower Manhattan's greatest potential recreational amenity. This plan shows how that potential can be turned into reality. The proposed open space plan is shown in Figure 12.

Virtually 70% (65 acres) of the site has been allocated to open space. This is more than was provided for in the earlier plan.

The following Table shows the breakdown of space devoted to public recreation, and public rights of way.

Table VII 1979 Master Plan

Summary Of Open Space Recommendations

Type	Acres	Percent of Total Site
Public Open Space	28.0	30.2%
Private Open Space (Assuming building coverage of 50%)	19.0	20.5%
Public Rights of Way	17.8	19.2%
TOTAL OPEN SPACE	64.8	69.9%

Source: Alexander Cooper Associates

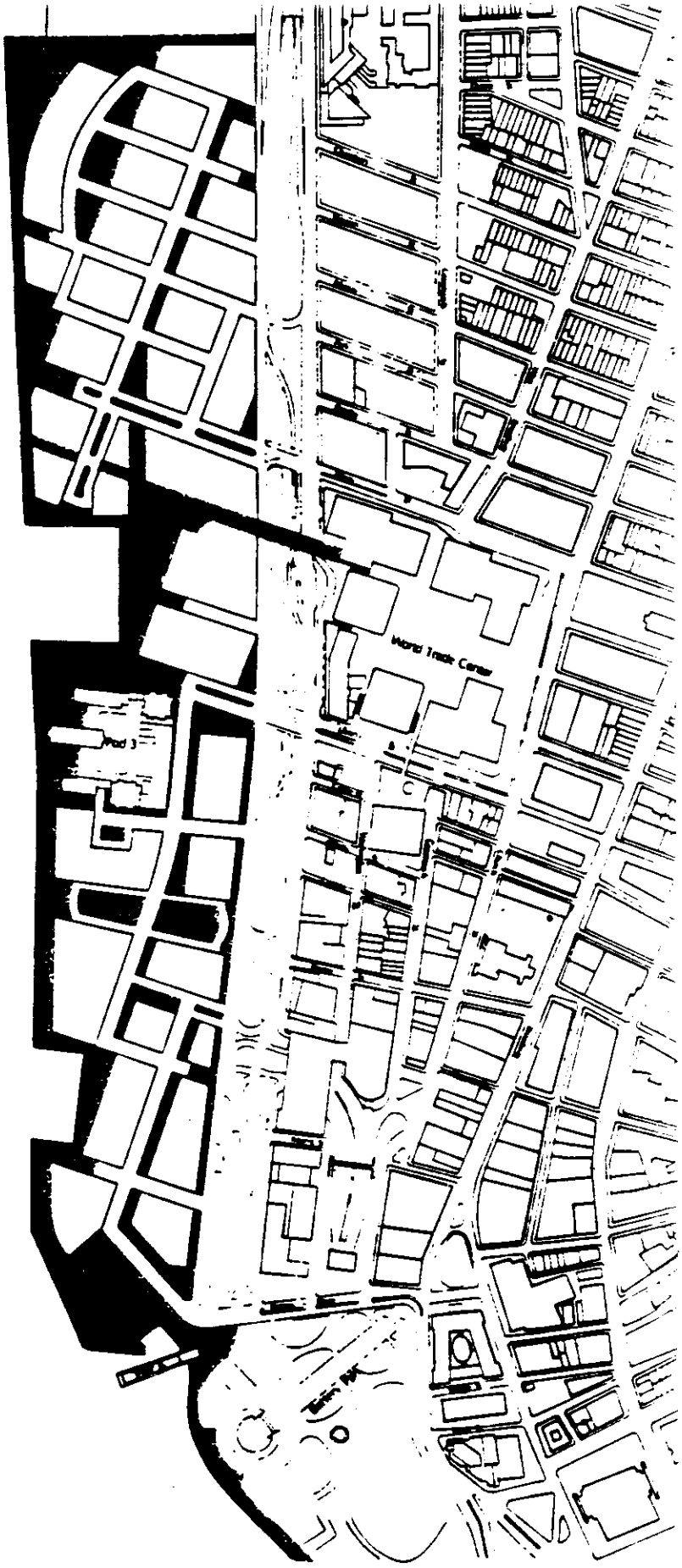
Parks, esplanades, and other types of public open space will cover 30 percent of the project's site. Building courtyards, resident parks, and other private open spaces will account for another 20.5 percent of the site. And streets, pedestrian ways, and other public rights of way will comprise the remaining 19.2 percent.

Recreational activities along the waterfront will be the principal public amenity of Battery Park City. A broad esplanade will give the public access to the Lower Manhattan waterfront for the first time (see Figure 12). The esplanade will stretch the entire length of Battery Park City, linking a planned extension of Battery Park at the southern end to a new public park at the northern end. Unimpeded view of the harbor, and the Jersey shore will be available from the esplanade. Pedestrian walkways and sidewalks will link directly with the esplanade. The proposed overhead walkway from the plaza of the World Trade Center to the esplanade will make it possible for pedestrians to go from the transit stations at the World Trade Center to the farthest ends of the esplanade without once crossing a street. Other access points to the esplanade will follow the street system and pedestrian walkways. The grid alignment in the plan is based upon its orientation to the waterfront.

Landscaping will be the second amenity at Battery Park City. Most of the park areas will be densely planted. Some will be designed as places for relaxing during lunch hours or for restful retreats from the fast pace of the nearby City. Others will be grassed areas for more active recreational pursuits.

The open-space plan has been organized as a sequence of experiences. Most of them will be described as we summarize the plan's "special places" in the following section.

In brief, at the south end of the project will be the extension of Battery Park mentioned earlier. Farther north will be Rector Place, a large space that will link the upland area with the waterfront esplanade. The Commercial Center will be the site of a 4.2 acre plaza and a Winter Garden. At the end of Vesey Street will be another prominent open space. Finally, a large park will be defined by the curving building wall at the north end of the esplanade.



Open Space

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The design of the open-space system will take account of weather extremes. Planting pattern will vary by the season. Trees will be located in areas where they can break winter winds. And since the buildings along the inner streets and avenues will act as windbreakers on their own, these acres also will be planted so that they can act as attractive alternatives to the esplanade during the cold winter months.*

Land use, streets and blocks, circulation, and open spaces--have all addressed the planning, design, and development possibilities of the Battery Park City site and its surroundings. They form a unified plan (Figure 13) and a cohesive strategy for project execution. The consultants believe that the plan offers public decison makers and private investors a marketable framework for achieving the important public objectives of Battery Park City. This framework is still preliminary and can only become a finished master plan after review and consultation by those who will turn the plan into reality. We see plan making and implementation as interrelated parts of the same process: successful city building.

5.9 Special Places In The Plan

The overall site plan for the project illustrates, in general, terms the design concepts described earlier in the report. Within this plan there are certain areas of special significance. These areas have locational primacy or particular design potentials that give them an important role in the realization of the plan. The way in which these "special places" are developed will be extremely important in determining the design quality of the project as a whole.

The following describes the individual characteristics of each of seven special places. It also makes recommendations as to how their particular qualities may be realized in the development process. The location of the place is illustrated in Figure 14.

The last of the special places is the Commercial Center and it is given more detailed consideration than the others. Project implementation will occur there first, and the early completion of its office and retail developments is vital to the overall resolution of the Authority's financial problems.

* For recommendations of planting and design concepts for esplanade and other open space areas, consult: Battery Park 1979 Master Plan: Open Spaces and Landscape Design Proposals, Zion and Breen, Inc.

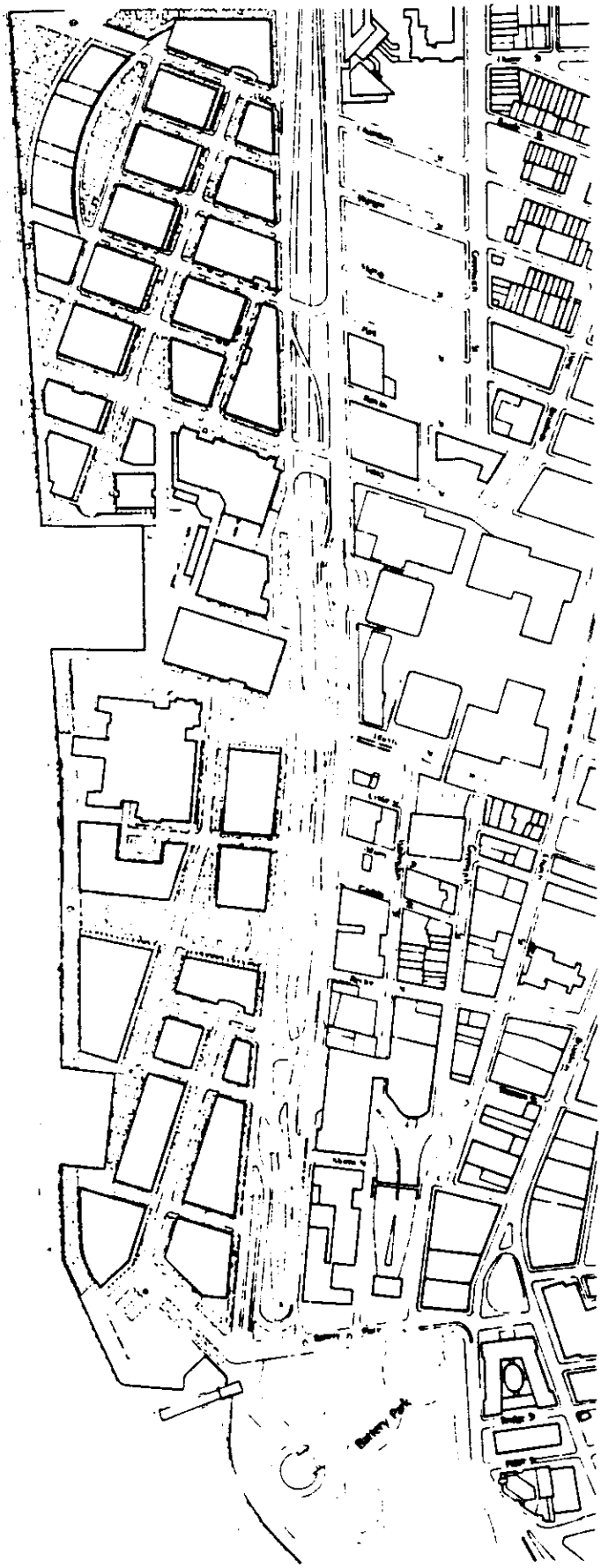

Figure 13

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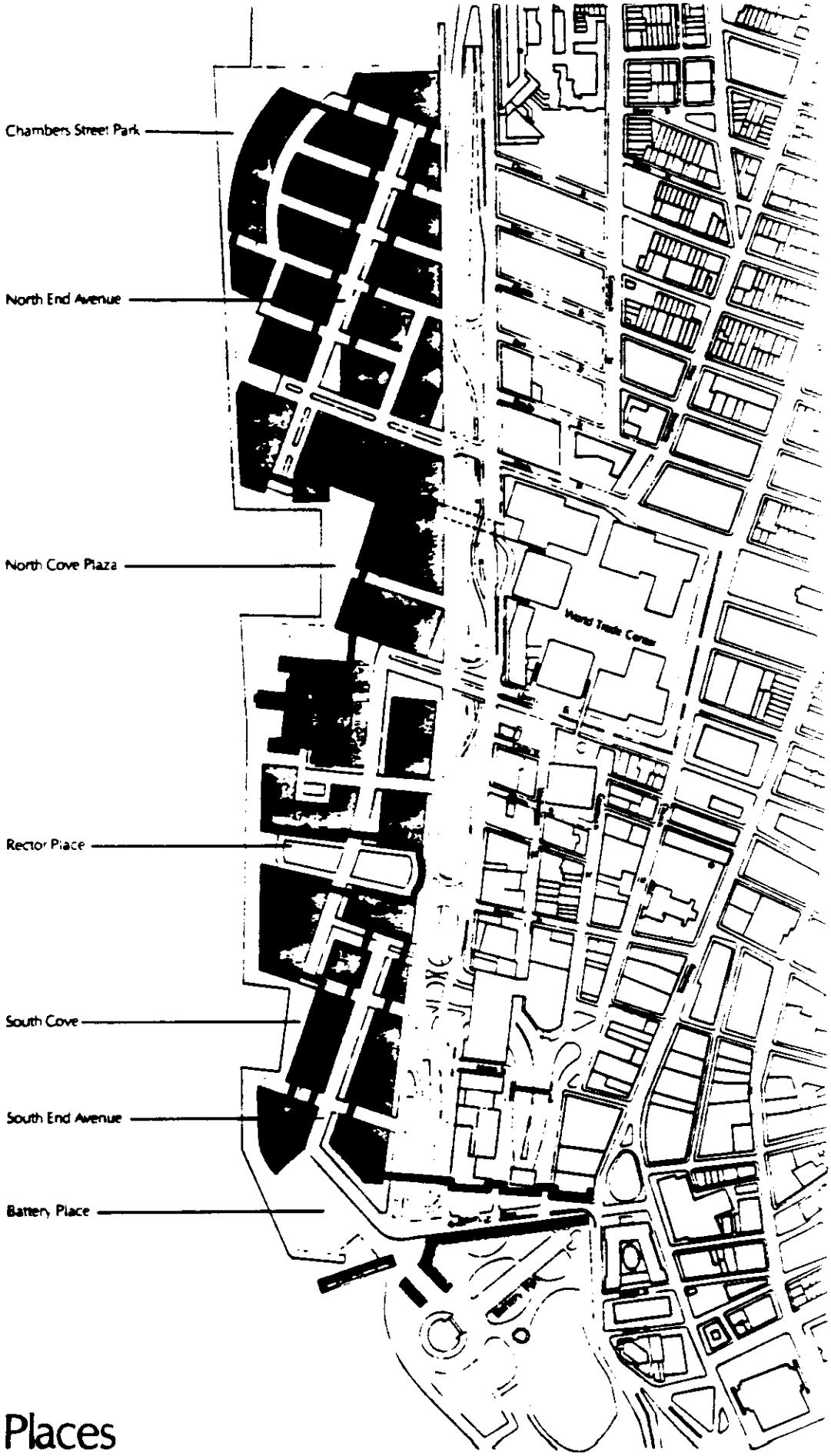
Figure 19



Special Places

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5.9.1 Battery Place Park

At the southern end of the site, a large public park will be created, at the end of Battery Place, as an extension of Battery Park. The new park will be the most southerly open space in the project, and it will serve as the entry point for people from the existing park and from Battery Place (Figure 15).

The park's size, attractiveness, and views will make it an important resource for Lower Manhattan and the City. It will be large enough to provide for activities that are metropolitan in scale. The dense planting and landscaping should give the park a quiet and shaded character. It will compliment and enhance historic Pier A, which will be the combined focus of recreational and commercial activities.

Views from the park will be the best at Battery Park City. Spectacular panoramas of the harbor, the Statue of Liberty and the Narrows Bridge will be visible. The Battery Place Park will be the southern terminus of Battery Park City's own waterfront esplanade.

A site could be designed within the park for eventual construction of an appropriate public institution--perhaps a museum or art gallery. No institution has yet been selected, but the presence in the park of a low-scaled, high quality building with public amenities would add to the park's distinction and character.

Figure 15

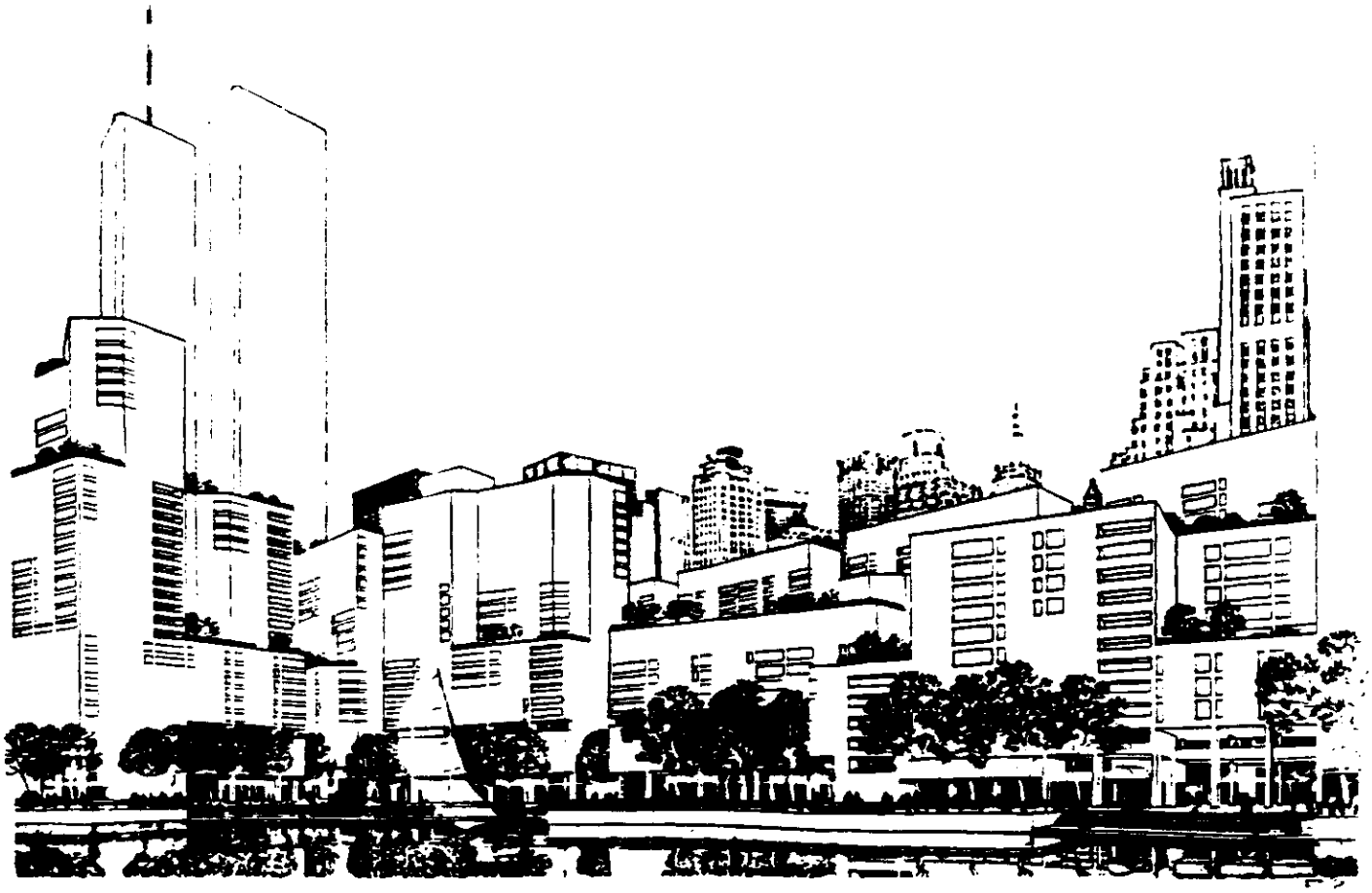
Battery Place

5.9.2 The South Cove

This cove presents a physical design opportunity in the design of the southern residential neighborhood. The waterfront esplanade will be open to the public; however, it can be a quiet spot with a feeling of enclosure and intimacy. To create this feeling, the esplanade and the space should be restricted in size and the "building wall" should be brought up close to the water. The spatial experience would contrast with the more open character of Battery Place Park to the south and the commercial center plaza further north (Figure 16).

Figure 16

South Cove

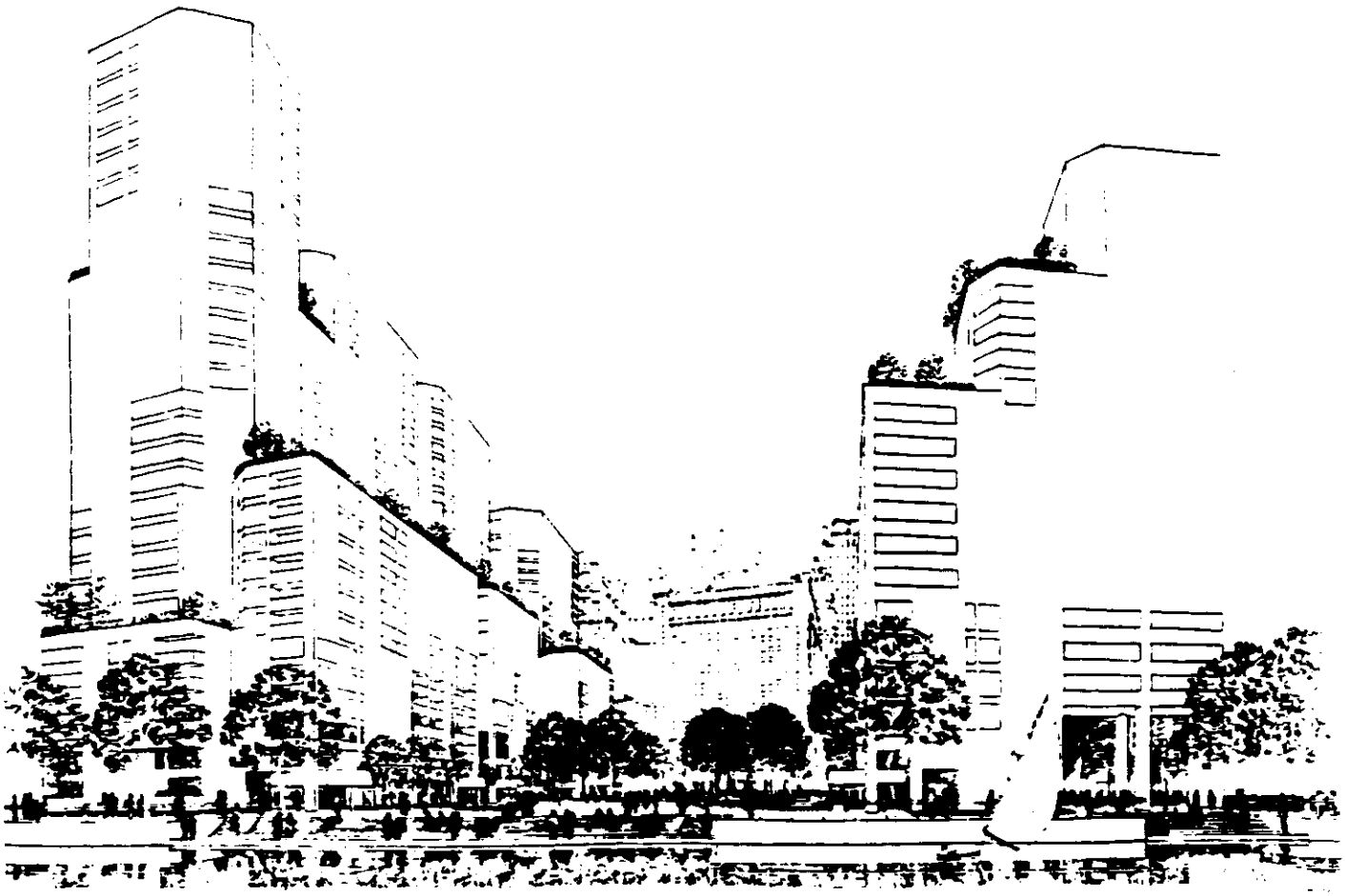


5.9.3 Rector Place

The open space at Rector Street is treated as a three-acre landscaped square reminiscent of an European city. The space spans the entire width of Battery Park City from West Street to the esplanade. Its generous dimensions serve two purposes: first, it accomodates pedestrians moving from the office buildings and subway stations along Rector Street to the waterfront esplanade; second, the residents of the area can use it as a neighborhood park. Office workers will not only pass through Rector Place, but they are likely to find it a handsome spot for lunchtime reading and relaxing. Residential development will benefit from the park and it will become an address of distinction. The landscaping will be formal and related to the urban character of the space (Figure 17).

Figure 17

Rector Place



5.9.4 The North Esplanade and Park

The entire length of the waterfront esplanade will be open to the public. The section bordering the northern neighborhood is designed to be of a different character from that to the south. Fewer office workers and tourists will come this far north so that the character and use of the esplanade can be oriented to the needs of local residential neighborhoods. At its northern end, the esplanade will open out into a neighborhood park. This park is expected to serve the adjacent residential areas with provision for generally more active pursuits. There are buildings on only one side of the park and it will be open to the sun all day. The surroundings will be quiet, and the park will have unparalleled views up the Hudson River to the George Washington Bridge (Figure 18).

Figure 18

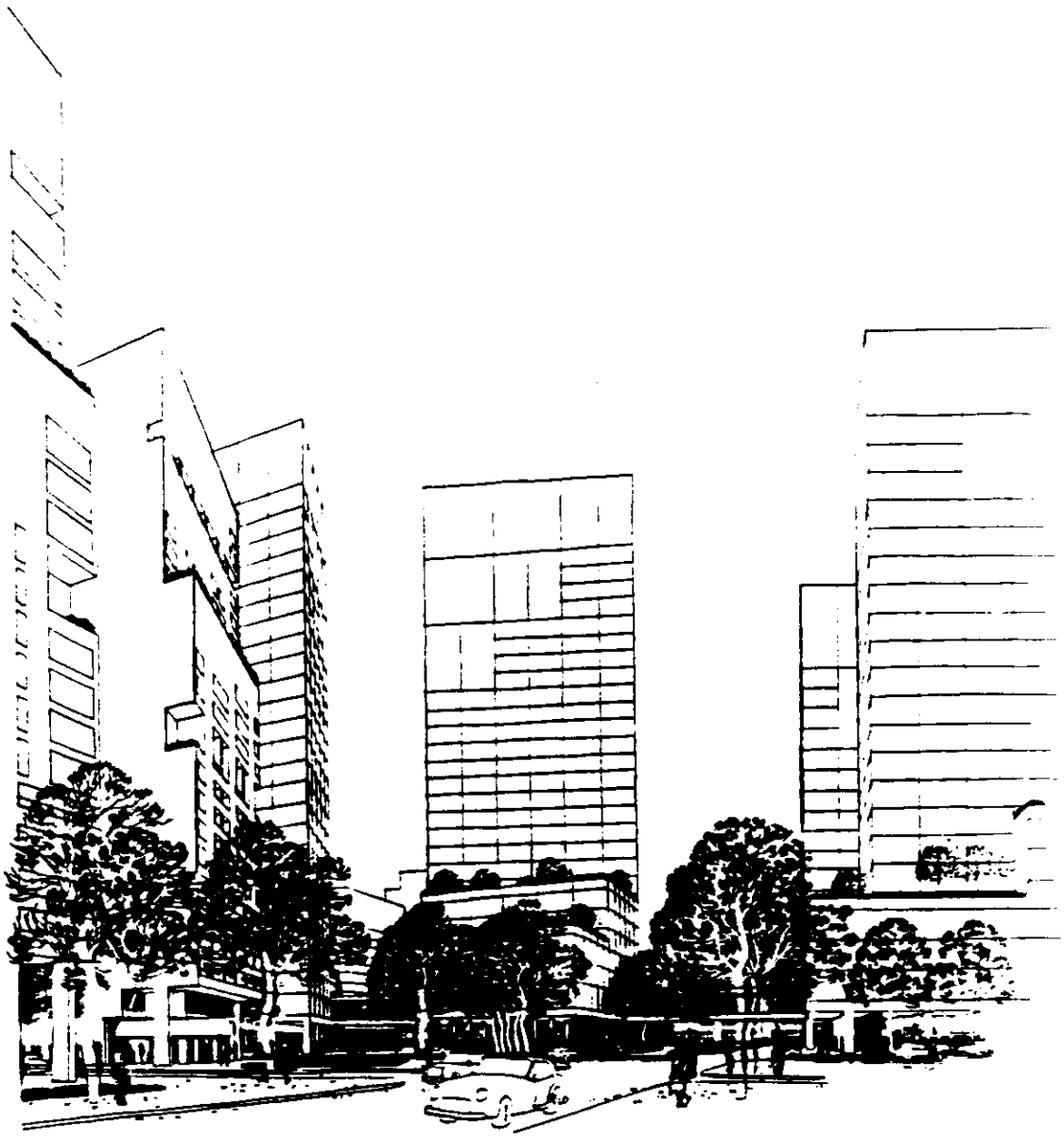
Chambers Park

5.9.5 North End Avenue

The northern residential neighborhood will have as its main street the North End Avenue. More than half of the right of way will be landscaped, and a 40 foot linear park will run down the east side. The park will give the avenue a special attractiveness for pedestrian movements in the summer. Adding to the avenue's unusual quality will be a dramatic southern vista to the commercial center and to the cove and the harbor beyond. As with other streets in the project, the visual association with the river will be present at all times. No other avenue in New York will have such a dramatic relationship with the river and the harbor (Figure 19).

Figure 19

North End Avenue



5.9.6 South End Avenue

This avenue will have the same design features as North End Avenue. However, its alignment is more complex than the avenue in the north. It is oriented toward the water and harbor views, and it has two vistas. One is contained by the small scale space at the South Cove. By contrast, the other vista is wide and open and focuses on the Battery Park Place and the harbor beyond.

The avenue will have an arcade on one side for shelter for the pedestrians during the winter and a broad linear park on the other side. The linear park will provide not only a pleasant shaded space for walking and strolling but also a setting for sidewalk cafes and summer activities (Figure 20).

Figure 20

South End Avenue

5.9.7 The Commercial Center

Of all the special places described here, the most important is the commercial center. Its central location and heavy public use means that its design will be a critical determinent of the "image" of Battery Park City. Accordingly, a more detailed design study of the commercial area was undertaken by the consultants. It was the only section of the plan where specific building forms were developed to test design concepts.

The design of the Commercial Center capitalizes upon the following locational advantages of the site:

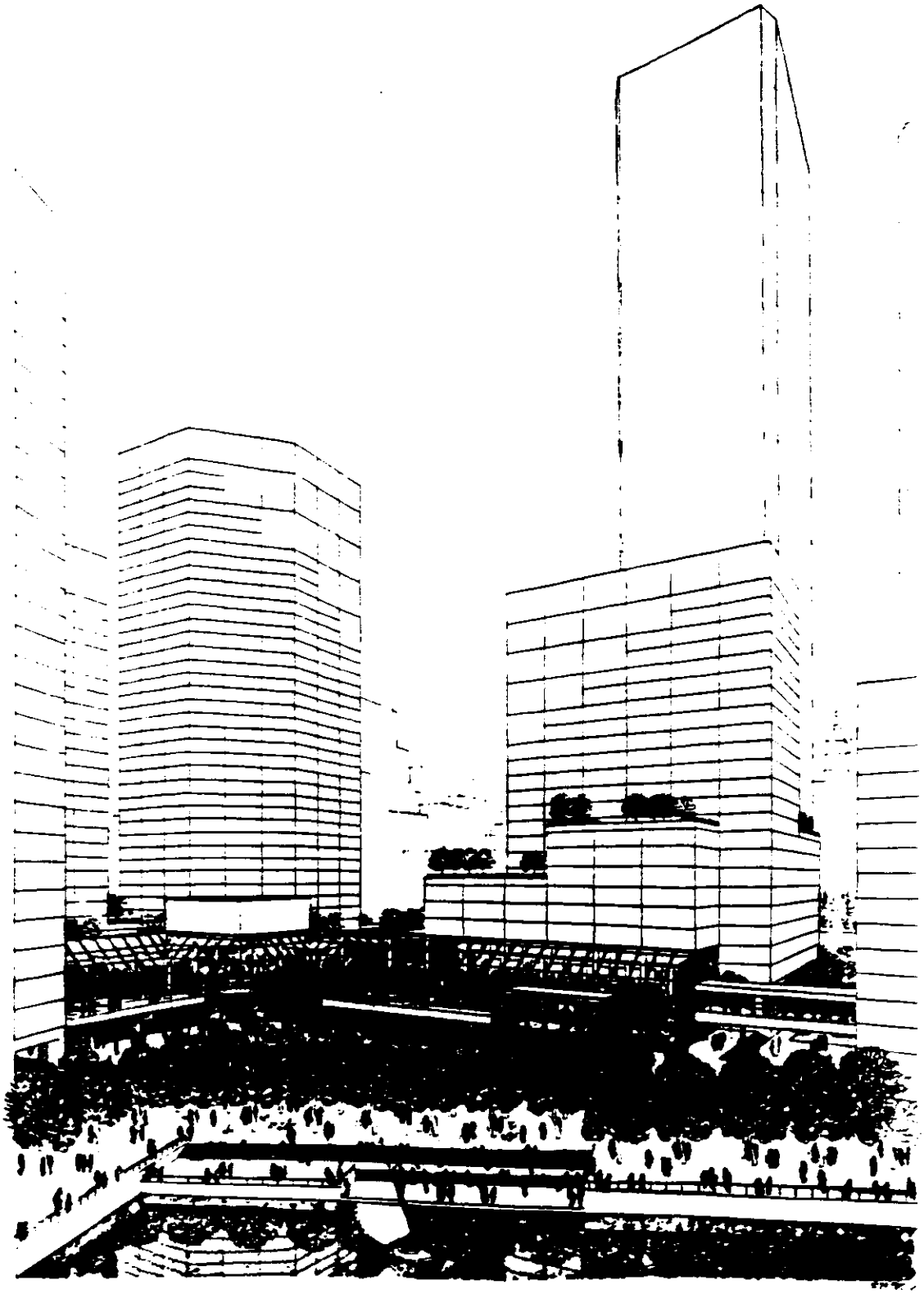
- Closeness to subways, the Path terminal and other mass transit
- The presence of large numbers of office employees, shoppers, and visitors in the immediate area, principally at the World Trade Center.
- Sufficient flexibility to provide a range of large or small de-delopment parcels adjacent to the World Trade Center
- The amenity of a waterfront location
- Immediately access to taxis, buses, and other vehicles via West Street/Westway.

The design concept for the commercial center provides for the integrated development of separate buildings. Office towers will be grouped around a generously proportioned plaza framing the north cove. Building bulk will be controlled. An upper level weather-protected walkway system will interconnect the buildings and, in turn, bridge across West Street/Westway to the World Trade Center Plaza (Figure 21).

Vehicular traffic will circulate at ground level using three peripheral streets--West, Liberty and Vesey. Separate vehicle access points are provided for ground level lobbies, parking and building service. Private drop-offs, frontage roads and service streets are provided where required. These facilities will provide access to parking and building service entrances and will ensure that vehicular traffic is handled without requiring curbside servicing. Limited parking will be permitted within each development parcel and provision will be made for taxi stands.

Figure 21

Commercial Center



Pedestrian circulation is provided at the ground level along landscaped sidewalks, and at level +32 where the overhead pedestrian system described earlier will link the office towers and connect to the World Trade Center. The projected pedestrian flows for this elevated walkway system are very large and volumes of over 30,000 persons per hour moving across the bridge to the World Trade Center are forecast for peak hour.

Creating the overhead walkway system will require coordination among the developers, (who would provide lobbies and connections within their buildings) and the Authority which would be responsible for bridging streets to interconnect buildings.

The most important amenity of the pedestrian system will be a Winter Garden which would line the edge of the plaza and form the year round climate controlled "mixing chamber" for the pedestrians using the buildings, the elevated pedestrian circulation system and the North Cove Plaza (Figure 22).

The Winter Garden will have continuously changing landscape treatments. Retail, personal service and restaurant establishments serving the commercial center will be accessible through the space created by the Winter Garden.

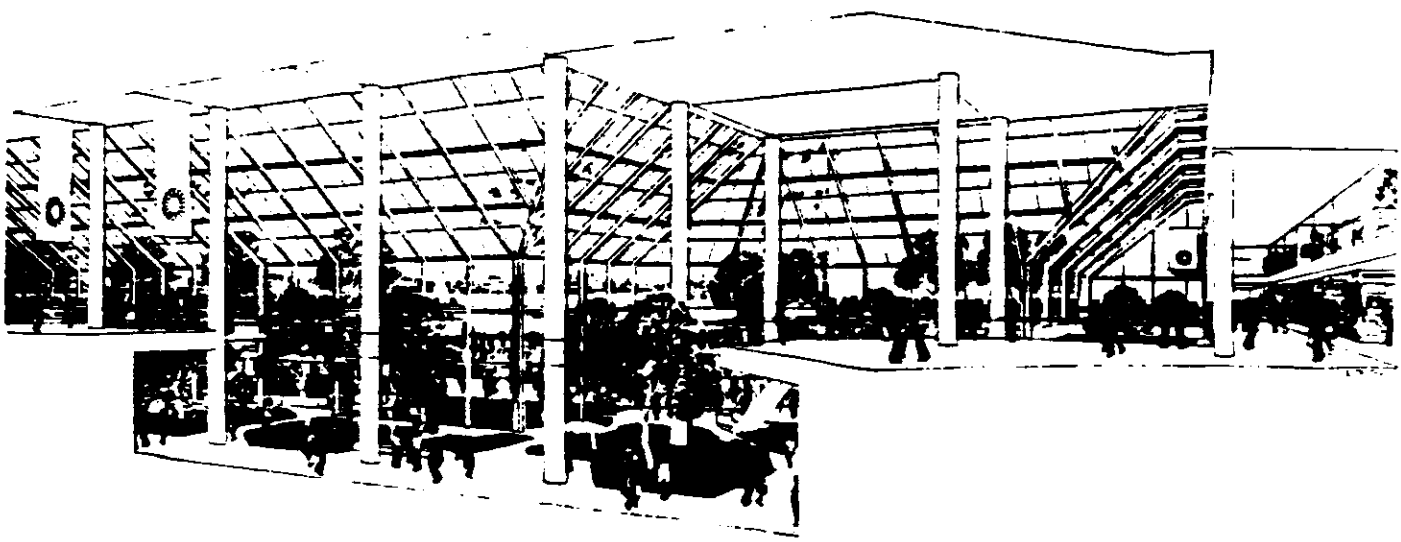
The North Cove Plaza will be the most important and heavily used public open space in the project. It will be an elegant urban space designed to the highest standards and framed by buildings and providing a setting for a wide range of activities. Formal planting and trees will provide contract with the predominently "hard" landscape treatment required to meet the heavy usage expected.

The commercial center will have a wide enough range of development parcels to offer a spectrum of development possibilities. There is sufficient flexibility within the design concept to allow parcels to be modified for specific building configurations. The vehicular and pedestrian circulation systems are shown in Figures 23 through 26.

Creating a new commercial center immediately adjacent to the World Trade Center presents an unusual challenge. Since the World Trade Center has taken on symbolic value, the new commercial center should not diminish the twin towers by rising too high. Therefore, a maximum building height for the commercial center should not exceed half

Figure 22

Winter Garden

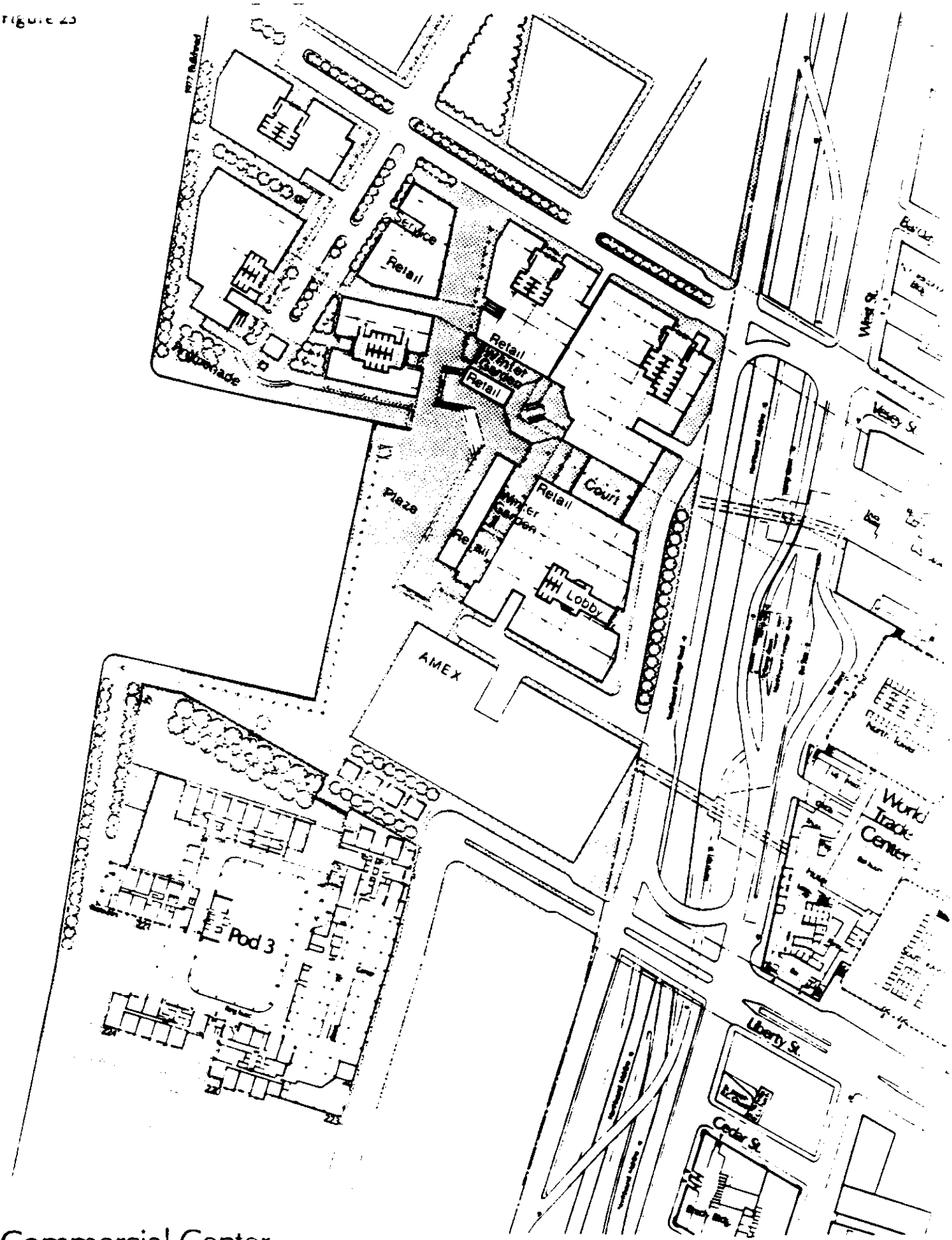


the height of the World Trade Center. At this height, buildings would be in scale with the tallest existing building adjacent to the Trade Center--The Bankers Trust Building.

A second element of the design relates to the junction between the new buildings and the pedestrian environment. Office buildings should be consciously designed with a base configuration that is small scale and related to pedestrian activities. Towers rising from empty plazas should be avoided. Instead, towers should sit on a podium that is referenced to the sidewalk line. A system of uniform setbacks, as mentioned earlier, will be developed to avoid the overwhelming presence of tall towers, when viewed from the sidewalk. The test of building design will be its impact at the pedestrian scale.

Another scale must also be recognized at Battery Park City for future building design: That of the skyline when viewed from the harbor. The massing of building forms at the commercial center should include lower structures near the river and higher structures at West Street. This massing will step up building heights toward the Trade Center, thereby respecting the traditional pyramidal shape of the Lower Manhattan skyline.

Figure 23



Commercial Center
Street Level

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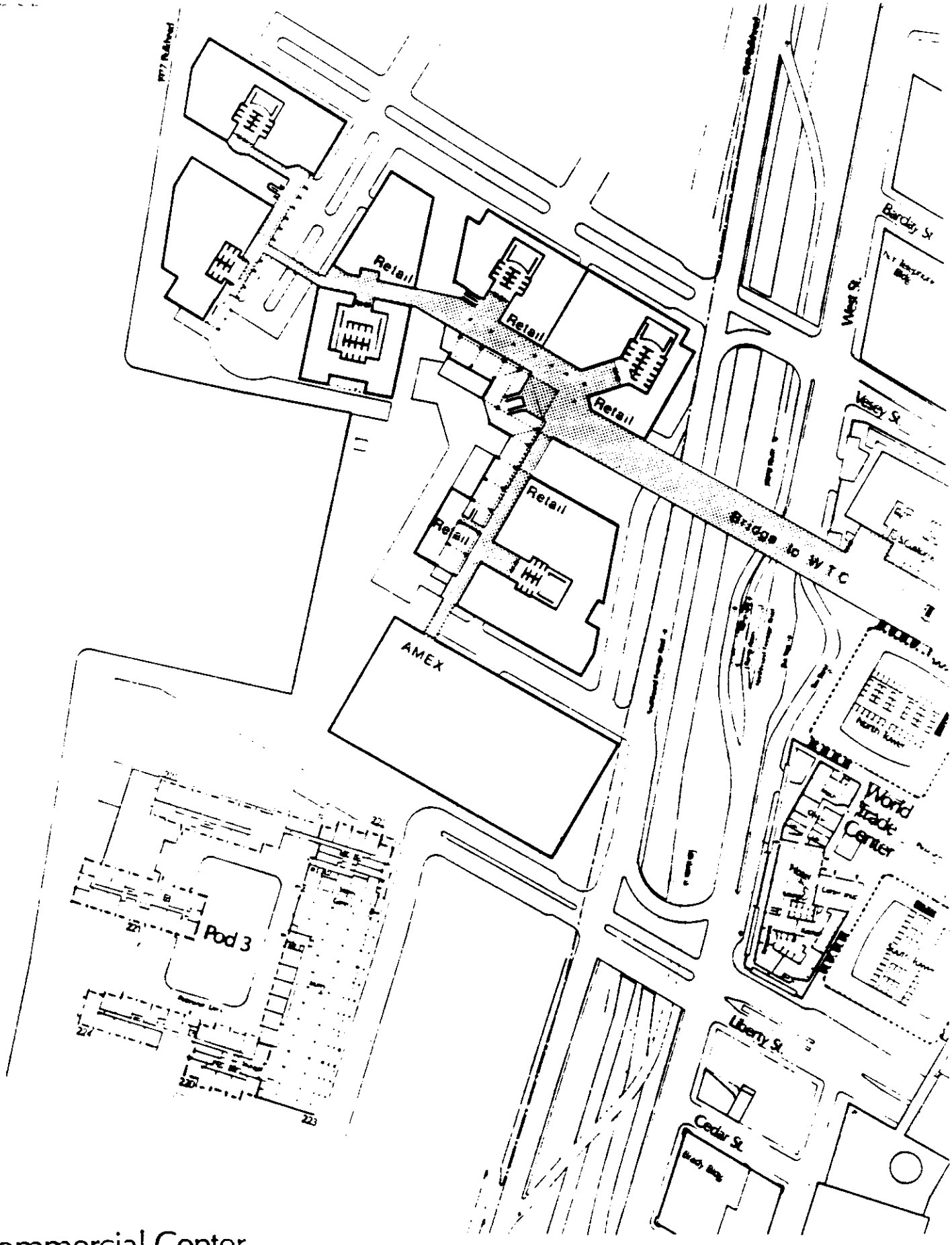

Commercial Center
+32 Level

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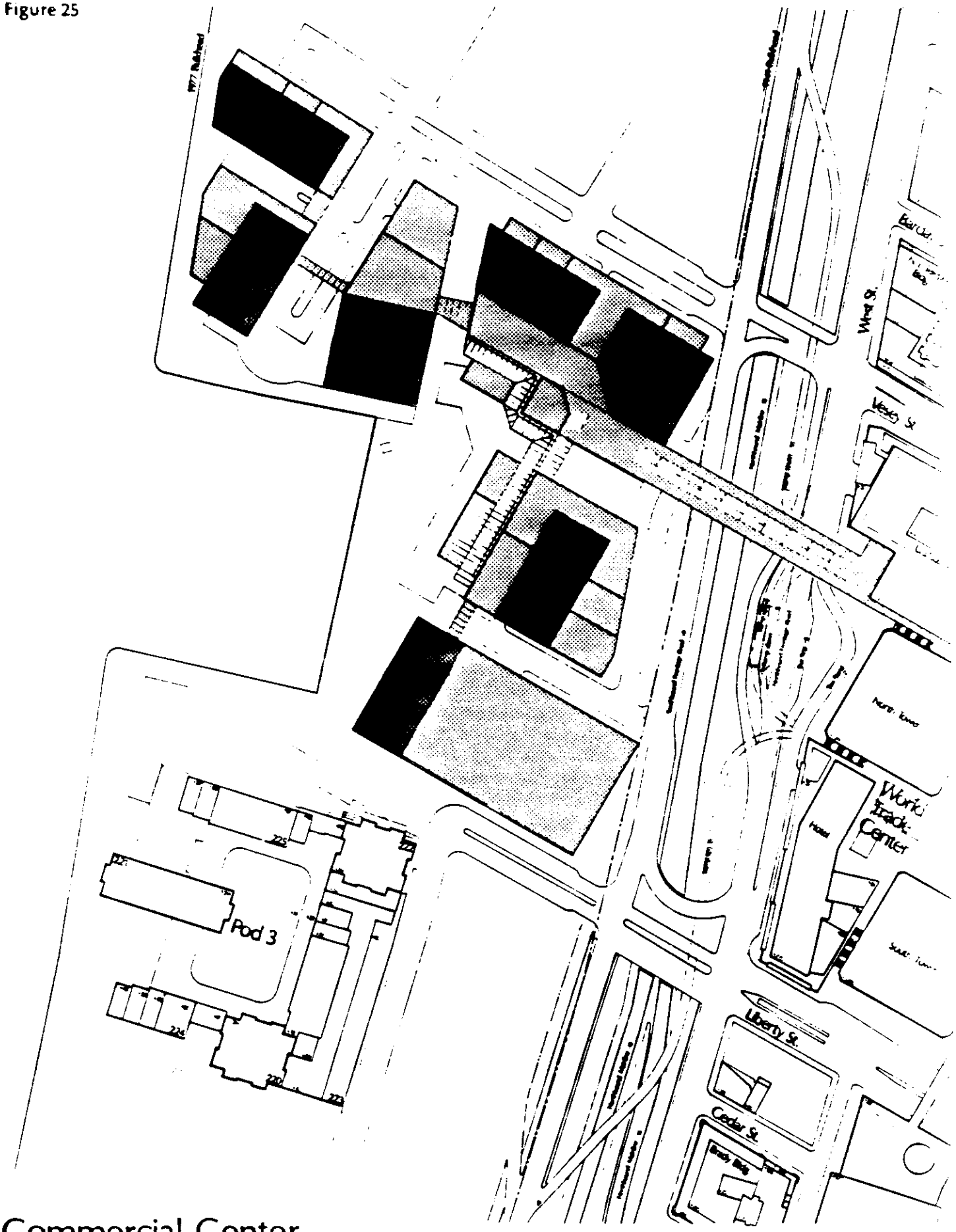
Figure 25



Commercial Center
Roof Plan

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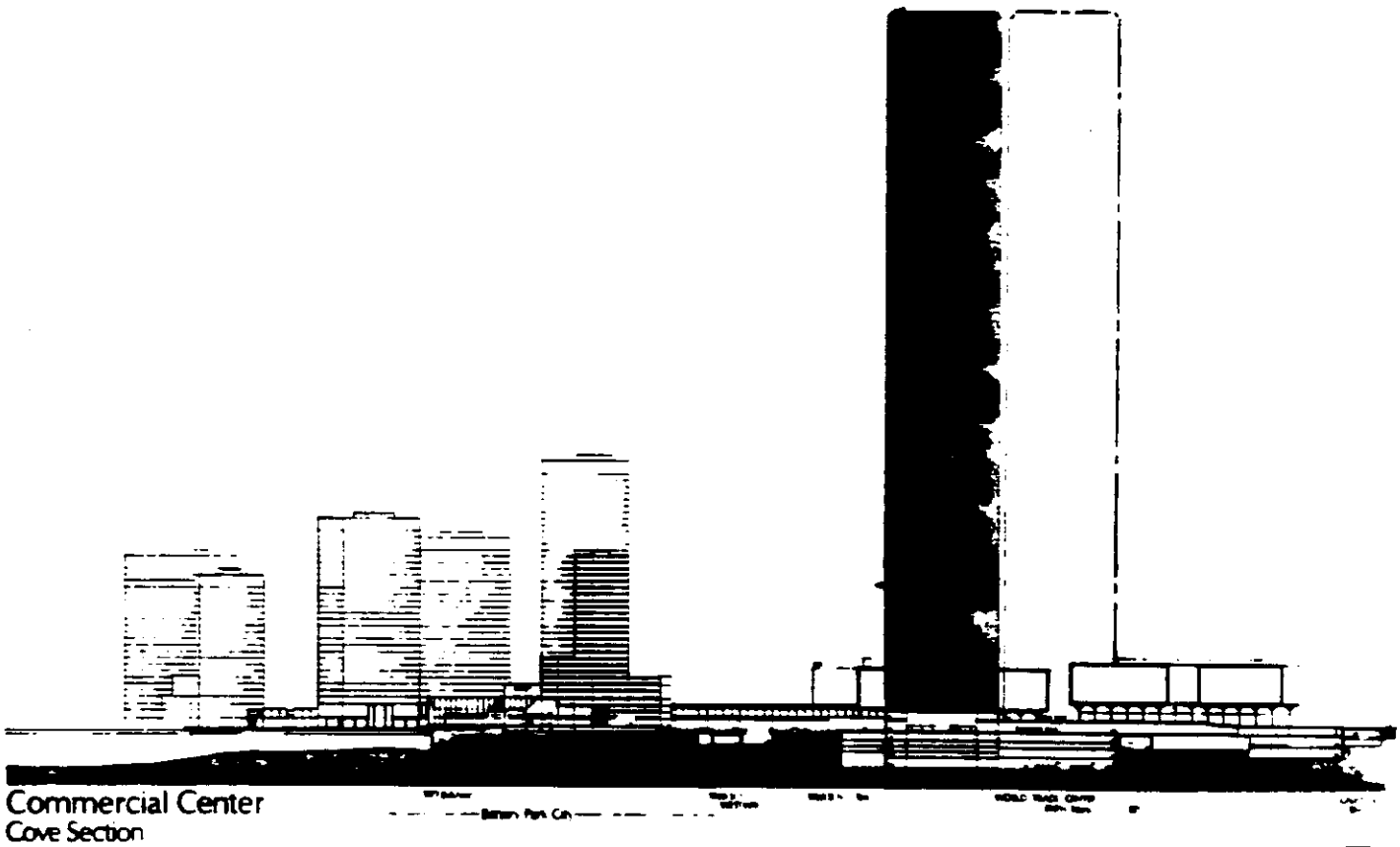

Commercial Center
Cove Section

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Chapter 6
Implementing the Plan

CHAPTER SIX: IMPLEMENTING THE 1979 MASTER PLAN

This report will serve as a framework for discussions among the Authority, the State and the City; it will also help to structure the dialogue with the development community that will construct large parts of Battery Park City. The revised plan will, and should, be subject to the scrutiny of those most concerned before it is finalized. The concepts presented are open to modifications that could improve its amenities or accelerate the development of the property.

It is felt that the framework proposed here capitalizes on the assets of the natural location, provides a responsible public investment program, and creates a superior living, working and leisure time environment for New York City. The plan shows how Battery Park City can be achieved logically and compatibly.

6.1 A Strategy For New Development Controls

Appropriate means of implementing the plan are an important aspect of the review discussions. The consultants have made a number of suggestions about implementation in the course of describing the plan. Primary among them are uncomplicated techniques such as street mapping and zoning classifications for the majority of the site. These are traditional methods available in New York City that should prove more reliable than the Special Zoning District that controls the existing Battery Park City Plan.

In the commercial center a different approach is warranted. Here the integrated nature of development suggests a method of controls that is broader than lot-by-lot regulations on building height, bulk and setbacks. Flexible controls are needed for two reasons: to achieve the design quality of the recommended site plan and to allow a ready response to changing market requirements.

Design quality will require the sensitive handling of the relationship between individual building heights and building setbacks from the major perimeter streets, in order to protect adjacent properties.

Market requirements can be expected to change substantially over the ten to fifteen years during which the buildings of the commercial center will be constructed. Controls must be able to adapt to changes

in the necessary lot size, bulk of building, and amount of coverage that will be allowed for any particular size, bulk of building, and amount of coverage that will be allowed for any particular structure.

Experience has shown that the simplest mechanism for achieving both of these purposes is a "large-scale development plan". This approach has been used successfully by the City in several areas to achieve an integrated development. Such a plan offers a direct but flexible control mechanism for the commercial center.

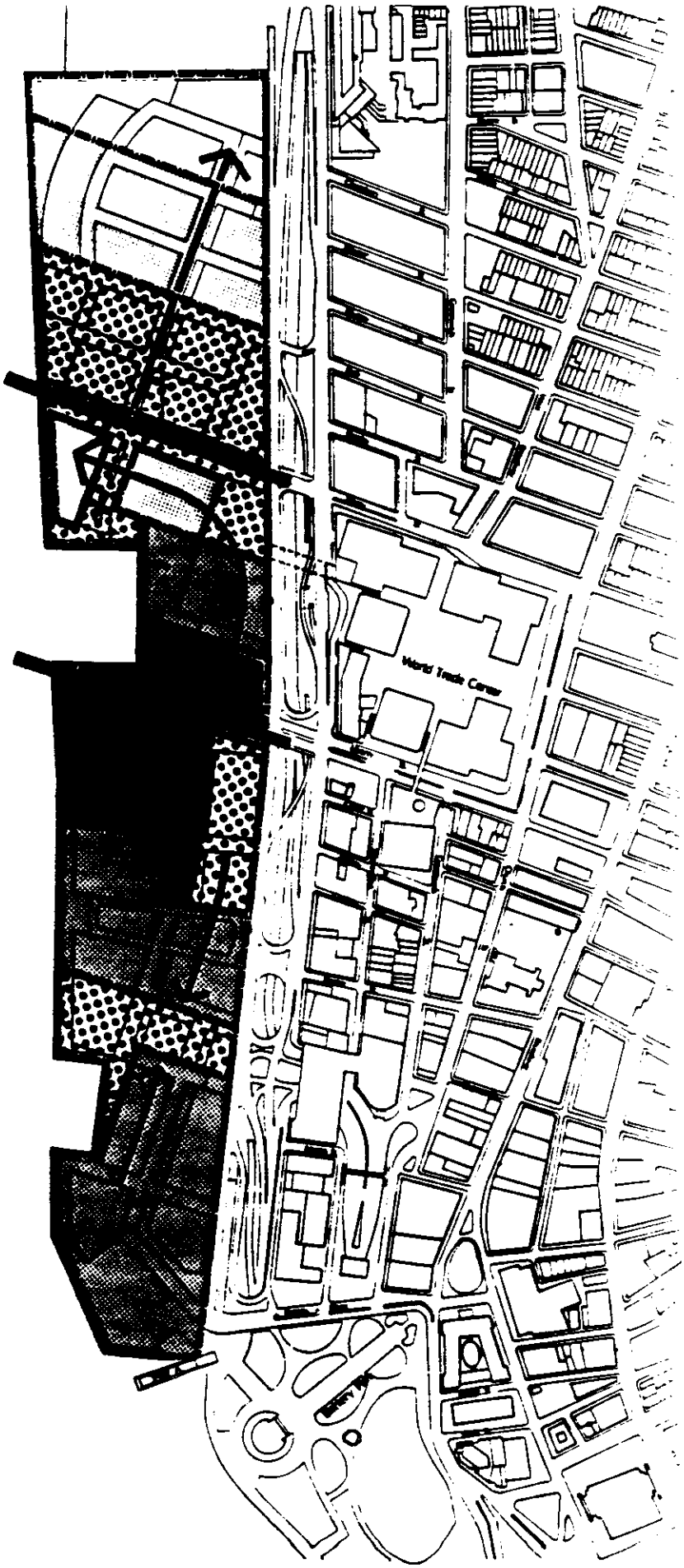
In brief, the commercial center would be set off from the rest of the project by an imaginary regulatory boundary. Within that boundary, the Authority would have the freedom to implement the site plan in an integrated fashion, rather than on a lot-by-lot basis. All building bulk would be pooled, in order to allow for a flexible distribution of bulk and open space around the commercial center. Individual parcel lines would become secondary to the desire to achieve various building sizes with differing coverage requirements.

Clearly, there would have to be a restriction on overall bulk if congestion is to be avoided at the ground level. The consultants propose that the large-scale development plan be limited to a maximum density of F.A.R. 15. This density would be the ceiling on the bulk of the development when it is ultimately completed. Any one building may exceed this density level, but the aggregate bulk on all building parcels cannot.

6.2 Staged Development of the Project

Flexibility has been stressed throughout this report as being of the utmost importance in approaching the development of the site. The ability to respond to changes in the market is clearly important. However, constructing the infrastructure necessary to support private development proposals has operational and cost implications. Figure 27 shows, in diagram form, the most cost effective directions that the development process might follow. These recommendations are based upon the revised plan and represent a way of staging development to allow phased construction of roads, utilities, open space and parks.

Figure 27



Phase I
Phase II
Phase III
Phase IV
Phase V

Staging Concept

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Battery Park City · 1979 Master Plan
Alexander Cooper Associates

The recommendations also make market judgments as to which of the parcels on the site might logically develop after the implementation of POD III and the AMEX building at Liberty Street.

6.3 Infrastructure Cost Estimates

A cost estimate for the development of the revised plan was prepared. The estimate was based upon current unit cost information* and a preliminary layout of sewer, water and storm drainage facilities.** Table VIII summarizes the costs (in 1979 dollars) for the main categories of infrastructure improvements. The estimate assumes sufficient improvements by the Authority to support a development program of 6 million square feet of office space and 16,000 apartment units.

6.4 Financial Implications for tne Authority

Earlier this report notes that even if development were to proceed immediately on projects in Battery Park City, the Authority would not be able to meet its financial obligations throughout the 1980's.

The revised plan, the recommended staged development plan and the infrastructure cost estimates presented earlier in this chapter have all been used on the basis for the preparation of a series of long range cash flow analyses. These analyses have been carried out in order to eliminate the order of magnitude of additional financial support that the Authority will require to carry out the three proposals outlined here.***

Cash flow for both ten and fifteen year absorption rates were prepared and they indicate that funding is initially required from an outside source in 1981 to meet the first bond amortization payment of $1.9 million. Such amortization fundings continue through 1983 and 1984, respectively, at which point all bond proceeds have been utilized except the $14.3 million Project Debt Service Reserve Fund. Thereafter, additional funds from an outside source are required up to cumulative

* See Battery Park City 1979 Master Plan: Construction Costs, Donald Wolf and Company.

** See Battery Park City 1979 Master Plan: Traffic and Engineering Analysis, Vollmer Associates.

*** See Battery Park City 1979 Master Plan: Financial Analysis, Eastdil Realty, Inc.

Table VIII

INITIAL ESTIMATES-INFRASTRUCTURE COSTS*

(In Thousands Of Dollars)

Type of Improvement	Component Cost	Sub-Total Cost	Total Cost
1. SITE WIDE IMPROVEMENTS			
1.1 CIRCULATION		$13,700	
Pedestrian Bridge	$ 2,000		
Roads	9,000		
Traffic Signals	1,000		
POD III Access	1,700		
1.2 OPEN SPACE		$31,000	
Esplanade	$ 8,500		
Parks	16,000		
POD III	1,500		
Winter Garden	5,000		
1.3 UTILITIES		$ 8,500	
Sanitary	$ 2,500		
Storm	2,500		
Water Supply	3,500		
		TOTAL COST	$53,200
2. IMPROVEMENTS BY ZONE			
2.1 COMMERCIAL CENTER		$17,600	
Circulation	$ 2,600		
Open Space	7,000		
Utilities	1,000		
Bridges	2,000		
Winter Garden	5,000		
2.2 SOUTH RESIDENTIAL AREA (8,205 d/u)		$23,100	
Circulation	$ 4,000		
Open Space	11,900		
Utilities	4,000		
POD III	3,200		
2.3 NORTH RESIDENTIAL AREA (7,145 d/u)		$12,500	
Circulation	$ 4,000		
Open Space	5,500		
Utilities	3,000		
		TOTAL COST	$53,200

* All figures stated in 1979 dollars

Source: Alexander Cooper Associates and Wolf and Company.

amounts of $46.6 million in 1986 under the ten year absorption projection and $59.3 million in 1988 under the 15 year absorption model. Under both scenarios project cash flows become positive the year after the peak of outside funding is reached. The principal amounts of outside funds would be fully returned by 1990 and 1992, respectively. Thereafter the net positive cash flow from the project continues to increase providing additional security for the bond holders, and value to the underlying land.

The conclusion of these projections is that the successful full development of Battery Park City (as defined in this report) appears possible. Such development would provide for the repayment of BPCA bonds as required, provided that the additional capital is contributed, and repaid, over an approximately 11 to 13 year period.

6.5 Future Co-ordination

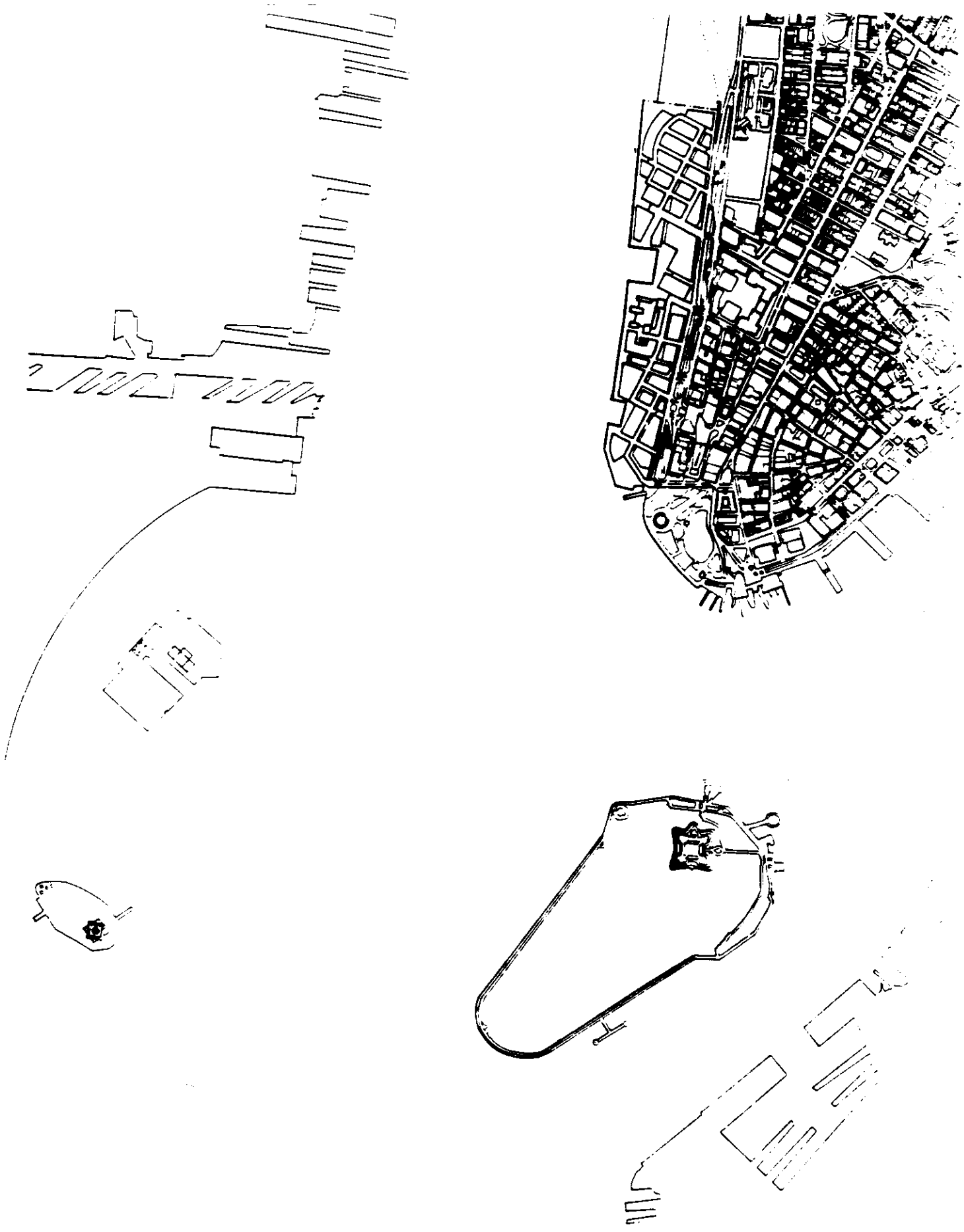
The underlying theme of this report has been that Battery Park City is not an island separate from Lower Manhattan. It is neither useful nor desirable for the State and the City to ignore the potential that this unique site offers. Rather, there appears to be strong public policy reasons to support moving ahead with the project.

It is clear that in order for this to happen, a number of modifications to the surrounding area would be desirable in order to take maximum advantage of the 1979 Master Plan proposals. The following is a partial list of important issues that need to be addreseed. For example:

- Review and modify detail designs of intersections in the present Westway plan that affects Battery Park City 1979 Master Plan.
- Commence negotiations to establish the location for an elevated pedestrian bridge linking the World Trade Center and the proposed commercial center in Battery Park City.
- Investigate the potential for integration of Battery Park City street system proposals with Washington Market Urban Renewal Project.
- Undertake an analysis of alternative approaches for meeting the energy requirements of the revised plan.
- Develop a set of agreed upon bulk and density controls that meet the plan's criteria for flexibility and development efficiency as well as the City's policy objectives.

- Move towards the early adoption and mapping of certain key streets in Battery Park City
- Investigate with the City the potential for closing all or parts of Rector Street to vehicles and reserving it as a major pedestrian linkage to the waterfront.
- Re-examine the Greenwich Street Zoning District to take account of the proposed changes in the 1979 Master Plan.

This short list of future co-ordination actions serves to illustrate the wide range of public and private interests that are affected by the future of Battery Park City. All parties have a legitimate interest in the success of the project and none will be served by the continued presence of such a large area of derelict waterfront land in Lower Manhattan.



New York Harbor

Battery Park City · 1979 Master Plan
Alexander Cooper Associates

Acknowledgements

Consultants

ACKNOWLEDGEMENTS

This report has been prepared by Alexander Cooper Associates. It makes use of materials developed by other professional firms that have participated in the study.

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Vollmer Associates		Traffic and Engineering Studies
Zion And Breen Associates		Landscape Studies
Cosentini Associates		Mechanical Engineering Studies
Donald Wolf and Company		Construction Costs
Donovan And Green		Graphics
Bon-Hui Uy		Renderings
Jerry Spearman		Photography

SECOND AMENDMENT TO RESTATED AMENDED LEASE, dated the 15th day of June, 1983 between BATTERY PARK CITY AUTHORITY ("Landlord"), a public benefit corporation of the State of New York, as landlord under the Restated Amended Lease (as hereinafter defined), and BATTERY PARK CITY AUTHORITY ("Tenant"), a public benefit corporation of the State of New York, as tenant under the Restated Amended Lease.

W I T N E S S E T H :

WHEREAS, Battery Park City Authority is both the landlord and the tenant under the Restated Amended Agreement of Lease, dated as of June 10, 1980, originally between BPC Development Corporation, as landlord, and Battery Park City Authority, as tenant (the "Lease"), as amended by First Amendment to Restated Amended Lease, of even date herewith (the Lease as so amended hereinafter collectively referred to as the "Restated Amended Lease"); and

WHEREAS, the City of New York has promulgated a housing policy and program approved by the Mayor and the Board of Estimate and set forth in the "Seventh Year Community Development Program: Housing Assistance Plan" dated September 1, 1981 (the "Housing Plan"); and

WHEREAS, on November 13, 1981 the New York City Board of Estimate approved an amendment (the "Zoning Amendment") to the Zoning Resolution of the City of New York amending the Special Battery Park City District relating to the Project Area (as that term is defined in the Restated Amended Lease); and

WHEREAS, on January 13, 1983, the New York City Board of Estimate approved an increase in the amount of allowable retail space from 100,000 square feet to 283,000 square feet in the commercial core of the Project Area; and

WHEREAS, Landlord and Tenant desire to amend the Restated Amended Lease to insure that development thereunder is consistent with the Housing Plan, the Zoning Amendment and the January 13, 1983 Resolution of the New York City Board of Estimate;

NOW, THEREFORE, Landlord and Tenant hereby amend the Restated Amended Lease as follows:

1(a). Section 1.01(x) of the Lease is hereby amended by deleting the words "superseded and modified" appearing on the third line thereof and inserting in lieu thereof "supplemented";

(b). Schedule A to the Lease is hereby amended by deleting such Schedule in its entirety and substituting in lieu thereof Schedule A to this Amendment; and

(c). Schedule B to the Lease is hereby amended

by deleting such Schedule in its entirety and substituting in lieu thereof Schedule "B" to this Amendment.

2. As amended hereby, the Restated Amended Lease is in all respects ratified and confirmed.

IN WITNESS WHEREOF, the parties have duly executed this Second Amendment to the Restated Amended Lease as of the day and year first above written.

BATTERY PARK CITY AUTHORITY,
Landlord

By: _____
President

BATTERY PARK CITY AUTHORITY,
Tenant

By: _____
President

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

On the 15th day of June, 1983, before me personally came Barry E. Light, to me known, who, being by me duly sworn, did depose and say that he resides at 345 West 88th Street N.Y. NY; that he is the President and Chief Executive Officer of Battery Park City Authority, the Authority described in and which executed the foregoing instrument; that he knows the seal of said Authority; that the seal affixed to said instrument is such Authority's seal; that it was so affixed by orders of the members of said Authority, and that he signed his name thereto by like order.

FRANK LAGHEZZA, JR.
Notary Public, State of New York
No. 41-4750849
Qualified in Queens County
Commission Expires March 30, 1985

Notary Public

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

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FRANK LAGHEZZA, JR.
Notary Public, State of New York
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Qualified in Queens County
Commission Expires March 30, 1985

Notary Public

SCHEDULE A

MASTER DEVELOPMENT PLAN -- RESIDENTIAL AREA

AT BATTERY PARK CITY

This Master Development Plan concerns itself with the approximately 91 acres of land located between the existing bulkhead line to the United States Pierhead line from Battery Place to the edge of the landfill located approximately 300 feet north of Chambers Street extended. A map of the project area is attached as Exhibit 1.

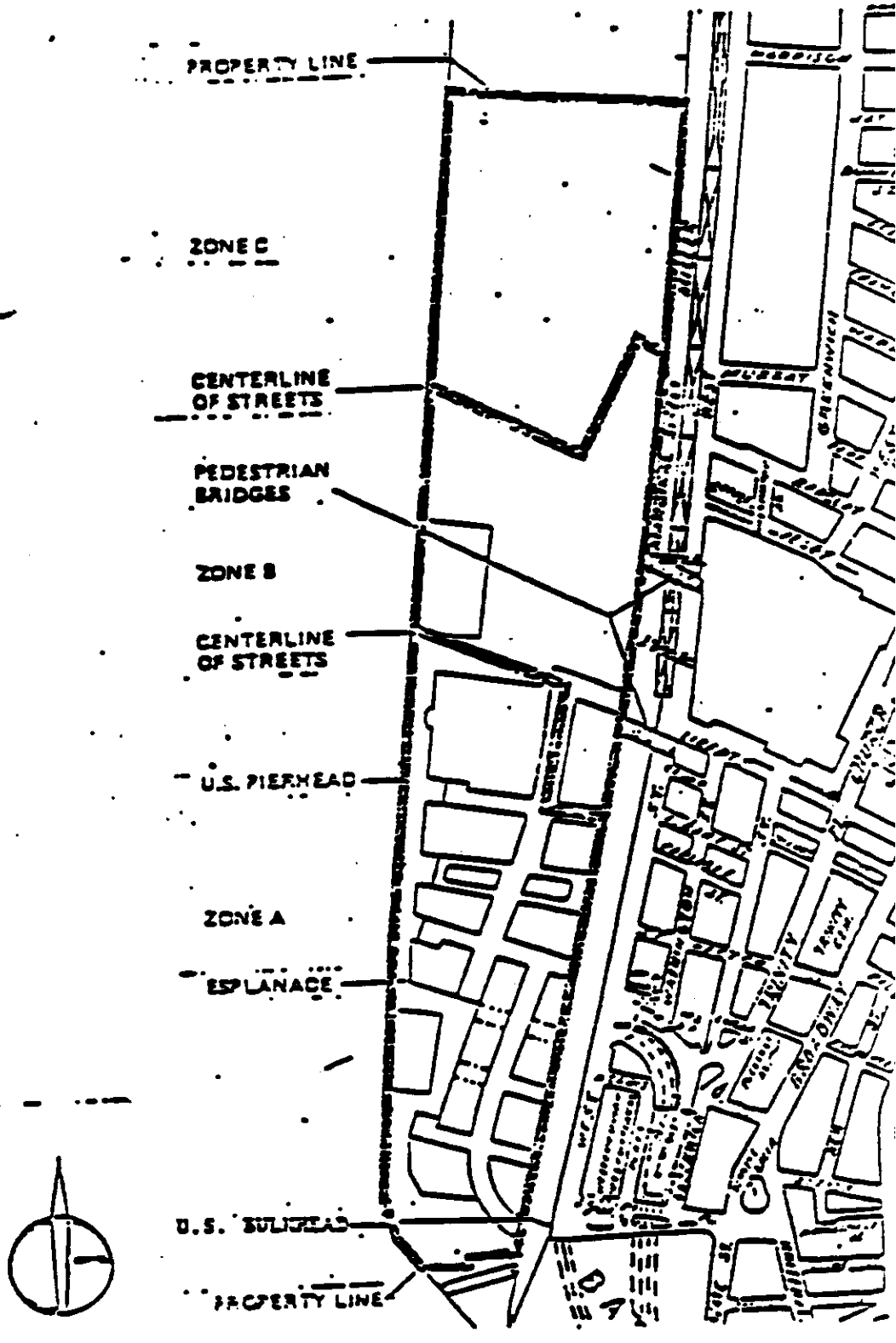
The residential area at Battery Park City shall contain no more than 14,100 dwelling units and be developed in accordance with the Zoning Resolution of New York City applicable to Battery Park City, as same is in effect from time to time, and shall be consistent with New York City's Housing Assistance Plan, as same is in effect from time to time. The development shall be predicated upon an overall development strategy that seeks to incorporate the best physical qualities of New York City. Each developer shall use every effort to make the residential neighborhood at Battery Park City an extension of New York City. This is to be accomplished by applying to Battery Park City familiar and proven design elements in existence in other areas of New York City. At the heart of each development shall be a system of traditional streets and blocks punctuated by open spaces and landscaped areas.

The residential areas shall be organized around an at grade circulation system of streets surrounding conventionally sized blocks. The use of this traditional pattern of streets and blocks is intended to establish a direct relationship to the adjoining upland areas and reflect the long-standing and successful pattern of development in New York City.

A strong relationship between streets and parks is to be created. Parks are to be integrated into the street grid and the streets are to take on the characteristics of parks wherever they meet. In some areas, such as Rector Place, North End Avenue and South End Avenue, the neighborhoods are to enjoy a direct relationship to the parks. At Rector Place, a formal landscaped park shall become a focus for the adjacent residential development. Along North End Avenue and South End Avenue, landscaping is to enhance the streets which will introduce complementary retail and commercial uses to the residential area. As the residential area is developed, the neighborhoods will take on qualities that provide a sense of specialness and create a unique address for their residents.

The development of the residential area contemplates construction of a variety of building types. This mix shall include high rise apartment towers, medium size apartment houses, and small, brownstone scaled buildings. These different kinds of structures shall be configured to complement each other, to create desirable relationships to the adjacent parks and to allow unobstructed views of the City and the waterfront wherever possible.

The residential area shall be developed in accordance with additional design guidelines that will describe the individual buildings in terms of location, bulk and materials. The guidelines also shall prescribe certain design features for the buildings such as arcades, mandatory street walls and architectural treatments. It is intended that careful application of the guidelines set forth herein and of any such additional guidelines shall ensure creation of the desired character of the residential development. All such guidelines shall govern and direct the residential development as it is completed over a period of several years by numerous developers on dozens of development parcels. Within the context of the aforesaid directives, variety of development at the residential area will be provided through the creative interpretation of the guidelines by the different developers.


PROPERTY LINE
ZONE C
CENTERLINE OF STREETS
PEDESTRIAN BRIDGES
ZONE B
CENTERLINE OF STREETS
U.S. PIERHEAD
ZONE A
ESPLANADE
U.S. BULKHEAD
PROPERTY LINE

BATTERY PARK CITY

LARGE-SCALE COMMERCIAL DEVELOPMENT PLAN

In order to promote and facilitate superior site planning and to allow greater flexibility while safeguarding the present and future uses of the surrounding areas, the following regulations shall guide development within the project:

1. Description of the Site (See Attachment "A")

(1.1) The site is approximately 15.2 acres of land bounded by the north edge of Liberty Street Extended on the south; the 1941 Bulkhead line on the east; the north edge of Vesey Street Extended on the north; and the 1977 Bulkhead line at the Hudson River on the west.

2. Use Regulations

(2.1) Total retail space may not exceed 283,000 square feet.

(2.2) The uses permitted for 100,000 square feet shall be those allowed by the New York City Zoning Resolution for general retail (Use Groups 6-12).

(2.3) In addition, uses permitted in Use Group 14, special services and facilities for boating and related activities, shall also be allowed except with respect to the 183,000 square feet of retail space referred to in 2.5 below.

(2.4) Retail uses permitted shall be limited to those intended to serve only the site; retail space shall be distributed in a shallow, linear configuration limited, except as set forth in 2.5 below, to not more than 10,000 square feet per establishment.

(2.5) For the remaining 183,000 square feet, retail space shall be limited to the following uses in Use Group 6:

6A. Convenience Retail or Service Establishments

1. Bakeries

2. Barber shops

3. Beauty parlors

4. Drug stores

5. Drycleaning or clothes pressing establishment

6. Eating and drinking places

7. Food stores, including - delicatessen stores

8. Hardware stores

9. Package liquor stores

10. Post offices

11. Shoe or hat repair shops

6B. Offices

1. Offices, business, professional or governmental, provided that the offices shall be restricted to those that deal directly with the public, such as but not limited to stockbrokers, OTB, real estate, insurance and professional offices

6C. Retail or Service Establishments

1. Art galleries, commercial

2. Artists' supply stores

3. Banks

4. Book stores

5. Candy or ice cream stores

6. Cigar or tobacco stores

7. Florist shops

8. Gift shops

9. Loan offices

10. Locksmith shop

11. Medical or orthopedic appliance stores

12. Meeting halls

13. Music stores

14. Newstands, open or enclosed

15. Optician or optometrist establishments

16. Pet shops

17. Photographic studios

18. Picture framing shops

19. Record stores

20. Stamp or coin stores

21. Telegraph offices

22. Travel bureaus

6D. Public Service Establishments

Telephone exchanges or other communications equipment structure.

6E. Clubs

Non-commercial clubs without restrictions on activities or facilities.

6F. Accessory Uses

Further, eating and drinking establishments, meeting halls, public service establishments, non-commercial clubs and theaters, and offices located on the ground (-12.5) level may exceed the limit of 10,000 square feet per establishment.

3. Bulk Regulations

(3.1) For the purposes of future development within the site, the site shall be considered as one zoning lot.

(3.2) The density of the site shall not exceed an overall Floor Area Ratio (FAR) of 15.0. This FAR is attributable to the entire area of the site, excluding those areas designated for street or public open space usage.

(3.2.1) Residential density, if provided, shall not exceed a FAR of 12.0. No residential building or residential portion of a mixed building shall exceed a floor area of 12.0 times the lot area of the site attributable to such building.

(3.2.2) For each 300 square feet of gross residential floor area, there shall be no more than one zoning room.

(3.3) Public open space of not less than 3.0 acres (20 percent of the site area) shall be provided (See Attachment "B").

(3.4) Setbacks shall be provided in the following manner:

(3.4.1) Along the perimeter streets of the site, buildings may rise on their street line without setbacks for a height of 140 feet. They must then set back no less than 15 feet for the remaining height. If a building provides an initial setback of 20 feet or greater from the street line, no additional setback is required. For purposes of this paragraph, Liberty, West and Vesey Streets shall be deemed to bej perimeter streets.

(3.4.2) Total coverage of the site by buildings above elevation +140 shall not exceed 30 percent.

(3.5) The height of any building may not be greater than one-half the height of the adjacent World Trade Center.

(3.6) The minimum distance between buildings, above a base height of 140 feet, shall be no less than 100 feet, measured from the center point of facing walls.

(3.7) The distribution of bulk shall in general reflect the illustrative concept plan shown in Attachments A, B and C.

4. Off-street Parking

(4.1) Parking shall be limited to 1,000 spaces within the site.

(4.2) All permanent spaces shall be provided within enclosed structures.

5. Provision of Improvements (See Attachment "B")

(5.1) Public improvements shall be scheduled for construction such that same will be substantially completed prior to the issuance of permanent Certificates of Occupancy for the commercial office space as follows:

(5.1.1) Enclosed pedestrian bridge: in excess of 2.5 million square feet

(5.1.2) Public open space: in excess of 4.0 million square feet

(5.1.3) Private streets: in excess of 5.5 million square feet

(5.2) The central portions of the Wintergarden and the Courtyard shall be designed in accordance with the following:

(5.2.1) The central portion of the Wintergarden in an east-west alignment shall provide public access between the landing of the North Bridge and the public plaza and waterfront promenade or esplanade. To that end, the central portion of the space, 65 feet wide between column lines, shall be devoted to public use with an average aggregate unobstructed width of 30'-0" for pedestrian access and circulation, and with at least one major pedestrian route having a clear path of not less than 15'-0". Permitted obstructions, within the 65 foot wide space, but not infringing upon the 30 foot wide public pedestrian path(s), and in addition to the small, movable, income producing retail and display uses, such as fountains and reflecting pools, sculpture and other works of art, shall not occupy more than 10% of said space.

(5.2.2) In the remaining central space, small, movable, income-producing retail or display uses may be permitted, but in no event shall the total area occupied by such uses exceed eight percent of the area of the space within the column line. The City Planning Commission will be concerned specifically with the size and number of such movable elements.

(5.2.3) Free public seating shall be provided in the central space of the Wintergarden. The City Planning Commission will be looking for public seating throughout that space, in addition to the seating permitted on the grand staircase.

(5.2.4) Physically and visually uninterrupted access, including access for the handicapped, shall be provided from the west elevation of the Wintergarden to the public plaza and promendade or esplanade. The City Planning Commission, in its subsequent review, will be looking for adequate provision of access and appropriate signage, as specified in the June 15, 1981 Letter of Certification.

(5.2.5) The central portion of the Courtyard (the public space, open to the sky, located between Tower C and Tower D) in a north-south alignment, shall provide public access between the extension of Vesey Street and the public plaza and waterfront promenade or esplanade. To that end, the central bay of the Courtyard, 25 feet wide between column lines, shall be devoted to public use. Within this space there shall be an average, aggregate circulation path of not less than 15'-0". Permitted obstructions, within the 25 foot wide space, but not infringing upon the 15 foot wide public pedestrian path, shall be limited to fountains and reflecting pools, sculpture and other works of art, seating, and trees and planting beds flush with grade. These permitted obstructions shall, however, occupy no more than 10% of the public access area, between the columns.

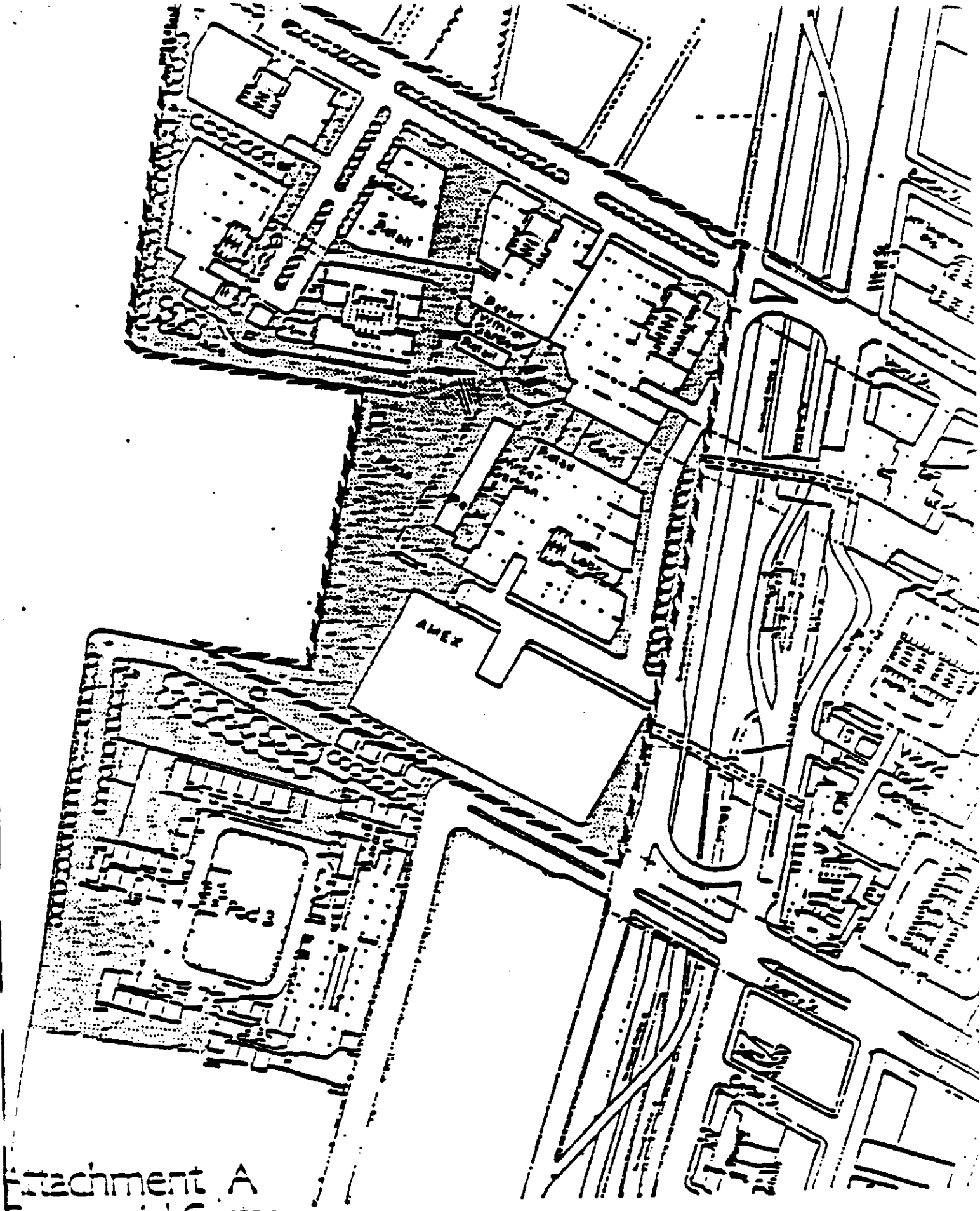
(5.2.6) Physically and visually uninterrupted access and egress, including access and egress for the handicapped, shall be provided through the open air courtyard to the public plaza and waterfront promenade or esplanade, to the south, and the extension of Vesey Street, to the north. The City Planning Commission, in its subsequent review, will be looking for adequate provision of access and appropriate signage, as specified in the June 15, 1981 Letter of Certification.

6. Site Boundary Alternative (See Attachment "C")

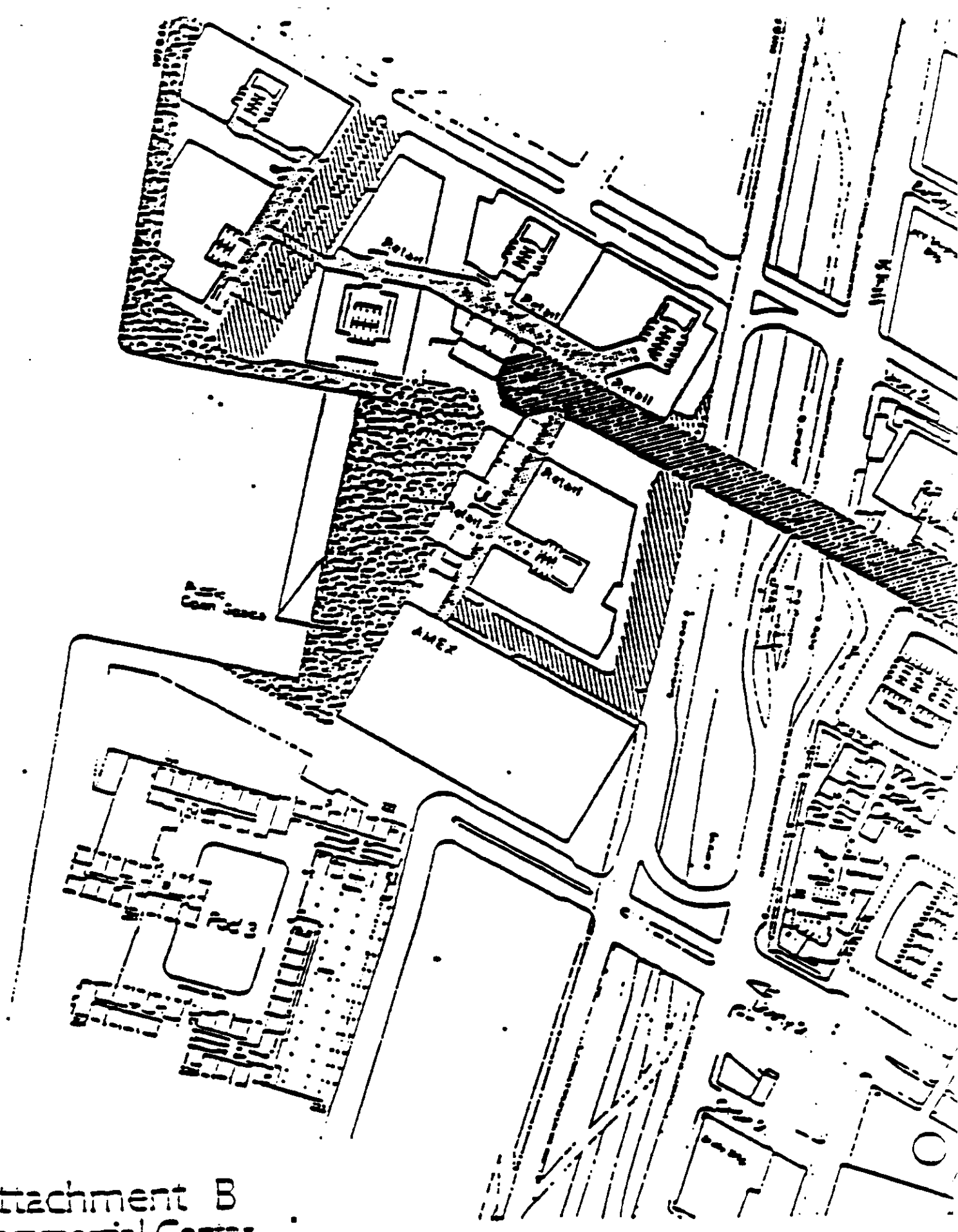
(6.1) In the event that waterfront portions of the site are developed for residential use, the site boundaries may be extended along West Street north of Vesey Street and south of Liberty Street as shown. Commercial development on these sites would be subject to the Large Scale Development Plan controls previously outlined.

7. Modifications to the Plan

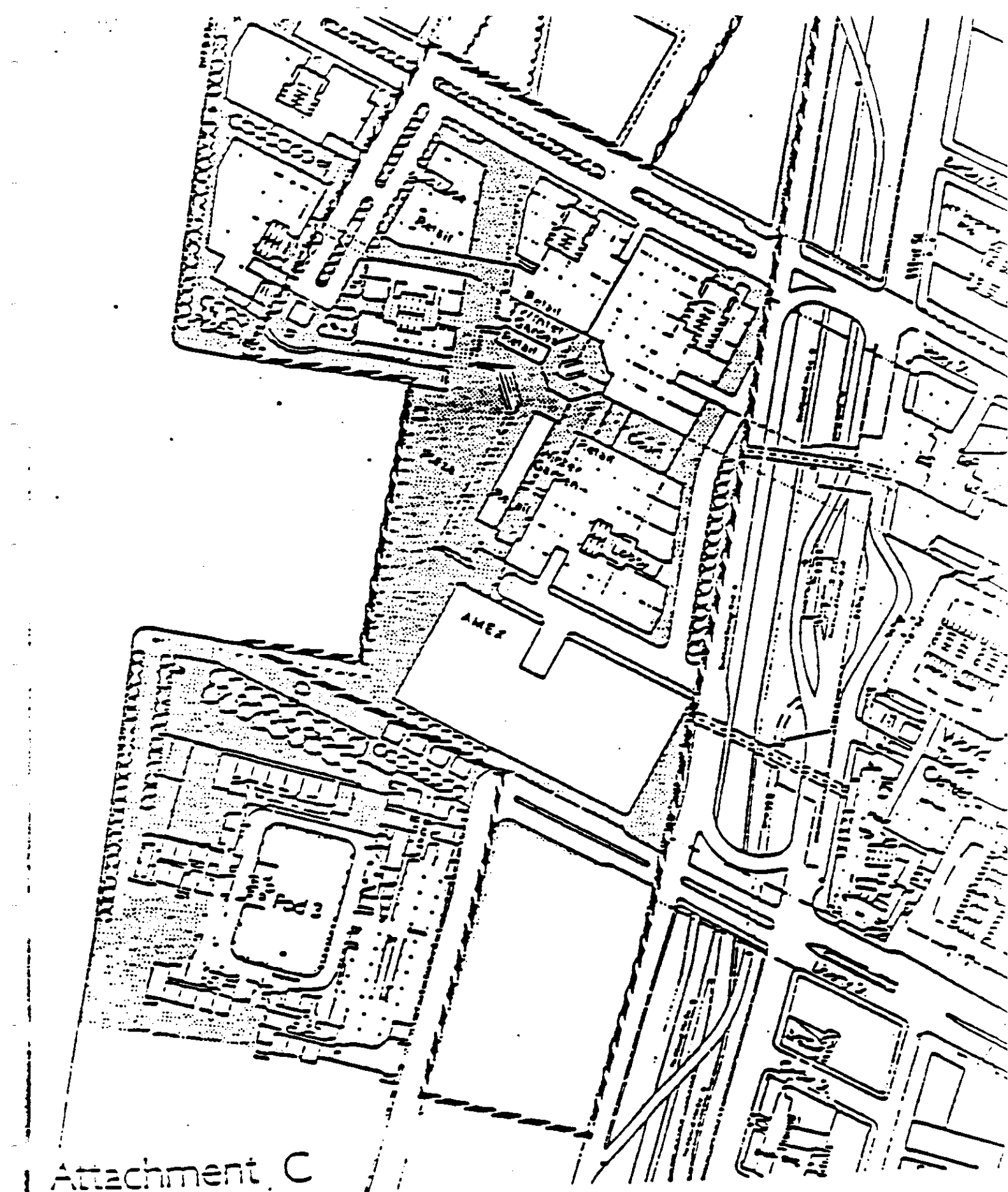
(7.1) If BPCA wishes to make any major modifications to the Large Scale Development Plan, it shall submit the proposed major modifications to the New York City Planning Commission for review.



Attachment A
Commercial Center
Street Level



Attachment B
Commercial Center
+32 Level



Attachment C
Commercial Center
Site Level
Drive

EXHIBIT "D"

PHASE II CIVIC FACILITIES DRAWINGS AND SPECIFICATIONS AND DEVELOPMENT SCHEDULE

Landlord's Civic Facilities

	Date of Substantial Completion
I. STREETS	
Albany Street, Rector Place and South End Avenue (to south side of Rector Park)	All work in I. has been substantially completed.
All subsurface work, including supporting platforms and foundations, mains for utilities specified in Section 26.01(a)(i) and (ii), sanitary and storm sewers, concrete base and 1 1/2" of asphalt surface paving. Finish treatments: curbs and fire hydrants.	
Finish treatments: temporary concrete sidewalks (6-feet wide except the sidewalks in (v) and (vi) below shall be full-width) extending along (i) south side of Albany Street from eastern boundary of Parcel D to Esplanade; (ii) east side of South End Avenue from Albany Street to Rector Place North; (iii) Rector Place North from South End Avenue to the eastern boundary of Parcel D; (iv) Rector Place South from eastern boundary of Parcel B to Esplanade; (v) west side of South End Avenue adjacent to Parcel G; and (vi) north side of Rector Place from boundary between Parcels H/I and J to portion of Esplanade situated to the west of Rector Park (except that Landlord may	

	provide alternative access consistent with New York City construction rules over temporary concrete sidewalks if parcels adjacent to the foregoing sidewalks are, or are about to be, under construction).	
	All other streets in Phase II (including South End Avenue from south side of Rector Park to north side of West Thames Street)	
	All work, including West Thames Street (no curb or sidewalk to be installed on south side of West Thames Street).	
II.	ERS CONDUITS AND BOXES	Later of Enclosure of Building or December 1, 1985
III.	STREET LIGHTING	
	Conduit, cable, poles, fixtures and connections	Later of Enclosure of Building or December 1, 1985
IV.	ESPLANADE & BALUSTRADE	
	All work except planting which cannot be performed effectively before Spring, 1986	Later of Enclosure of Building or December 1, 1985
V.	RECTOR PARK	
	All work except planting which cannot be performed effectively before Spring, 1986	Later of Enclosure of Building or December 1, 1985

Tenant's Civic Facilities

Each portion of Tenant's Civic Facilities shall be substantially completed no later than the Scheduled Completion Date.

Civic Facilities Drawings and Specifications

Drawings Prepared by Cooper, Eckstut Associates

I. Esplanade and Streets

DWG NO.	TITLE	DATE	ADDENDUM NO. 2 (Revision No. 5 Date
A.0	Title Sheet	7/30/82	3/28/83
A.1	Overall Plan	"	"
A.2	Northwest Plan	"	"
A.3	Southwest Plan	"	"
A.4	Southeast Plan	"	"
A.5	Northeast Plan	"	"
A.6	Partial Plans: Esplanade	"	"
A.7	Partial Plans: Rector Place West	"	"
A.8	Partial Plans: West Thames Street Park	"	"
A.9	Partial Plans: Street Intersections	"	"
A.10	Partial Plans: Rector Place East	"	"
A.11	Sections	"	"
A.12	Sections	"	"
A.13	Seawall: Elevations, Plans, Details	"	"
A.14	Seawall & Property Wall Details	"	"
A.15	Property Walls: Elevations and Details	"	"
A.16	Rector Place East: Wall Elevations	"	"

DWG NO.	TITLE	DATE	ADDENDUM NO. 2 (Revision No. 5) Date
A.17	Rector Place East: Wall Details	7/30/82	3/28/83
A.18	Rail Elevations and Plans	"	"
A.19	Rails and Fence Details	"	"
A.20	Paving Details	"	"
A.21	Paving Details	"	"
A.22	Miscellaneous Details	"	"
A.23	Esplanade Profiles	"	"
A.24	Street Profiles	"	"
A.25	Street Profiles	"	"
A.26	Grading Plan: Northwest	"	"
A.27	Grading Plan: Southwest	"	"
A.28	Grading Plan: Southeast	"	"
A.29	Grading Plan: Northeast	"	"
A.30	Planting Plan: Northwest	"	"
A.31	Planting Plan: Southwest	"	"
A.32	Planting Plan: Southeast	"	"
A.33	Planting Plan: Northeast	"	"
A.34	Planting Details	"	"
S.1	Northwest Structural Plan	"	"
S.2	Southeast Structural Plan	"	"
S.3	Northeast Structural Plan	"	"
S.4	Walls P-1, P-2	"	"
S.5	Walls P-3, P-4	"	"

S.6	Walls P-5, P-6	"	"

DWG NO.	TITLE	DATE	ADDENDUM NO. 2 (Revision No. 5) Date
S.7	Rector Place (East Side) Details	7/30/82	3/28/83
S.8	Rector Place (East Side) Sections	"	"
S.9	Seawall and Miscellaneous Details	"	"
S.10	Foundation Details	"	"
U.1	Northwest Utility Plan	"	4/29/83 (Revision No. 6)
U.2	Southwest Utility Plan	"	4/29/83
U.3	Southeast Utility Plan	"	"
U.4	Northeast Utility Plan	"	"
U.5	Esplanade Drainage Details	"	"
U.6	West Street Drainage Details	"	"
U.7	Water Details	"	"
U.8	Miscellaneous Details	"	"
U.9	Informal Dwg.	"	"
E.1	Northwest Electric Plan	"	3/28/83
E.2	Southwest Electric Plan	"	"
E.3	Southeast Electric Plan	"	"
E.4	Northeast Electric Plan	"	"
E.5	Electrical Details	"	"
L.1	Type "E.C." Fixture	"	"

L.2	Type "B" and "B-1" Fixtures	"		"
L.3	Luminaire Details	"		"

Drawings Prepared by Vollmer Associates

II. Utilities and Related Support Systems

DWG NO.	TITLE	DATE	REV. NO.	DATE
G-1	Title Sheet			
G-2	Location Plan and List of Drawings	10/9/81	3	7/30/81
G-3	General Plan Support System	"	"	"
G-4	General Plan Road Alignment	"	3	"
G-5	General Plan Utilities	"	4	9/30/81
C-1	Sewers and Water Main Plan - 1	"	5	12/20/8
C-2	Sewers and Water Main Plan - 2	"	7	3/23/83
C-3	Sewers and Water Main Plan - 3	"	3	7/30/81
C-4	Sewers and Water Main Plan - 4	"	4	9/30/81
C-5	Typical Street Sections South End Avenue and Albany Street	"	2	4/30/81
C-6	Typical Street Sections Rector Place and West Thames Street	"	2	4/30/81
C-7	Roadway Profiles and Sewer Lines: South End Avenue and West Thames Street	"	4	9/30/81

C-8	Roadway Profiles and Sewer Lines: Albany Street and Rector Place	"	7	3/23/83

DWG NO.	TITLE	DATE	REV. NO.	DATE
C-9	Water Main Profiles: South End Avenue and West Thames Street	10/9/81	4	9/30/82
C-10	Water Main Profiles: Rector Place and Marginal Street	"	7	3/23/83
C-11	Drainage Tables	10/9/81	4	9/30/82
C-12	Water Distributions Details - 1	"	4	"
C-13	Water Distributions Details - 2	"	4	"
C-14	Storm and Sanitary Sewer Details - 11	"	4	"
C-15	Storm and Sanitary Sewer Details	"	4	"
C-15A	Chamber St-17 Chamber St-21	10/9/82	4	"
C-15B	Sewers on Cradle on Pile Profiles	"	4	"
C-16	Utility Plan Enlargement at South End Ave. and Rector Place	10/9/81	8	7/15/83
C-16A	Utility Critical Profiles	"	8	"
C-17	Utility Plan Enlargement at South End Ave. and West Thames Street	"	8	"
C-17A	Utility Critical Profiles	"	8	"

C-17B	Utility Critical Profiles	"	8	"

DWG NO.	TITLE	DATE	REV. NO.	DATE
C-18	Utility Plan Enlargement at South End Avenue and Battery Place	10/9/81	8	7/15/83
C-18A	Utility Critical Profiles	"	8	"
C-19	Albany Street Utilities	"	8	"
C-20	Utility Critical Profiles	"	8	"
C-21	Utility Critical Profiles	"	8	"
C-22	Utility Critical Profiles	"	8	"
S-1	Support System Piles Plan and Sections	"	2	4/30/82
S-2	Support System Piles Plan and Sections	"	3	7/30/82
S-3	Support System Piles Plan and Sections	"	2	4/30/82
S-4	Support System Typical Bar Placement	"	2	"
E-1	Dry Utility Site Plan - 1	"	9	7/11/83
E-2	Dry Utility Site Plan - 2	"	9	"
E-3	Dry Utility Site Plan - 3	"	7	"

E-4	Dry Utility Site Plan - 4	"	6	"

DWG NO.	TITLE	DATE	REV. NO.	DATE
E-5	Detail Sheet (Electric)	10/9/81	Reissued	7/11/83
E-6	Detail Sheet (Telephone)	"	New Dwg.	"
E-7	Detail Sheet (Miscellaneous)	"	Reissued	"
E-8	Profiles	"	"	"
E-9	Detail Sheet (Electric)	"	"	"
E-10	Detail Sheet (Electric)	"	"	"
E-11	Detail Sheet (Electric)	"	"	"

III. Rector Park

DWG NO.	TITLE	DATE
1	Title Sheet	9/22/83
2	Legend, General Notes, Key Plan and List of Drawings	"
3	Layout Plan-West Park	"
4	Layout Plan-East Park	"
5	Grading and Drainage Plan-West Park	"
6	Grading and Drainage Plan - East Park	"
7	Electrical, Lighting and Irrigation Plan - West Park	"

8	Electrical, Lighting and Irrigation Plan - East Park	"

DWG NO.	TITLE	DATE
9	Planting Plan-West Park & Plant List	9/22/83
10	Planting Plan - East Park	"
11	Pavement and Curb Details	"
12	Sitting Wall and Granite Pier	"
13	Picket Fence and Bench Details	"
14	Detail Layout Plans	"
15	Drainage Details	"
16	Electrical Details	"
17	Irrigation Details	"
18	Planting Details	"

BATTERY PARK CITY
Phase II Residential Development
Hudson View Towers Associates' Affirmative
Action Program for Site G

This Affirmative Action Program has been adopted by Battery Park City Authority ("BPCA") in order to assist Hudson View Towers Associates, a joint venture composed of WZ Hudson View Corp., WW View Associates and Hudson View Towers Corporation and organized under the laws of the State of New York ("Tenant"), its contractors, subcontractors and suppliers (collectively, "Contractors") and all other persons participating in the development, construction, operation and maintenance of that portion of the Battery Park City Phase II Residential Development designated as Site G ("Project") to comply with their respective affirmative action obligations relating to the Project, to permit BPCA to carry out its affirmative action policies, and to redress partially the effects of past discrimination in the construction industry.

1. Definitions. As used in this Program, the following terms shall have the following respective meanings:

Approved MBE Contract: each Contract between Tenant or its Contractors and an eligible MBE which has been entered into in accordance with this Program.

Contract: as defined in Section 2.

Contract Value: the total contract price of all work let to MBEs by Tenant or its Contractors pursuant to Approved MBE Contracts less the total contract price of all work let to MBEs by other MBEs, provided that (a) where an MBE subcontracts (other than through supply contracts) more than fifty percent (50%) of its work, the contract price of the work let to such MBE shall be deemed to equal the excess, if any, of the work let to such MBE over the contract price of the work subcontracted by such MBE, (b) where materials are purchased from an MBE which acts merely as a conduit for goods manufactured or produced by a non-MBE, the price paid by the MBE to the manufacturer or producer shall be deducted from such total contract price and (c) where a contractor or subcontractor is a joint venture including one or more MBEs as joint venturers, such joint venture shall be treated as an MBE only to the extent of the percentage of the MBE's interest in the joint venture. In any event, Contract Value shall include only monies actually paid to MBEs by Tenant or its Contractors.

Lease: the Agreement of Lease, dated even date herewith, between BPCA and Tenant, as amended and supplemented from time to time.

MBE: a business owned, operated and controlled by one or more Minority (hereinafter defined) persons. "Owned", for purposes of this definition, shall mean, (A) in the case

of a corporation, that one or more Minority persons owns fifty-one percent (51%) or more of each class of stock of such corporation or, (B) in any other case, that one or more Minority persons owns fifty-one percent (51%) or more of the beneficial interest in the business and is entitled to receive fifty-one percent (51%) or more of the net profits (or losses) of the business. "Operated and controlled," for purposes of this definition, shall mean that one or more Minority persons has the day-to-day responsibility for running, and making all important decisions affecting, the business enterprise. In determining whether a firm is a bona fide MBE, BPCA shall consider, but not be limited to, the following factors:

(i) Whether the business is a small concern as defined in Section 3 of the Federal Small Business Act and the implementing regulations thereunder.

(ii) Whether the business is an independent enterprise or is controlled by another concern. A concern may be considered as controlling or having the power to control another concern when one or more of the following circumstances are found to exist and it is reasonable to conclude that under the circumstances such concern is directing or influencing or has the power to direct or influence the operation of such other concern:

-- Interlocking Management. Officers, directors, employees, or principal stockholders of one concern

serve as a majority of the board of directors or officers of another concern.

-- Common Facilities. One concern shares common office space and/or employees and/or other facilities with another concern, particularly where such concerns are in the same or a related industry or field of operation, or where such concerns were formerly affiliated.

-- Newly Organized Concern. Former officers, directors, principal stockholders, and/or key employees of one concern organize a new concern in the same or a related industry or field of operation and serve as its officers, directors, principal stockholders, and/or key employees, and one concern is furnishing, or will furnish, the other concern with subcontracts, financial or technical assistance, and/or other facilities, whether for a fee or otherwise.

(iii) Whether the Minority ownership and control is actual and continuing and not created solely to take advantage of special or set aside programs aimed at Minority business development.

(iv) Whether the Minority owner enjoys the customary incidents of ownership and shares in the risks and profits commensurate with his percentage of ownership.

(v) Whether there are any restrictions which are placed on the Minority owner's ability to control the firm, including, for example, by-law provisions, partnership agreements or charter requirements for cumulative voting rights which prevent the Minority owner from making a business decision without the cooperation or vote of a non-minority owner. Absentee ownership by a Minority owner shall not be considered control by a Minority owner.

(vi) Whether all securities which evidence ownership of a corporation for purposes of establishing it as a MBE are held directly by the Minority owner. No securities held in trust or by any guardian for a minor shall be considered held by Minority persons in determining ownership and control of a corporation unless legitimate business necessity for the same can be shown to the reasonable satisfaction of BPCA.

(vii) Whether the contributions of capital or expertise made by the Minority owner to acquire his interests in the firm are real and substantial. A Minority owner's promise to contribute capital, a note payable to the firm or its owners who are not socially and economically disadvantaged or mere participation as an employee shall not be capital contributions.

(viii) Whether a firm engaged in the procurement of materials and supplies is significantly and substan-

tially involved in the production of those materials and supplies or has sufficient inventory on hand in its own facility to effectively meet normal contractual obligations.

Minority or Minorities: (a) Black persons having origins in any of the Black African racial groups not of Hispanic origin;

(b) Hispanic persons of Mexican, Puerto Rican, Cuban, Central or South American culture or origin, regardless of race;

(c) Asian or Pacific Island persons or persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent or the Pacific Islands; and

(d) American Indian or Alaskan Native persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation in tribal associations or community identification.

Minority Workforce Participation: the number of person-hours of training and employment in each trade of Minority workers (including supervisory personnel) used by Contractors in the construction of the Project.

Total Development Costs: all monies expended by, or on behalf of, Tenant in connection with the development,

design and construction of the Project, including the total contract price of all Contracts awarded by Tenant for the furnishing of labor, materials or services for inclusion in the Project plus the cost of all general conditions work applicable to the Project and not included in such Contracts, exclusive of legal and accounting fees, fees of governmental agencies (including monies paid to BPCA by or on behalf of Tenant) and financing, marketing and sales costs.

2. Compliance with Lease and Contract Obligations. Tenant shall (a) comply with all of its non-discrimination and affirmative action obligations as set forth in the Lease, and (b) cause each of its Contractors to comply with all of such Contractor's non-discrimination and affirmative action obligations as set forth in the Lease and construction contract or other instrument (collectively, "Contract") pursuant to which such Contractor furnishes materials or services for the Project.

3. Minority Workforce Participation. (a) Tenant shall, and shall cause its Contractors to, afford priority in the construction of the Project to Minority group workers, provided that such obligation shall be deemed to have been fulfilled when the proportion of Minority Workforce Participation (which shall include Minority trainees) to total person-hours of training and employment in each trade listed in Schedule 1 of this Program equals the specified percentages

set forth in such Schedule. Tenant and BPCA have, after reviewing the work to be included in the Project and the qualifications and availability of Minority group workers for participation in such work, determined that the percentages set forth in such Schedule are reasonable and attainable.

(b) In order to assist Tenant in carrying out the provisions of Section 3(a) above, Tenant shall, and shall cause its Contractors to, participate in an on-the-job training program of the type known as the "New York Plan," or such other or successor program as shall be generally applicable to public construction in New York and approved by BPCA.

(c) Tenant shall cause its Contractors to submit daily reports on the composition of the workforce on the Project and monthly payroll reports by person-hours to BPCA.

4. MBE Participation. Tenant shall, and, when contemplated by the applicable Contract bid package, shall cause its Contractors to, afford priority in the construction of the Project to MBEs. In order to fulfill its obligations hereunder:

(a) Tenant shall, during the Construction Period (which shall mean the period commencing at the Commencement of Construction of the Buildings and terminating at Substantial Completion of the Buildings, as such terms are defined in the Lease), enter into, or cause its Contractors to enter into, Approved MBE Contracts, having an aggregate Contract

Value of at least fifteen percent (15%) of Total Development Costs. After reviewing the work to be included in the Project, Tenant has identified portions of such work for which, in its judgment, qualified MBEs are expected to be available and have set forth such portions of the work and the estimated Contract Value thereof in Schedule 2 hereto. During the Construction Period, in partial fulfillment of its obligation hereunder, Tenant presently expects to enter into, or cause its Contractors to enter into, Approved MBE Contracts as identified in such Schedule 2 in accordance with the procedures set forth in Section 5 hereof. The failure of Tenant to achieve the amount of Approved MBE Contracts in any trade as set forth in Schedule 2 shall not enlarge, diminish or otherwise affect Tenant's obligation to achieve an aggregate Contract Value of Approved MBE Contracts equal to at least fifteen percent (15%) of Total Development Costs.

(b) In further fulfillment of its obligations under this Section 4, Tenant shall, after achieving the aggregate Contract Value of fifteen percent (15%) of Total Development Costs specified in Section 4(a), make good faith efforts to award Contracts to qualified MBEs to carry out additional portions of the construction of the Project, provided that such obligation shall be deemed to have been fulfilled when the aggregate Contract Value of Approved MBE Contracts equals twenty percent (20%) of Total Development Costs.

5. Procedures. Tenant shall observe the following procedures throughout the Construction Period and until such time as Tenant has fulfilled (or has been deemed to have fulfilled) its obligations under Section 4 above:

(a) Tenant shall advise BPCA promptly of Tenant's proposed design and construction schedule for the Project and afford BPCA's Affirmative Action Officer a reasonable opportunity to become familiar with the proposed scope, nature and scheduling of Tenant's Contracts which exceed fifteen thousand dollars ($15,000). As promptly as practicable, but in any event at least fifteen (15) working days prior to issuing requests for proposals or invitations to bid for any Contracts, Tenant shall furnish BPCA with a projected schedule which shall include a detailed description (the "Contract Schedule") of such Contracts, broken down by trade. Tenant will update or amend the Contract Schedule as required to reflect any changes in Tenant's proposed Contracts. The Contract Schedule will set forth the anticipated times at which invitations to bid or requests for proposals are to be issued for work in each trade, the scope of such work and the estimated contract value or range of values of such work. In formulating the Contract Schedule, Tenant will confer with BPCA to identify those portions of the work which can be divided into separate contract packages or which can be subcontracted, so as to maximize opportunities for participation

in the work by MBEs. To the extent practicable and consistent with good construction practice, Tenant shall prepare separate contract packages for such work which shall be bid and let separately by Tenant or which shall be subcontracted separately by Tenant's Contractor, and shall not be bid or let as part of any other work.

(b) BPCA will review the Contract Schedule as promptly as practicable, and will provide to Tenant a list of qualified MBEs for all or portions of the work. Within five (5) working days after Tenant's receipt of such list, Tenant and BPCA shall agree on those MBEs on such list which Tenant shall contact regarding the work identified by Tenant and BPCA as work to be separately bid and let or subcontracted. Tenant shall then promptly notify BPCA in writing that the MBEs selected by BPCA and Tenant pursuant to the preceding sentence have been contacted.

(c) The determination of whether a business enterprise is an eligible MBE hereunder shall be made by BPCA, in its reasonable discretion, in accordance with the criteria set forth in the definition of MBE in Section 1 above, and such determination shall be final and conclusive for the purposes of this Program, unless Tenant shall, within ten (10) days after written notice of such determination is given by BPCA, request that the matter be determined by arbitration pursuant to Section 5(g) below.

(d) Concurrently, BPCA and Tenant will review the qualifications and availability of eligible MBEs to determine the extent to which MBEs are qualified and available to perform all or portions of the work identified in the contract packages. In general, an MBE will be deemed to be qualified to perform work if its personnel have successfully performed work of a similar nature in the past and demonstrate the present ability, after giving effect to the assistance which Tenant will provide under Section 5(f), to organize, supervise and perform work of the kind and quality contemplated for the Project. In determining whether an MBE meets these standards, BPCA and Tenant shall consider reputation in the construction community, experience in the trade, technical competence, organizational and supervisory ability and general management capacity. An MBE shall not be considered unqualified to perform work on the Project (i) because such MBE (A) cannot obtain bonding or (B) cannot obtain commercial credit or cannot obtain such credit on normal terms or (ii) solely because such MBE (A) does not have the capacity to perform work of the nature and scope required without the assistance to be made available by Tenant under Section 5(f) or (B) has not previously performed work equal in scope or magnitude to such work. In the event that BPCA and Tenant cannot agree on whether an eligible MBE is qualified and available hereunder, BPCA's determination on those issues

shall be final and conclusive for the purposes of this Program, unless Tenant shall, within ten (10) days after written notice of such determination is given by BPCA, request that the matter be determined by arbitration pursuant to Section 5(g) below.

(e) Tenant shall invite those MBEs found qualified and available hereunder and selected by Tenant and BPCA pursuant to Section 5(b) above to submit proposals for work required to be performed under Tenant's contract packages (including both contracts and subcontracts). At least ten (10) working days prior to the award of any Contract by Tenant, Tenant shall notify BPCA in writing of all responses or bids in connection with Tenant's request for proposals or invitation to bid.

(f) Tenant will provide financial assistance to an MBE to which a contract or subcontract is to be awarded and which is unable to obtain credit or financing on normal terms by (i) guaranteeing payment to suppliers, subject to obtaining an appropriate security interest in the materials paid for and (ii) making progress payments for work performed more frequently than the normal one-month cycle. Tenant shall also waive bonds where MBEs are unable to obtain the same, shall make available to MBEs technical assistance to conform to the method of construction of the Project, shall provide supervision consistent with the MBE's experience and capacity

and shall conduct periodic job meetings with each MBE at reasonable intervals to review the progress of such MBE's job performance and suggest appropriate action to remedy any deficiency in such performance. As may be necessary to carry out this Program, Tenant shall offer to provide the foregoing assistance to MBEs prior to their submission of bid proposals and, wherever practicable, at the time of Tenant's request for such proposals.

(g) In the event that Tenant shall demand arbitration as to the questions of whether a business enterprise is an eligible MBE pursuant to Section 5(c) above or whether an eligible MBE is qualified and available pursuant to Section 5(d) above, the matter shall be determined in the County of New York by three arbitrators, one of whom shall be appointed by BPCA, one by Tenant and the third by agreement of the two arbitrators appointed by the parties (or failing such agreement, the third arbitrator shall be appointed by the American Arbitration Association), in accordance with the Commercial Arbitration Rules of the American Arbitration Association then obtaining, provided that, anything to the contrary contained in such rules notwithstanding, (i) Tenant shall, together with such demand for arbitration, submit in writing to such arbitrators (when selected) and BPCA its reasons for its disagreement with BPCA's determination on such question, (ii) BPCA shall, within five (5) days after its receipt of such

written statement from Tenant, submit to such arbitrators (when selected) and Tenant the reasons for such challenged determination and (iii) such arbitrators shall, after such hearing, if any, as they may deem appropriate, render their decision within ten (10) days after receipt of such written statement from BPCA. Such decision shall be conclusive and final for all purposes of this Program, provided that, anything to the contrary contained herein notwithstanding, any decision that a business enterprise is or is not an eligible MBE, or that an eligible MBE is or is not qualified and available, shall not preclude a later determination by Tenant, BPCA or the arbitrators to the contrary in light of changed or different circumstances. Tenant and BPCA shall each bear its own costs and attorneys fees in connection with such arbitration and shall share equally the costs of such arbitration (including the arbitrators' fees).

(h) Until such time as Tenant has fulfilled, or is deemed to have fulfilled, its obligations under Section 4(b) above, Tenant shall maintain complete and accurate written records of (i) its efforts to identify and contract with MBEs, (ii) the reasons, if applicable, for any determination by Tenant that an MBE is not qualified or available to perform work on the Project, (iii) the assistance offered or provided to MBEs in accordance with Section 5(f) hereof, and (iv) the reasons, if applicable, why contracts or subcon-

tracts were not awarded to MBEs found qualified hereunder. Tenant shall also maintain complete and accurate written records of the total Contracts and Approved MBE Contracts awarded on the Project, including without limitation, the dollar value of such awards and a description of the scope of the work awarded. Such records shall be furnished to BPCA quarterly and at such other times as BPCA may reasonably request. Notwithstanding the foregoing provisions of this Section 5(h), only the aggregate amount of the contract prices and a summary description of the scope of the work need be furnished to BPCA by Tenant for non-minority Contracts, but the individual Contracts for non-minority Contractors shall be made available to BPCA, upon reasonable notice and during regular business hours, at Tenant's offices. Tenant shall, within ninety (90) days after Substantial Completion of the Buildings, provide written certification to BPCA of Tenant's Total Development Costs.

(i) Prior to the issuance by Tenant of any letter of intent to a Contractor, Tenant will advise BPCA by telephone or otherwise of its intent to enter into a Contract with a Contractor. Thereafter, but in no event less than three (3) working days prior to a Contractor's arrival at the Project site, Tenant shall provide to BPCA a written list of specific affirmative action measures which the Contractor has agreed to undertake in performing work on the Project, including a list of MBEs to which subcontracts are to be let.

(j) Tenant shall not enter into any Contract, or permit its Contractors to enter into any Contract, except in accordance with the requirements of this Program. After award of a Contract, Tenant shall not enter into, or permit its Contractors to enter into, any modification or amendment of such Contract which will reduce materially the scope of work to be performed by an MBE or diminish the contract price of any Contract (including subcontracts) awarded to an MBE without the prior written consent of BPCA. Each Contract entered into by Tenant shall (i) contain such non-discrimination provisions as are required by the Lease, (ii) require the Contractor thereunder to comply with the applicable Minority Workforce requirements of Section 3 of this Program and (iii) where contemplated for the contract package for such Contract, require such Contractor to comply with the applicable provisions of Sections 4 and 5 of this Program with respect to any Contracts awarded by such Contractor. Tenant shall promptly furnish BPCA with the name of each party to whom Tenant (or its Contractors) awards a Contract, together with, in the case of each Approved MBE Contract, a summary of the scope of services to be performed under such Contract and the contract price thereof, as the same may be amended from time to time.

(k) Tenant shall from time to time designate an affirmative action officer, satisfactory to BPCA, with full

authority to act on behalf of and to represent Tenant in all matters relating to this Program. Tenant hereby designates and BPCA hereby approves Irving R. Fischer as such affirmative action officer.

6. Subsequent Construction and Project Management.

(a) After the Construction Period, in connection with all subsequent construction work on the Project, including interior improvements, alterations, capital improvements, structural repairs, Restoration (as defined in the Lease), replacement of, or additions to, the Project undertaken by Tenant (including its successors and permitted assigns), whether on its own behalf or on behalf of its subtenants, Tenant shall, and shall cause its Contractors to, afford priority in such work to qualified and available MBEs which submit competitive proposals for such work. Additionally, Tenant shall make good faith efforts to seek and to include MBEs in all service and management agreements, agreements for the purchase of goods and services and other agreements relating to the operation of the Project. Tenant and BPCA hereby agree that the annual goal for MBE participation in such work and agreements is ten percent (10%) of the total contract prices thereof. In order to achieve the goal of ten percent (10%) established under this Section 6(a), Tenant shall, and shall cause its Contractors to (i) conduct a thorough and diligent search for qualified MBEs, (ii) review the

qualifications of each MBE suggested to Tenant by BPCA and (iii) afford an opportunity to submit proposals for the work and agreements to those MBEs found qualified. Tenant shall meet annually with BPCA to review the operations and status of the Program and to determine specific opportunities where MBE participation in the operation and management of the Project might be encouraged. Tenant shall submit semiannual reports to BPCA setting forth the nature and scope of construction work carried out during the preceding quarter, all efforts made by Tenant and its Contractors to employ qualified MBEs in performing the work and agreements and all contracts let to MBEs. The obligations under this Section 6(a) shall continue until the Members of BPCA find that this Program is no longer necessary to remedy the effects on the Project of discrimination in the construction industry.

(b) In connection with the management and operation of the Project, Tenant (including its successors and permitted assigns) shall, and shall cause such persons as it may employ to manage and operate the Project (collectively, the "Operator"), to:

(i) make good faith efforts to include Minority group members in such work in the proportion that Minorities bear to the total New York City workforce;

(ii) in the event of lay-offs, make good faith efforts to maintain the same proportion of Minority employees in Tenant's (or Operator's, as the case may

be) workforce as existed immediately prior to commencement of such lay-offs; and

(iii) meet with BPCA's Affirmative Action Officer on a periodic basis, but not less than semiannually, to review employment needs and practices of Tenant or Operator, to review Tenant's and Operator's compliance with this Section 6(b) and to determine specific contracting opportunities where Minority workforce participation in the management and operation of the Project might be encouraged.

7. Non-Compliance. (a) Tenant acknowledges that the percentages of Minority Workforce Participation set forth in Schedule 1, and the work and Contract Value thereof set forth in Schedule 2, represent reasonable estimates of Tenant's ability to afford priority to Minority workers and MBEs, respectively, during the Construction Period. Tenant recognizes and acknowledges that the purpose of this Program and of Tenant's undertakings hereunder is to redress partially the effects of past discrimination in the construction industry by affording Minority workers and MBEs an opportunity to participate in the construction of the Project, to the end that such Minority workers and MBEs can share in economic benefits from which they have heretofore been excluded by such discrimination and also can gain necessary training, experience and other benefits, including increased financial

resources, which will facilitate their full participation in the construction industry hereafter. Tenant recognizes and acknowledges that its failure to achieve the goals set forth in Sections 3 and 4 with respect to the utilization of Minority workers and MBEs in construction of the Project will result in substantial damage to BPCA's affirmative action programs and policies, as well as to Minority workers and MBEs who will be denied an opportunity to share in the economic benefits provided by the construction work and who will be denied the training, experience and other benefits which participation in the Project would provide. Tenant further recognizes and acknowledges that the damage referred to above cannot be readily quantified, but that the amounts set forth below are reasonable in light of the magnitude of the harm which would result from its non-compliance hereunder, and that payments made for the purposes of the Minority Workers Training Fund and the MBE Assistance Fund, referred to in Section 7(c) below, are a reasonable means of compensating for that harm.

(b) In the case of Tenant's failure to achieve the goals set forth in Sections 3 and 4 with respect to the utilization of Minority workers and MBEs in the construction of the Project (other than failure resulting directly from any order of judicial authorities having jurisdiction over the Project or this Program), Tenant shall pay to BPCA compensa-

tory damages, in addition to any other remedies available to BPCA under this Program or, subject to the provisions of Section 7(e), in law or equity, in the following liquidated amounts:

(i) in the event that Tenant fails to employ or cause its Contractors to employ Minority group workers in any trade equal to the percentage set for such trade in Schedule 1 hereto, the product of (A) the aggregate number of person-hours of training and employment of Minority workers which would have resulted from achievement of the percentage set forth in such Schedule for such trade less the actual Minority Workforce Participation achieved in the construction of the Project by Tenant or its Contractors in such trade multiplied by (B) fifty percent (50%) of the average hourly wage (including fringe benefits) paid to journeymen employed in such trade in the construction of the Project; and

(ii) in the event that during the Construction Period, Tenant fails to enter into, or cause its Contractors to enter into, Approved MBE Contracts having an aggregate Contract Value at least equal to fifteen percent (15%) of Total Development Costs as provided in Section 4(a) above ("Specified Amount"), fifty percent (50%) of the amount by which the Specified Amount exceeds the aggregate Contract Value of Approved MBE Con-

tracts actually entered into by Tenant and its Contractors during such Period, provided that if such failure is either willful or a result of a pattern of continuing violation of Tenant's obligations hereunder after notice by BPCA to Tenant that BPCA believes such a pattern exists, then such damages shall equal one hundred percent (100%) of the amount by which the Specified Amount exceeds the aggregate Contract Value of such Approved MBE Contracts. Notwithstanding the foregoing, Tenant shall not be liable for damages under this Section 7(b)(ii) if and to the extent that Tenant can demonstrate (A) that it has fully and diligently performed all of its obligations under this Program and diligently complied with each and every provision hereof and (B) that, notwithstanding such efforts, it was unable to contract with additional, qualified MBEs in accordance with and subject to the procedures set forth in Sections 4 and 5 of this Program.

(c) Payments made by Tenant under Section 7(b)(i) hereof shall be used by BPCA for the purposes of a Minority Workers Training Fund to provide job training and other assistance to Minority workers as BPCA shall determine to be useful in enabling such workers to overcome the effects of past discrimination and to participate more fully in the construction industry. Payments made by Tenant under Section

7(b)(ii) hereof shall be used by BPCA for the purposes of an MBE Assistance Fund to provide such financial, technical and other assistance to MBEs as BPCA shall determine to be useful in enabling MBEs to overcome the effects of past discrimination and to participate more fully in the construction industry.

(d) Anything to the contrary contained herein notwithstanding, (i) the aggregate damages payable by Tenant pursuant to Section 7(b)(i) shall in no event exceed ten percent (10%) of Total Development Costs and (ii) the aggregate damages payable by Tenant pursuant to Section 7(b)(ii) of shall in no event exceed fifteen percent (15%) of Total Development Costs.

(e) In the event Tenant fails to fulfill any of its obligations hereunder, BPCA may, in addition to assessing damages as provided in Section 7(b) above, (i) advise Tenant that, except for completion of the Project, Tenant shall be ineligible to participate in any work on Battery Park City and (ii) apply to any court of competent jurisdiction for such declaratory and equitable relief as may be available to BPCA to secure the performance by Tenant of its obligations hereunder, provided that such equitable relief shall not include enjoining or restraining the performance of any Contract which Tenant or its Contractors has previously entered into.

8. Confidentiality. BPCA acknowledges that the information to be furnished by Tenant hereunder concerning Tenant's Contracts and bidding procedures constitutes information which, if disclosed, could impair present or imminent Contract awards, is maintained for the regulation of Tenant's commercial enterprise and could, if disclosed, cause substantial injury to the competitive position of that enterprise. Accordingly, BPCA will, in accordance with and subject to applicable law, treat such information as confidential and use its best efforts to prevent the unauthorized disclosure thereof, except to the extent that (a) BPCA and Tenant shall agree is necessary in connection with the recruitment of qualified MBEs to perform work on the Project, (b) BPCA may determine to use such information, without identifying such individual Contracts, as part of BPCA's overall assessment of the effectiveness of this Program in overcoming the effects of discrimination in the construction industry or (c) is otherwise necessary in connection with the enforcement of this Program in accordance with the provisions hereof.

9. No BPCA Liability. No act of, or failure to act by, BPCA hereunder shall create or result in any liability on the part of BPCA or any of its members, officers, employees or agents to Tenant or to any other party, or give rise to any claim by Tenant or any other party against BPCA or any of its members, officers, employees or agents, whether for delay, for damages or for any other reason.

10. Performance under Lease. No requirement of this Program, or the assumption or performance by Tenant of any obligation hereunder, shall excuse Tenant from the performance of any of its obligations under the Lease, or constitute a defense to any claim by BPCA under the Lease, whether for default, rental, damages or otherwise.

11. Notices and Addresses. (a) Any notice or other communication (except as otherwise provided in Section 5(i)) given by BPCA or Tenant to the other relating to this Program shall be in writing and sent by postage prepaid, registered or certified mail, return receipt requested, addressed to the other at its address set forth below, or delivered personally to the other at such address, and such notice or other communication shall be deemed given three (3) days after the date of mailing or when so delivered:

If to BPCA, to:

Battery Park City Authority
40 West Street - Gate 3
New York, New York 10006

Att'n: Vice President for Affirmative Action

If to Tenant, to:

Hudson View Towers Associates
c/o The Zeckendorf Company
502 Park Avenue
New York, New York 10021

Att'n: Affirmative Action Officer

with a copy to:

Mr. Irving R. Fischer
HRH Construction Corporation
909 Third Avenue
New York, New York 10022

(b) Either BPCA or Tenant may at any time advise the other of a change in its address or designate a different person to whom notice shall be mailed by giving written notice to the other of such change or designation in the manner provided in this Section 11.

12. Persons Bound. This Program and the Schedules hereto, including any amendments thereto, shall be binding upon and inure to the benefit of Tenant, and its respective legal representatives, successors and permitted assigns, including without limitation, any cooperative corporation, condominium association or similar entity for the Buildings. Tenant shall require its successors or assigns (excluding individual Unit Owners as defined in the Lease) to confirm and agree in writing to all terms and conditions of this Program.

13. Women. Consistent with its other obligations hereunder, Tenant shall make good faith efforts to (a) employ, and cause its Contractors to employ, qualified women workers in all trades during the construction of the Project; (b) identify, request proposals from and employ qualified construction firms which are owned and operated by women; and (c) utilize the services of women workers and service and management firms owned and operated by women in connection with the operation and management of the Project. In the event that legislation is enacted which authorizes or directs

BPCA to carry out additional affirmative action programs with respect to women workers or business firms owned and operated by women, BPCA reserves the right to take such measures as may be necessary or appropriate to implement such programs.

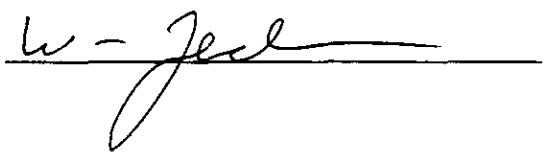
14. Separability. If any provision of this Program shall for any reason be held unenforceable or invalid, neither the enforceability nor the validity of any other provision of this Program shall be affected thereby.

15. Governing Law. This Program shall be construed and enforced in accordance with the laws of the State of New York.

Dated: New York, New York
As of Decmeber 6, 1984

ACCEPTED AND AGREED:

HUDSON VIEW TOWERS ASSOCIATES
By: WZ Hudson View Corp., a joint venturer

By: 

Scheaule 1

MINORITY WORKFORCE PARTICIPATION

Trade	Percentage
Electricians	20.0
Carpenters	30.0
Steamfitters	20.0
Metal Lathers	30.3
Painters	35.5
Op. Engineers	25.8
Plumbers	20.0
Iron Workers (structural)	29.0
Iron Workers (ornamental)	29.0
Elevator Constructors	13.0
Bricklayers	30.0
Asbestos Workers	30.0
Roofers	20.0
Cement Masons	30.0
Glaziers	22.5
Plasterers	30.0
Teamsters	27.5
Boilermakers	17.5
Laborers	35.0
Maintenance Workers	22.5
Security Guards	22.5
Landscapers	22.5
Stone Setters	22.5
Exterminators	22.5

Schedule 2

MBE PARTICIPATION

ANTICIPATED % OF TRADE

TRADE	ANTICIPATED % OF CONTRACT AMOUNT	DOLLAR AMOUNT
EXCAVATION & FOUNDATION	10%	$ 27,500
SITE IMPROVEMENTS	10%	10,000
CONCRETE SUPERSTRUCTURE	11%	300,000
MASONRY	10%	100,000
MISCELLANEOUS METALS	20%	30,000
CARPENTRY & DRYWALL	20%	133,000
MILLWORK	0%	
WATERPROOFING	10%	
SPANDREL FLASHING	10%	12,000
ROOFING & SHEETMETAL	10%	
CAULKING & SEALANTS	10%	2,000
HOLLOW METAL	0%	
FINISH HARDWARE	0%	
WINDOWS	0%	
ENTRANCE WORK & GLASS	10%	3,000
CERAMIC TILE & MARBLE	0%	
ACOUSTICAL CFILINGS	0%	
WOOD FLOORING	10%	30,000
CARPETING	10%	2,000
PAINTING & FINISHING	100%	16,000
VINYL WALL COVERING	0%	
TOILET COMPARTMENTS	0%	
TOILET ACCESSORIES	0%	
COMPACTORS	0%	
REFUSE CHUTES	10%	1,000
KITCHEN CABINETS	0%	
VANITIES & TOPS	0%	
APPLIANCES	0%	
ELEVATORS	10%	26,000
PLUMBING	20%	133,000
SPRINKLERS	10%	1,000
HVAC	10%	71,000
ELECTRIC	50%	500,000
LIGHTING FIXTURES	0%	
GENERAL CONDITIONS		100,000
TOTAL	15%	$1,497,500

Battery Park City Authority
40 West Street, Gate 3
New York, New York 10006

As of December __, 1984

Hudson View Towers Associates
c/o The Zeckendorf Company
502 Park Avenue
New York, New York 10021

Gentlemen:

We are writing with reference to the Agreement of Lease, of even date herewith, between Hudson View Towers Associates, as tenant ("Tenant"), and the Battery Park City Authority ("BPCA"), as landlord ("Lease") for the leasing of Site G of the Battery Park City Phase II Residential Development ("Project") and the Affirmative Action Program adopted by BPCA for the Project and annexed as Exhibit F to the Lease ("Program").

This letter will confirm certain understandings which have been reached between Tenant and BPCA concerning the provisions and implementation of the Program. All section references below refer to the pertinent sections of the Program. Unless otherwise defined herein, the capitalized words and phrases in this letter shall have the same meaning as in the Program or the Lease, as the case may be.

BPCA has premised its adoption of the Program and the agreements set forth in this letter upon the assumption and understanding that HRH Construction Corporation (or an affiliate of HRH Construction Corporation) ("HRH") will be the General Contractor or Construction Manager for the Project and that Mr. Irving R. Fischer, the President of HRH, will be responsible for implementing the Program. If for any reason whatsoever, other than (a) a cause beyond the control of Tenant, (b) the termination by Tenant of its general construction contract or construction management contract, as the case may be, with HRH, for cause or any other reason which by the terms of said contract enables Tenant to terminate said contract, (c) the termination by HRH of said general construction contract or construction management contract, as the case may be, for any reason other than for cause, or (d) the death, disability or other act of Mr. Fischer which terminates or modifies his position with HRH or his role in

implementing the Program, Irving R. Fischer relinquishes the responsibility for implementing the Program, BPCA reserves the right to reinstate the provisions of the 4/15/83 Draft of Phase II Residential Development Affirmative Action Program ("4/15/83 Draft") without modification, including without limitation, all of the provisions in Sections 4, 5 and 7 of the 4/15/83 Draft, unless within fifteen (15) working days of such relinquishment Tenant designates, and BPCA gives its written approval of, a reasonably satisfactory replacement for Irving R. Fischer.

Notwithstanding the terms and conditions of the Program, we have reached the following understandings regarding its implementation:

Section 3 and Schedule 1

The requirements of Section 3 and Schedule 1 of the Program shall not be applicable to any trade in which fewer than three (3) workers are employed on the Project, provided that (i) in any trade in which there are only four (4) workers employed on the Project, one of such workers must be a Minority person and (ii) in any trade where there are more than four (4) workers employed on the Project, then Section 3 and Schedule 1 shall be applicable.

If Tenant is unable to achieve the percentage stated in Schedule 1 for Glaziers, Tenant shall be permitted to credit the amount by which Tenant's Minority Workforce Participation exceeds the percentage stated in Schedule 1 for either Laborers or Carpenters toward fulfillment of Tenant's obligation to achieve such stated percentage for Glaziers, provided such excess amount arises from Minority workers in either Laborers or Carpenters which were referred to Tenant by BPCA.

Section 4 and Schedule 2

It is understood that construction work on several sites of Phase II and on the Commercial Center of Battery Park City may proceed simultaneously, although at different phases. Such simultaneous construction work might prevent Tenant from achieving the aggregate Contract Value of fifteen percent (15%) of Total Development Costs required by Section 4(a) of the Program. Therefore, notwithstanding the provisions of Section 4(a) of the Program, if Tenant and its Contractors have entered into Approved MBE Contracts with respect to construction work on the Project having an aggregate Contract Value of at least ten percent (10%) of Total Development Costs, and, in addition, Tenant demonstrates to

BPCA (A) that Tenant and its Contractors have fully and diligently complied with each and every provision of the Program and (B) that, notwithstanding such efforts, Tenant and its Contractors were unable to contract with additional, qualified MBEs in accordance with the terms of the Program and subject to the procedures of Section 4 and 5 thereof, Tenant shall not be liable for damages under Section 7(b)(ii) of the Program.

Schedule 2 was prepared by Tenant to illustrate how Tenant might achieve an aggregate Contract Value of fifteen percent (15%) of Total Development Costs if it were assumed that the Project's Total Development Costs were Ten Million Dollars ($10,000,000). The actual dollar amount of Contract Value to be achieved by Tenant and its Contractors in each trade on Schedule 2 in which Tenant contemplates the award of a Contract to an MBE shall equal the product derived by multiplying (x) the dollar amount specified on Schedule 2 for such trade by (y) a fraction of which the numerator is the Project's actual Total Development Costs and the denominator is the assumed Total Development Costs of Ten Million Dollars ($10,000,000).

Sections 5 and 7

Based upon Tenant's firm assurances that Tenant will achieve an aggregate Contract Value of at least fifteen percent (15%) of Total Development Costs, BPCA agrees that, upon Tenant's achievement of an aggregate Contract Value of fifteen percent (15%) of Total Development Costs, the procedures of Section 5 and the provisions of Section 7 shall then be inapplicable to the good faith efforts required of Tenant under Section 4(b), provided however that (i) the procedures of Sections 5(c) regarding eligibility and of Section 5(h) regarding record keeping and reporting shall remain in full force and effect, (ii) Tenant shall periodically confer with BPCA concerning its good faith efforts and (iii) BPCA shall have the right to recommend MBEs and make other suggestions to Tenant to assist Tenant in fulfilling its obligations under the Program.

Subject to the provisions of the third paragraph of this letter and Section 12 of the Program, the understandings contained herein shall be binding upon and inure to the benefit of Tenant and its legal representatives, successors and permitted assigns.

Please confirm your agreement with the foregoing by signing and returning to BPCA the enclosed copy of this letter.

Very truly yours,

BATTERY PARK CITY AUTHORITY

By: _____

Confirmed and Agreed To:

HUDSON VIEW TOWERS ASSOCIATES
By: WZ Hudson View Corp., a joint venturer

By: _____

EXHIBIT G

BATTERY PARK CITY
Phase II Residential Development
HUDSON VIEW TOWERS ASSOCIATES'
AFFIRMATIVE FAIR HOUSING MARKETING PROGRAM FOR SITE G

This Affirmative Fair Housing Marketing Program has been adopted by the Battery Park City Authority ("BPCA") in order to assure that Hudson View Towers Associates, a joint venture composed of WZ Hudson View Corp., WW View Associates and Hudson View Towers Corporation and organized under the laws of the State of New York ("Tenant"), its agents, successors and assigns (excluding individual Unit Owners as defined in the Lease), comply with their obligations to prevent discrimination on account of race, color, creed, sex or national origin in the rental, sale or other disposition of Tenant's residential and commercial units and related facilities (collectively, "Units") located on that portion of the Battery Park City Phase II Residential Development designated as Site G and to permit BPCA to promote open, integrated housing and to afford individuals a range of housing or commercial facility choices regardless of their race, color, creed, sex or national origin.

This Program is designed to implement BPCA's corporate policy of ensuring that all housing at Battery Park City affords equal access to, and equal opportunity for, minority persons and families, and that occupancy reflects,

to the maximum extent possible, the minority demographic characteristics of the City of New York's population.

1. Definitions. As used in this Program, the following terms shall have the following respective meanings:

Buildings: As defined in the Lease.

Lease: The Agreement of Lease, of even date herewith, between BPCA and Tenant, as amended and supplemented from time to time.

Minority or Minorities: (a) Black persons having origins in any of the Black African racial groups not of Hispanic origin;

(b) Hispanic persons of Mexican, Puerto Rican, Cuban, Central or South American culture or origin, regardless of race;

(c) Asian or Pacific Island persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent or the Pacific Islands; and

(d) American Indian or Alaskan native persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through memberships and participation in tribal associations or community identification.

2. Submission of Affirmative Fair Housing Marketing Plan. Tenant shall submit to BPCA an affirmative fair housing marketing plan (the "Plan") at least ninety (90) days prior to undertaking any marketing activity. For the pur-

poses of this Program "marketing activity" shall include any advertising and/or the solicitation of applications for the Units. No marketing activity shall take place until BPCA shall have approved in writing the Plan. The Plan shall specify all actions which Tenant proposes to take to attract Minorities who might not otherwise apply for the Units in the Building. The Plan shall include, inter alia, provisions for: (a) publicizing the availability of the Units to Minorities in Minority media and other Minority outlets which are primarily suitable and appropriate in light of the cost and location of the Units as jointly determined by BPCA and Tenant; (b) maintaining a non-discriminatory hiring policy for marketing staff; (c) instructing all marketing staff and agents in writing and orally in the policies of non-discrimination and fair housing; (d) displaying fair housing posters approved by BPCA; (e) including in any printed materials used in the marketing of the Units an equal opportunity logo, slogan, or statement approved by BPCA; (f) prominently posting signs displaying the logo, slogans and statements referred to in (d) and (e) above at each of Tenant's sales or rental offices; and (g) listing all community groups and organizations to be contacted by Tenant.

The Plan shall also include: (a) a description of the training to be given to Tenant's rental and/or sales staff; (b) evidence of non-disciminatory hiring and recruiting policies for staff engaged in the rental or sale of the

Units; (c) a description of Tenant's selection and screening procedures for prospective renters or buyers; and (d) copies of Tenant's proposed form of lease or sale agreement for the Units.

In addition, the Plan shall include information concerning the number of Units available, the rental or sale range of the Units, the financial eligibility and other selection criteria to be employed by Tenant in the rental or sale of the Units, the anticipated occupancy results for Minorities and non-minorities, as may be jointly determined by BPCA and Tenant, and Tenant's commitment to make such changes to the Plan as may be reasonably required by BPCA to achieve the purposes thereof. In the event BPCA requires Tenant to make changes to the Plan, such changes shall not cause Tenant to incur more than two thousand five hundred dollars ($2,500) in additional expenditures in excess of the amount set forth in the Plan.

Tenant shall submit with the Plan an advertising budget for its Minority outreach effort, which budget shall also be subject to BPCA's prior written approval, which approval shall not be unreasonably withheld or delayed.

3. Pre-Marketing Conference. At least sixty (60) days prior to undertaking any marketing activity, Tenant and BPCA shall meet to review the Plan and determine what modifications, if any, to the Plan should be made to achieve the purposes thereof.

4. Reporting Requirements. Following the commencement of marketing activities and until eighty percent (80%) of the Units are rented or sold, Tenant shall submit, on a monthly basis, to BPCA: (a) one copy or script of all advertising regarding the Units, including newspaper, radio and television advertising and a photograph or copy of all rental or sale signs at the Building and each rental or sale office of Tenant; (b) one copy of all brochures and other printed material used in connection with the rental or sale of the Units; (c) evidence of outreach efforts to community groups and organizations; (d) other evidence, if any, of affirmative outreach to Minorities with respect to the Units; (e) evidence of instructions to employees with respect to Tenant's policy of non-discrimination in the rental or sale of the Units; (f) data by race and sex on the composition of Tenant's rental or sales staff; (g) one copy of each application list and waiting list of prospective renters or buyers; (h) one copy of each sign-in list, if any, maintained at the Building and each rental or sales office of Tenant for prospective renters or buyers who are shown the Units; (i) any other information which documents Tenant's efforts to comply with the Plan; (j) a list of any Minority applicants who have been rejected and the bases for their rejection; and (k) any other documents, records and information relating to the marketing of the Units which BPCA may reasonably request (except that Tenant need not provide proprietary marketing

studies and information utilized solely by Tenant in setting sale prices or rent levels for the Units).

Thereafter, whenever Tenant revises, amends, changes or corrects any document, record or information previously provided to BPCA, Tenant shall provide a copy of such revised, amended, changed or corrected version to BPCA.

5. Recordkeeping. Tenant shall maintain records which show the racial, ethnic and gender characteristics of all applicants for, and occupants of, the Units until one hundred percent occupancy is initially achieved. The date of each application shall be recorded and applications shall be retained for a period of two years. On or before the fifteenth day of each month beginning with the commencement of marketing activities and until eighty percent (80%) of the Units are rented or sold, Tenant shall submit to BPCA a report, on the form annexed hereto as Schedule G, summarizing the racial, ethnic and gender characteristics of applicants and occupants, and an occupancy report on the Units. After eighty percent (80%) of the Units have been rented or sold, Tenant may, if it so chooses, provide such information with respect to new occupants only. The classification of applicants and occupants by the required characteristics shall be made in accordance with estimates of Tenant's staff, which will make such estimates on the basis of their observations of the personal appearance, surname, speech pattern and other identifying characteristics of the applicants and occupants.

Such observations shall be subject to and shall respect the applicants' and occupants' rights of privacy. Tenant and its staff shall not be required to ask any applicant or occupant to identify his or her race, ethnicity or gender.

If the number of Minorities applying for the Units does not meet the expectations of BPCA and Tenant, they will consider jointly the implementation of other measures designed to attract Minority applicants and occupants.

6. Monitoring. At BPCA's request, Tenant shall allow BPCA to place a representative at Tenant's rental or sale office or offices to monitor compliance with the Plan. BPCA shall determine, in its discretion, when and whether it wishes to commence, discontinue or renew monitoring Tenant's activities under the Plan.

7. Non-Compliance. In the event that Tenant fails to comply with the Plan or with any of its other obligations hereunder, BPCA shall be entitled to take the following remedial action or actions, as BPCA shall deem appropriate, as its exclusive remedies hereunder: (a) applying to any court of competent jurisdiction for such declaratory and equitable relief as may be available to BPCA to secure the specific performance by Tenant of its obligations hereunder; (b) declaring Tenant ineligible to participate in any other aspect of, or work on, Battery Park City or any other BPCA project (except for completion of the Buildings and the exercise of its rights under the Lease), provided, however, that such

ineligibility shall not apply to any individual participants of Tenant with respect to any other BPCA Phase II project; (c) requiring Tenant to hold some of the Units, not to exceed ten percent (10%) thereof, off the market until Tenant is in compliance or until the effects of such noncompliance have been remedied, provided that Tenant has wilfully failed to comply with the Plan; (d) hiring a consultant to assist with the Minority outreach efforts whose services shall be paid for by Tenant; and (e) pursuing any other remedies available to BPCA.

8. No BPCA Liability. No act of, or failure to act by, BPCA hereunder shall create or result in any liability on the part of BPCA or any of its members, officers, employees or agents to Tenant or to any other party, or give rise to any claim by Tenant or any other party against BPCA or any of its members, officers, employees or agents, whether for delay, for damages or for any other reason. No act of, or failure to act by Tenant hereunder shall create or result in any liability on the part of Tenant to any party other than BPCA, or give rise to any claim by any party other than BPCA against Tenant whether for delay, damages or any other reason. The provisions of this Program shall be enforceable by BPCA and Tenant only, and are not intended to confer any right of enforcement or cause of action upon any other person, entity or association.

9. Performance under Lease. No requirement of this Program, or the assumption or performance by Tenant of any obligation hereunder, shall excuse Tenant from the performance of any of its obligations under the Lease, or constitute a defense to any claim by BPCA under the Lease, whether for default, rental, damages or otherwise.

10. Notices and Addresses. (a) Any notice or other communication given by BPCA or Tenant to the other relating to this Program shall be in writing and sent by postage prepaid, registered or certified mail, return receipt requested, addressed to the other at its address set forth below, or delivered personally to the other at such address, and such notice or other communication shall be deemed given three (3) days after the date of mailing or when so delivered:

If to BPCA, to:

Battery Park City Authority
40 West Street - Gate 3
New York, New York 10006

Att'n: Vice President for
Affirmative Action

If to Tenant, to:

Hudson View Towers Associates
c/o The Zeckendorf Company
502 Park Avenue
New York, New York 10021

With a copy to:

Olnick, Boxer, Blumberg, Lane & Troy
909 Third Avenue
New York, New York 10022

Att'n: Susan Quinn Tuths, Esq.

(b) BPCA or Tenant may at any time advise the other of a change in its address or designate a different person to whom notice shall be mailed by giving written notice to the other party of such change or designation in the manner provided in this Section 10.

11. Separability. If any provision of this Program shall for any reason be held unenforceable or invalid, neither the enforceability nor the validity of any other provision of this Program shall be affected thereby.

12. Governing Law. This Program shall be construed and enforced in accordance with the laws of the State of New York.

Dated: New York, New York
December 6, 1984

ACCEPTED AND AGREED:

HUDSON VIEW TOWERS ASSOCIATES
By: WZ Hudson View Corp., a joint venturer

By: _____

SCHEDULE G

BATTERY PARK CITY AUTHORITY
MONTHLY RENTAL OR SALES REPORT

PERIOD ENDING: REPORT NO. _____

CHECK IF APPLICABLE
[ ] Initial Report
[ ] Final Report

1. INTRODUCTION

Pursuant to each approved Plan for multifamily or other rental or sale of housing units, this report shall be filed with BPCA on or before the fifteenth day of each month following rental or sale of the first unit and shall be submitted monthly until 80% of the units covered by the Plan are rented or sold.

2. PROJECT IDENTIFICATION

A. SITE: _____ B. PROJECT:

NUMBER OF UNITS

RENTAL OR SALE RANGE OF UNITS

From $ To $

C. RENTAL/MANAGEMENT AGENCY:

NAME

ADDRESS

3. ANTICIPATED OCCUPANCY RESULTS (State in number of units the racial/ethnic mix anticipated as a result of the Plan)

[ ] White [ ] Black [ ] American Indian or Alaskan Native

[ ] Hispanic [ ] Asian or Pacific Islander

4. RENTAL OR SALES ACTIVITIES (Entries must be made for all items and columns. Use "0" when necessary.) The ap-

proximations required throughout this report should be judged from personal appearance, surname, speech pattern and/or other identifying characteristics.

A. RENTALS OR SALES FOR REPORTING PERIOD

	RENTALS	SALES
WHITE		
BLACK		
AMERICAN INDIAN OR ALASKAN NATIVE		
HISPANIC		
ASIAN OR PACIFIC ISLANDERS		
TOTAL		

B. TOTAL NUMBER OF UNITS CURRENTLY OCCUPIED INCLUSIVE OF TOTALS INDICATED IN ITEM 4.A. ABOVE

	RENTALS	SALES
WHITE		
BLACK		
AMERICAN INDIAN OR ALASKAN NATIVE		
HISPANIC		
ASIAN OR PACIFIC ISLANDERS		
TOTAL		

C. ESTIMATED PERCENTAGE RACIAL/ETHNIC MIX OF VISITORS TO RENTAL OR SALES OFFICE FOR REPORTING PERIOD

WHITE	
BLACK	
AMERICAN INDIAN OR ALASKAN NATIVE	
HISPANIC	
ASIAN OR PACIFIC ISLANDERS	
TOTAL	100%

5. IDENTIFICATION OF NEW MINORITY TENANTS OR OWNERS DURING REPORTING PERIOD (continue on a separate page if necessary)

NAMES	APARTMENT NUMBERS

6. COMMERCIAL UNITS (if any)

A. PROJECT

NUMBER OF UNITS

RENTAL OR SALE RANGE OF UNITS

From $ To $

B. RENTAL OR SALE ACTIVITIES (Entries must be made for all items and columns. Use "0" when necessary)

1. RENTALS OR SALES FOR REPORTING PERIOD

	RENTALS	SALES
WHITE.....		
BLACK.....		
AMERICAN INDIAN OR ALASKAN NATIVE.....		
HISPANIC.....		
ASIAN OR PACIFIC ISLANDERS.....		
TOTAL.....		

2. TOTAL NUMBER OF UNITS CURRENTLY OCCUPIED INCLUSIVE OF TOTALS INDICATED IN ITEM B.1. ABOVE.

	RENTALS	SALES
WHITE.....		
BLACK.....		
AMERICAN INDIAN OR ALASKAN NATIVE.....		
HISPANIC.....		
ASIAN OR PACIFIC ISLANDERS.....		
TOTAL.....		

3. IDENTIFICATION OF NEW MINORITY TENANTS OR OWNERS DURING REPORTING PERIOD (continue on a separate page if necessary)

NAMES APARTMENT NUMBERS

SIGNATURE OF PERSON SUBMITTING REPORT NAME (Type or Print)

TITLE AND COMPANY DATE

ADDRESS

TELEPHONE

Esplanade
Temp. conc. sidewalk
Chainlink Fence
K
L
H/I
South End Avenue
West Thames Street
A
B
Rector Place
J&K
B
C&G
50'
60'
E&F
50'
60'
A&L
D

EXHIBIT H