

LEASE BETWEEN

**THE CITY OF NEW YORK
DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES
DIVISION OF REAL ESTATE SERVICES
NEW YORK, NEW YORK 10007**

&

**NEW YORK CITY ECONOMIC
DEVELOPMENT CORPORATION
110 WILLIAM STREET
NEW YORK, NEW YORK 10038**

PREMISES: Block 1945, Lots 51-57, Manhattan

0225L

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THE CITY OF NEW YORK
DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES
DIVISION OF REAL ESTATE SERVICES
1 CENTRE STREET
NEW YORK, N.Y. 10007

THIS LEASE, entered into the 17th day of *March*, 1997 between **THE CITY OF NEW YORK** ("Landlord"), a municipal corporation of the State of New York, acting by and through its Commissioner of Citywide Administrative Services, Division of Real Estate Services, (the "Commissioner"), or his designee, having an office at 1 Centre Street, New York, New York 10007, and **NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**, (hereinafter "EDC" or "Tenant"), a local development corporation, pursuant to Section 1411 of the New York State Not-For-Profit Corporation Law, having its principal office at 110 William Street, New York, New York 10038.

WITNESSETH

WHEREAS, the City Council of the City of New York approved the disposition of the property (ULURP #900656PPM) pursuant to Section 197-c of the New York City Charter on November 3, 1990; and

WHEREAS, the Borough Board adopted a resolution on April 18, 1996 approving a Lease of the space herein demised (the "Resolution), a copy of which is attached hereto as Exhibit "A"; and

WHEREAS, the Mayor, pursuant to Section 384(b)(4) of the New York City Charter , by authorization dated November 27, 1996 (“Authorization”) authorized a lease of the space in accordance with the terms and conditions set forth in said Authorization, a copy of which is attached as Exhibit “B”; and

WHEREAS, pursuant to the above approvals and Authorization, Landlord and Tenant desire to enter into Lease upon the terms approved;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE 1

PREMISES

Landlord hereby leases to Tenant and Tenant hereby hires from Landlord approximately 17,500 square feet of land at 441 Manhattan Avenue, known as and by the tax map designation Block 1945, Lots 51-57 in the Borough of the Manhattan, City and State of New York, and the facility to be constructed thereon ("Facility"), as defined in Article 6 hereof. The real property and the Facility are hereinafter collectively referred to as the "Premises". Landlord leases the Premises subject to the provisions of Article 4, ("Use").

TO HAVE AND TO HOLD said Premises unto Tenant, subject to the agreements, terms and conditions herein contained.

ARTICLE 2

TERM

This Lease shall be for a period of fifty (50) years, commencing on the date first above written ("Lease Commencement Date") and terminating on the last day of the month in which the fiftieth (50th) anniversary of the Lease Commencement Date occurs (hereinafter the "Lease Expiration Date"), unless sooner terminated as provided herein.

ARTICLE 3

BASE RENT

Tenant shall pay to Landlord, at its address above set forth, or at such other place as Landlord may from time to time designate by notice given to Tenant in the manner provided in this Lease, the Base Rent per annum set forth below, in equal monthly installments, commencing on the date of issuance of the certificate of occupancy (temporary or permanent) allowing the Premises to be used for the purposes permitted in Article 4 ("Rent Commencement Date"). A Lease Year shall be the twelve (12) month period following the Rent Commencement Date and every subsequent twelve (12) month period. Rent shall be payable in advance on the first day of every calendar month during the term of the Lease subsequent to the Rent Commencement Date without any set off or deduction whatsoever except as expressly provided in this Lease, except that the Base Rent for the first and last partial calendar months of the Term subsequent to the Rent Commencement Date shall be prorated. The annual Base Rent for the Premises shall

commence upon the Rent Commencement Date and shall increase by fifteen percent (15%), compounded each tenth (10th) year of the Lease Term commencing on the tenth anniversary of the Rent Commencement Date as follows:

<u>Lease Year</u>	<u>Annual Base Rent</u>	<u>Lease Year</u>	<u>Annual Base Rent</u>
6-8-99 1	\$ 19,428.00 <i>1619.00</i>	26	\$25,693.53
2	19,428.00	27	25,693.53
3	19,428.00	28	25,693.53
4	19,428.00	29	25,693.53
5	19,428.00	30	25,693.53
6	19,428.00	31	29,547.56 <i>2,462.30</i>
7	19,428.00	32	29,547.56
8	19,428.00	33	29,547.56
9	19,428.00	34	29,547.56
10	19,428.00	35	29,547.56
11	22,342.20 <i>1861.85</i>	36	29,547.56
12	22,342.20	37	29,547.56
13	22,342.20	38	29,547.56
14	22,342.20	39	29,547.56
15	22,342.20	40	29,547.56
16	22,342.20	41	33,979.69 <i>-2,821.65</i>
17	22,342.20	42	33,979.69
18	22,342.20	43	33,979.69
19	22,342.20	44	33,979.69
20	22,342.20	45	33,979.69
21	25,693.53 <i>-2141.13</i>	46	33,979.69
22	25,693.53	47	33,979.69
23	25,693.53	48	33,979.69
24	25,693.53	49	33,979.69
25	25,693.53	50	33,979.69

B. Tenant shall also pay from time to time as provided in the Lease or on demand of Landlord, as additional rent ("Additional Rent") all other amounts, liabilities and obligations which Tenant herein assumes or agrees to pay to Landlord, if any. In the event of any failure on

the part of Tenant to pay any Additional Rent, Landlord shall have all the rights, powers and remedies provided for in this Lease or at Law or in equity or otherwise in the case of nonpayment of the rent.

ARTICLE 4

USE

Tenant shall use and occupy the Premises for the construction and operation of a community recreational facility (including, without limitation, a gymnasium, auditorium and classrooms) or for such other economic development purposes as shall have the prior written approval of Landlord. Failure to maintain such use and to be in conformance with the provisions of this Article after notice from Landlord and the expiration of applicable grace periods shall constitute an event of default under this Lease.

Tenant's use of the Premises shall be in complete conformity with the present or future Certificate of Occupancy and any other applicable laws and regulations. Other than as expressly set out herein, neither Landlord nor any of Landlord's officials or employees have made any representations with respect to the Premises, the physical condition thereof either on the date hereof or during the term of this Lease, the present or future suitability of the Premises for any use or any permits, rights or permissions with respect thereto.

ARTICLE 5

ASSIGNMENT AND SUBLETTING

A. Tenant, for itself, its legal representatives, successors and assigns, expressly

covenants that except for assignment of this Lease to the Police Athletic League ("PAL"), a not-for-profit corporation organized pursuant to the laws of the State of New York, it shall not assign, mortgage or encumber this Lease, nor underlet, or suffer or permit the Premises or any part thereof to be used by others, without the prior written consent of Landlord in each instance. From and after the assignment of this Lease by EDC to PAL, all references in this Lease to "Tenant" shall be deemed to refer to PAL and not to EDC and EDC shall have no obligations or liability hereunder. Neither shall Tenant, without the prior written consent of Landlord, sell, assign or transfer any of the issued or outstanding capital stock of any corporation which is Tenant under this lease; nor shall it issue additional stock in any such corporation so as to result in a change of the stock ownership of such corporation as held by the shareholders thereof on the date when such corporation became Tenant under this Lease pursuant to the terms hereof; nor shall any general partner sell, assign or transfer its interest in a partnership which is Tenant under this Lease. If Tenant transfers any of the interests described in this Article without the prior written consent of Landlord Tenant shall be deemed to have "assigned" this Lease within the meaning of the term as used in this Article.

If this Lease be assigned, or if the Premises or any part thereof be underlet or occupied by anybody other than Tenant, Landlord may, after default by Tenant, collect rent from the assignee, under-tenant or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, underletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, under-tenant or occupant as tenant, or a

release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. The consent by Landlord to an assignment or underletting shall not in any way be construed to relieve Tenant from obtaining the express consent in writing of Landlord to any further assignment or underletting.

B. If such consent is granted each assignee or successor to Tenant shall assume and be deemed to have assumed this Lease and shall be and remain liable jointly and severally with Tenant for the payment of Rent and Additional Rent and for the due performance of all the terms, covenants, conditions and agreements herein contained on Tenant's part to be performed. In the event of a default of this Lease by an assignee, Landlord will notify Tenant of such default.

C. No assignment or subletting shall be binding upon Landlord, unless and until there shall be delivered to Landlord an instrument of assignment or sublease. The instrument of assignment shall be in recordable form which shall also contain a covenant of assumption by the assignee of all of the obligations of Tenant under this Lease.

D. No amendment to any assignment or sublease shall be executed without the prior written consent of Landlord to such amendment in each and every instance and no such amendment shall be binding upon Landlord unless and until there shall be delivered to Landlord the instrument amending the assignment or sublease following Landlord's consent.

E. Any consent to any assignment, mortgage, encumbrance, or subletting, which may be given by Landlord, shall not constitute a waiver by Landlord of the provisions of this Article or relieve Tenant of its liability for the full performance by it of the covenants of this Lease

on the part of Tenant to be performed; and any consent given by Landlord to any assignment, mortgage, encumbrance or subletting shall not relieve Tenant from obtaining the written consent of Landlord to any subsequent assignment, mortgage, encumbrance or subletting if such consent is required under the provisions of this Article.

F. In the event that Tenant shall wish to assign or sublet the whole or any portion of the Premises, Tenant shall provide to Landlord with its application for Landlord's consent thereto the following:

(i) completed disclosure forms furnished by Landlord ("Vendex Forms") from proposed assignee or sublessee;

(ii) a copy of the proposed assignee's or sublessee's certificate of incorporation, if applicable;

(iii) detailed plans for the proposed assignee's or sublessee's intended use of the Premises in conformity with Article 4, hereinabove, description of the proposed assignee's or sublessee's financial ability to pay rent and perform any other obligation of the lease; and

(iv) a certified financial statement for the past two (2) years for the proposed assignee or sublessee.

Notwithstanding the foregoing, the decision whether or not to consent to any assignment or sublease or amendment(s) thereto shall be in Landlord's discretion.

G. Any violation of any provision of this Lease by any assignee or sublessee shall be deemed a violation of such provision by Tenant. Reference anywhere else in this Lease to an

assignee or subtenant shall not be considered as a consent by Landlord to assignment or subletting nor as a waiver of the restriction against the same except as expressly provided in this Article.

H. Simultaneously herewith, EDC shall assign this Lease to PAL pursuant to the form of assignment and assumption of lease attached hereto as Exhibit "B".

ARTICLE 6

NO LANDLORD'S WORK - INSTALLATIONS - ALTERATIONS

A. Tenant shall accept the Premises "as is" as of the date hereof. Neither Landlord nor its agents have made any representations or promises with respect to the Premises, except as is expressly set forth herein and no rights, easements or licenses are acquired by Tenant by implication or otherwise.

B. Tenant shall improve the Premises by constructing a new community recreational facility of approximately 40,000 square feet in accordance with the terms of its contract with the City for the construction of this facility (the "Facility") dated February 13, 1997, #97B6682, which is attached hereto as Exhibit "D" (the "Construction Contract"). As set forth in Article 16 herein, any material default by Tenant of its obligations under the Construction Contract beyond any applicable notice and opportunity to cure shall be a default under the Lease.

C. Tenant, at its expense, upon the commencement of the term and from time to time during the term of this Lease may make such alterations, additions and improvements to the interior of the Premises, excluding structural changes, as Tenant may consider necessary or desirable for its business, provided the strength of the building is not affected and that the

mechanical, electrical, plumbing and other facilities serving other portions of the building are not materially interfered with. If such alterations, improvements or additions are of a permanent nature they shall only be made with the prior written consent of Landlord.

Tenant agrees, at its expense, before the commencement of any display, erection, alteration, addition or improvements on the exterior walls of the Facility to cause the plans and specifications for such work, if required, to be filed with and approved by any and all municipal and other governmental authorities and departments having jurisdiction thereof, and to deliver for the prior written approval of Landlord copies of such plans and specifications. Landlord's acceptance of the plans, specifications and working drawings for Tenant's alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency or compliance with all laws, rules and regulations of governmental agencies or authorities. Landlord agrees to endeavor to respond promptly to Tenant's plans and specifications.

D. Tenant agrees to do any work pursuant to this Article in compliance with all applicable laws and ordinances.

E. Any mechanic's lien filed against the Premises for work done or claimed to be done for or materials furnished or claimed to be furnished to Tenant shall be discharged by Tenant at its expense within thirty (30) days after notice thereof from Landlord, by payment, release, filing of the bond required by law, or otherwise.

F. All alterations, installations, additions, improvements and floor covering (except carpets) made and installed by Tenant upon or in the Premises which are of a permanent nature,

shall, upon the expiration or earlier termination of the Lease Term, become and be the property of Landlord and shall remain upon and be surrendered with the Premises, except as hereinafter provided. Nothing in this section shall be construed to prevent Tenant's removal of trade fixtures, but upon removal Tenant shall immediately, and at its sole cost expense, repair and restore the Premises to the condition existing prior to installation thereof and repair any damage to the Premises caused by such removal. All personal property and trade fixtures permitted to be removed by Tenant at the end of the Term remaining in the Premises after Tenant's vacatur shall be deemed abandoned. Tenant's obligations under this paragraph F shall survive the expiration or earlier termination of the Lease Term.

ARTICLE 7

REPAIRS AND MAINTENANCE

A. Tenant shall take good care of the Premises and maintain the same in a safe and secure manner, and at its sole cost and expense, as and when needed, to keep the Facility in good working order and condition shall make all interior, exterior, structural and nonstructural repairs and perform all maintenance, cleaning and or rubbish removal.

B. Tenant shall also make, as and when needed, all repairs to the sidewalks and curbs adjacent to the Facility and shall be responsible for keeping the same clean and free of ice, snow, trash, debris and obstruction.

C. All repairs, restorations and replacements by Tenant shall be in quality and class substantially equal to the original work or installations and be done in a good and workmanlike

manner and be in conformance with Article 10A of the Lease. If Tenant shall fail to commence the making of such repairs, restorations or replacements within thirty (30) business days after written request from the Landlord, or if after commencing them, shall fail to make and complete them with reasonable diligence, they may, at Landlord's option, be made by the Landlord at the expense of the Tenant. Any amount due Landlord from Tenant pursuant to paragraph C shall be paid by Tenant as Additional Rent within fifteen (15) days after receipt of an itemized and substantiated bill and statement therefor.

D. Failure of Tenant to make repairs pursuant to this Article shall, at Landlord's option, be deemed an event of non-monetary default, in accordance with Article 16, below.

E. Except as expressly provided otherwise in this Lease there shall be no rent allowance to Tenant and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from the making of any renovations, alterations, improvements or repairs to the building or to the Premises by Landlord and Tenant shall not claim eviction in whole or in part as a result thereof.

ARTICLE 8

UTILITIES - SERVICES

A Tenant agrees to install properly working water, gas and electric meters of the type approved by the Department of Environmental Protection or other agency having jurisdiction, prior to occupation or use of the Facility and to pay all utility charges and water rates

and sewer rental charges against the Premises as determined by such separate meters, within thirty (30) days after such charges are billed. Tenants shall purchase electricity, including electricity for air conditioning, directly from the public utility serving the building and Landlord shall permit Tenant to use all existing conduits, pipes and wires and to modify the same, if necessary, at Tenant's expense, in order to bring about the electric service required by Tenant for its use and occupancy of the Premises.

B. Tenant, at its own expense, shall provide gas and heat to the Facility.

C. Tenant, at its own expense, shall keep the sidewalks abutting the Facility clean and free from ice and snow.

D. Tenant shall remove all refuse and rubbish at Tenant's expense.

E. Tenant, at its own expense, will cause all windows in the Facility to be cleansed, but will not clean, or permit any window in the Facility to be cleaned from the outside by any of its employees or contractors in violation of Section 202 of the Labor Law or of any other Board or body having or asserting jurisdiction.

F. Tenant covenants and agrees that it will, throughout the term of this Lease and at its own cost and expense, repair and replace any and all damaged or broken windows, doors or other glass, together with the frames and supports thereof on the inside and outside of the Facility. In the event of any plate glass in the Facility, Tenant shall carry plate glass insurance in an amount sufficient to cover replacement costs and shall name the Landlord as an additional insured.

ARTICLE 9

FLOOR LOADS

Tenant shall not place a load upon any floor of the Facility which exceeds the floor load per square foot area which such floor was designed to carry and which is allowed by law. If Tenant shall desire a floor load in excess of that specified for any portion of the Facility, Tenant, at its expense, may strengthen and reinforce the same so as to carry the live load desired, provided Tenant shall submit to Landlord, and obtain its approval of, the plans showing the location of and the desired live floor load for the areas in question, and provided further that any such desired floor load is permitted by law and provided further any such strengthening and reinforcement will not adversely affect the structure. Landlord reserves the right to prescribe the weight and position of all safes and heavy installations, except Tenant's vault, which Tenant wishes to place in the Facility so as properly to distribute the weight thereof. If Tenant refuses to place such safes and heavy installations in such places as Landlord shall prescribe, then Landlord may require Tenant to provide reinforcement of the floors or to provide other reasonable means satisfactory to Landlord for the proper distribution of such weight.

ARTICLE 10

COMPLIANCE WITH LAWS

A. Tenant, at its sole cost and expense, shall comply with all laws, including the Americans With Disabilities Act of 1990, orders, ordinances, rules and regulations of federal,

state, county and municipal authorities and all orders, rules and regulations of the New York Board of Fire Underwriters or any similar body which shall impose any violation, order or duty upon Landlord or Tenant with respect to the use of the Premises and/or the Facility and with any direction made pursuant to law by any public officer or officers, with respect to the use of the Premises or to any abatement of nuisance or with respect to conditions which have been created by or at the instance of Tenant or required by reason of a breach of any of Tenant's covenants or agreements hereunder.

B. Should Tenant move any safe, heavy machinery, heavy equipment, freight, bulky matter or heavy fixtures in or out of the Facility, Tenant shall do said work in full compliance with the Administrative Code of the City of New York and other municipal requirements.

ARTICLE 11

INSURANCE

A. Tenant, at its sole cost and expense, but naming Landlord as an additional insured as its interest may appear, at all times during the term of the Lease, subsequent to final acceptance of the Work, as defined in the Construction Contract, shall maintain the following insurance to protect the respective interests of the Tenant and the Landlord as their respective interests may appear under this Lease against losses and claims connected with the Tenant's use and operation of the Premises:

- (i) All-risk insurance insuring the Facility in amounts equal to one hundred percent (100%) of the full replacement cost thereof. Landlord shall have no insurable interest whatsoever in any of Tenant's fixtures or personal property or the proceeds thereof.

Commercial Liability Insurance on an occurrence basis with a minimum limit of liability in the amount of One Million Dollars (\$1,000,000) per occurrence and Five Million (\$5,000,000) Dollars in the aggregate, which limit shall be revised from time to time, in the reasonable discretion of Landlord, to reflect increases in the Consumer Price Index for New York-Northeastern New Jersey or successor Index, for bodily injury, personal and property damage and which insurance shall contain a contractual liability endorsement covering the matters set forth in Article 7 hereof.

Worker's Compensation and Employer's Liability Insurance with Worker's Compensation limits as required by applicable law.

During performance of the Work and up to the date of Final Acceptance (as such term is defined in the Construction Contract), Tenant shall comply with the insurance requirements of the Construction Contract.

B. All policies of insurance required to be maintained by Tenant hereunder shall be issued by an insurance company or companies authorized to do business in the State of New York. All policies of insurance required to be maintained hereunder shall include the standard undertaking from the insurer to notify all insureds and additional insureds thereunder at least ten (10) days prior to cancellation thereof. Tenant may provide any insurance required hereunder under a so-called blanket policy or policies covering other parties and locations so long as the coverage required hereunder is not thereby diminished.

C. Any deductibles or self-insured retentions must be declared to and approved by Landlord, which approval shall not be unreasonably withheld or delayed.

D. Tenant shall furnish to the Commissioner a certificate or certificates evidencing the coverages required herein, upon the date hereof and with respect to renewal policies at least

thirty (30) days prior to the expiration of the former insurance policy, with evidence of full payment of premiums. In the event Tenant fails to obtain the insurance required herein, Landlord may, after ten (10) days notice, purchase the same and charge its cost to Tenant as additional rent.

E. Tenant shall comply with the provisions of all insurance policies required hereunder and shall give both insurer and Landlord notice of any claim, accident and loss promptly upon acquiring knowledge of the same and shall give the Commissioner a copy of any claim made by Tenant under any of said policies.

ARTICLE 12

INDEMNIFICATION OF LANDLORD

Tenant shall indemnify and save harmless Landlord and from and after any assignment of this Lease by EDC to the PAL, EDC and their agents, officials and employees from all claims, judgments, liabilities, costs, expenses and damages of every kind and nature (including without limitation, reasonable attorney's fees) which may be imposed upon or incurred by or asserted against Landlord, EDC and/or their respective agents, officials and employees, respectively, by reason of the current or future condition of the Premises or the acts, wrongful omissions or negligence on the part of Tenant or any of its agents, contractors, employees, subtenants, licensees or invitees, and arising from any accident, injury (including death) or damage to any person or property occurring in, or about the Premises. Tenant shall not be liable to the extent that Landlord's, its agent's, employee's or officials wrongful omissions or negligence are responsible for the claim, judgment, liability expense or damage in question.

ARTICLE 13

DAMAGE OR DESTRUCTION

A. If the Facility is damaged or destroyed, Tenant shall promptly notify Landlord of such fact.

B. Tenant hereby waives the provisions of Section 227 of the Real Property Law and agrees that the provisions of this Article shall govern and control in lieu thereof.

C. Should the damages to the Facility be such that the Facility can reasonably be repaired or restored within one hundred and eighty (180) days from the date of such destruction, then Tenant, at its sole cost and expense, shall proceed promptly and with due diligence to restore the Facility to the same condition as prior to such damage or destruction. During this one hundred and eighty (180) day period Base Rent shall abate during any period when occupancy of the Facility is substantially interrupted and when construction of the Facility is impossible due to strikes, work stoppages, material shortages, natural disasters or other factors beyond the reasonable control of the Tenant.

D. If Tenant elects not to terminate this Lease as provided herein below and the insurance proceeds exceed \$100,000, the insurance shall be paid to and deposited in a bank or trust company in the City of New York, approved by Landlord and Tenant, and hereinafter called "depository", and shall be applied toward the cost of repair, rebuilding and restoration of the damaged Facility, in the manner hereinafter provided.

The fees of the depository for acting as such shall be paid by it to itself out of

the insurance proceeds deposited with it as aforesaid, but such fees shall not exceed one half of one percent (.05%) of the amount deposited with the depository. The depository shall make progress payments to Tenant as the work of repair, restoration and rebuilding proceeds, upon receipt by it of properly certified vouchers of the architect in charge of the work and reasonably acceptable to Landlord. Each such requisition shall be made not more often than semi-monthly, to cover the value of the work and materials on the site during the preceding half-month or month, as the case may be, covered by such requisition, less five percent (5%) of each requisition, which shall be released to Tenant as each subcontractor, contractor (or materialman) has finished its work and delivers lien waivers to the Tenant.

Upon full completion of the repair, restoration and rebuilding, and payment of all retainage as against lien waivers from contractors, subcontractors and materialmen, the balance of any insurance proceeds that may remain shall be paid to Tenant.

E. Should the Facility be damaged to such an extent that the Facility cannot reasonably be repaired within one hundred and eighty (180) days from the date of such damage or destruction, then Landlord or Tenant, within sixty (60) days of such damage or destruction may, at its option, terminate this Lease upon written notice to the other party. Tenant shall immediately after such destruction or damage take all necessary measures for the safety and preservation of the Premises and in default of Tenant taking such measures, Landlord may do so at Tenant's expense. If Tenant does not elect to terminate this Lease as above provided, Tenant shall repair and reconstruct the Facility. Such work shall be promptly commenced and diligently

carried through to completion. If the insurance proceeds are insufficient for the completion of the work, Tenant will pay, without reimbursement from Landlord, the difference between the insurance proceeds and the amount required to complete the work. During the period of time of such damage or destruction and subsequent repair and reconstruction, the Base Rent and Additional Rent shall be proportionate to that part of the Facility that remains useable and Landlord shall credit Tenant in the amount of any available rental insurance proceeds. Landlord shall not be required to rebuild, rehabilitate or replace such destruction or damage and shall not be responsible in any manner for such reconstruction. Notice of intent to terminate or repair shall be given to the other within sixty (60) days of the date of such damage or destruction. During the period of time of such damage or destruction and subsequent repair, the rent shall abate proportionately.

F. If the damage or destruction is such that repair or replacement cannot reasonably be concluded within the remaining term of the Lease, then either party at its option may terminate this Lease upon sixty (60) days' notice to the other.

G. In the event the Lease is terminated pursuant to this Article 13 the insurance proceeds shall be allocated between Landlord and Tenant as follows:

During the period commencing on the date hereof until the end of the first Lease Year (as such term is defined in Article 3 hereof), the total insurance proceeds, minus the proceeds for Tenant's fixtures and personal property (which shall be paid to the Tenant), shall be allocated fifty percent (50%) to Landlord and fifty percent (50%) to Tenant. The insurance proceeds allocated

to Landlord in each subsequent Lease Year shall increase by one percent (1%) and shall correspondingly decrease by one percent (1%) to Tenant, so that in the last Lease Year the allocation of the insurance proceeds shall be one hundred percent (100%) to Landlord.

ARTICLE 14

CONDEMNATION

A. If the entire Premises shall be condemned, taken or acquired by Landlord or a body having a superior power of eminent domain other than Landlord, then this Lease shall terminate and come to an end immediately upon vesting of title in such condemnor and the proceeds of the condemnation award shall be allocated to Landlord and Tenant as follows:

At all times during the term of this Lease, Landlord shall be entitled to that portion of the award attributable to the the Premises, i.e. the land. During the period commencing on the date hereof until the end of the first Lease Year (as such term is defined in Article 3 hereof), the condemnation award for the Facility shall be allocated fifty percent (50%) to the Landlord and fifty percent (50%) to Tenant. The condemnation award attributable to the Facility allocated to Landlord in each subsequent year of the Lease Term shall increase by one percent (1%) and shall correspondingly decrease by one percent (1%) to Tenant, so that in the last year of the Lease Term the allocation of the condemnation award attributable to the Facility shall be one hundred percent (100%) to Landlord.

B. If only part of the Premises is condemned, taken or acquired, this Lease shall

continue, but Base Rent shall abate in proportion to the floor space within the Facility taken by the condemnor, as determined by Landlord in its sole discretion. In such event, Tenant shall not be entitled to any compensation by reason of such partial taking.

C. Nothing contained in this Article shall be deemed to deprive Tenant of its right to claim, prove, receive and retain any award for the value of Tenant's furniture, furnishings, trade fixtures and other installations and equipment installed in the Premises by Tenant at its expense which are removable by Tenant under the provisions of this Lease, or for moving expenses and any other consequential damages to which Tenant may be entitled in such condemnation proceedings provided and to the extent that such award or awards to Tenant are not deducted from and do not in any way operate to reduce the award payable to Landlord for the taking of the land and the Facility.

ARTICLE 15

ENTRY

A. Landlord shall have the right to enter the Premises at any time to make emergency repairs. Landlord shall be allowed to take all material into and upon the Premises that may be required for such repairs or alterations without the same constituting an eviction of Tenant in whole or in part, and the rent reserved shall in no wise abate except as otherwise provided in this Lease while such repairs or alterations are being made, by reason of loss, inconvenience, or interruption of the operations of Tenant. During business hours and provided no emergency exists, Landlord shall also have the right to enter the Premises during business hours upon 24

hours prior notice given during business hours for the purpose of inspecting them. Except as otherwise expressly provided in this Lease, neither the right and authority hereby reserved, nor the exercise thereof, shall impose nor does Landlord assume by reason thereof, any responsibility or liability for the care or supervision of the Premises; nor shall such right of access be considered as exercising control of the Premises; nor shall same obligate Landlord to make repairs or improvements not otherwise required under this Lease.

B. During the six (6) months prior to the expiration of the term of this Lease, Landlord may exhibit the Premises during business hours and upon twenty-four (24) hours advance notice to prospective future purchasers, tenants or users.

ARTICLE 16

DEFAULTS

A. Any material default by Tenant of its obligations under the Construction Contract beyond applicable notice and opportunity to cure shall be a default under the Lease. If Tenant shall default in fulfilling any of its obligations hereunder or if the Premises become abandoned, then Landlord shall serve a written notice upon Tenant, specifying the nature of the default. If such failure or default is not cured within thirty (30) days with respect to the non-monetary defaults and (10) days with respect to monetary defaults after Landlord's written notice to Tenant, then Landlord may serve a written three (3) day notice of termination of this Lease upon Tenant. Upon the date specified in said notice, this Lease shall automatically

terminate as if such date were the Lease Expiration Date. If such default is of such a nature that it cannot, in Landlord's reasonable opinion, with due diligence be cured within thirty (30) days, then Tenant shall immediately commence the curing of such default and proceed with due diligence, and shall provide Landlord with monthly written status reports indicating the progress of curing such default. Tenant's failure to provide the aforesaid monthly written status reports and weekly telephone reports shall be deemed an event of default hereunder which must be cured within one (1) week after written notice to Tenant.

ARTICLE 17

BANKRUPTCY: ADDITIONAL DEFAULT PROVISIONS

To the extent permitted by applicable law, this Lease and the Term and estate hereby granted are subject to the limitation that whenever Tenant shall make an assignment of the property of Tenant for the benefit of creditors or shall file a voluntary petition under any bankruptcy or insolvency law, or an involuntary petition alleging an act of bankruptcy or insolvency shall be filed against Tenant under any bankruptcy or insolvency law, or whenever a petition shall be filed by or against Tenant under the reorganization provisions of the United States Bankruptcy Code, 11 U.S. Code, Section 101 et. seq. ("Code") or under the provisions of any law of like import, or whenever a petition shall be filed by Tenant under the arrangement provisions of the Code or under the provisions of any law of like import, or whenever a permanent receiver of Tenant or of or for the property of Tenant shall be appointed, then such

shall be considered a default under Article 16 and Landlord, (a) at any time after receipt of notice the occurrence of any such event, or (b) if such event occurs without the acquiescence of Tenant, at any time after the event continues for one hundred twenty (120) days, may give Tenant a notice of intention to end the term of this Lease at the expiration of five (5) days from the date of service of such notice of intention, and upon the expiration of said five (5) day period this Lease and the Term and estate hereby granted, whether or not the Term shall theretofore have commenced, shall terminate with the same effect as if that day were the Lease Expiration Date, but Tenant shall remain liable for damages as provided in Article 18.

If this Lease shall be assumed or assigned by a trustee pursuant to the provisions of the Code, the trustee shall cure any default under this Lease and shall provide such adequate assurance of future performance of this Lease as are provided in Section 365(b)(3) of the Code.

If the Debtor-in-Possession or the trustee does not cure said defaults and provide Adequate Assurances within sixty (60) days after there has been an order for relief pursuant to the Code, this Lease shall be deemed rejected and Landlord shall have no further liability hereunder to Tenant or any person claiming through or under Tenant, and if Tenant or any such person is in possession, Tenant or any such person shall forthwith quit and surrender the Premises to Landlord. If this Lease shall be so cancelled or terminated. Landlord, in addition to the other rights and remedies of Landlord under any provision of this Lease or under any statute or rule of law, may retain as liquidated damages any Security Deposit, Base Rent, Additional Rent or moneys received by Landlord from Tenant or others on behalf of Tenant.

If, at any time, (a) Tenant shall be comprised of two or more persons, or (b) Tenant's obligations under this Lease shall have been guaranteed by any person, the word "Tenant" as used in this Section shall mean any one or more of the persons primarily or secondarily liable for Tenant's obligations under this Lease.

ARTICLE 18

REMEDIES OF LANDLORD

In case of any default and termination of this Lease or in case of Landlord's recovery of possession of the Premises, all monies owed by the Tenant hereunder shall immediately become due and payable to the time of such termination, together with such expenses as Landlord may incur for legal expenses, repairs or renovations required to maintain the Premises in good condition. All obligations of Tenant under this Article 18 shall survive such termination. Landlord shall have no obligation to re-let the Premises. However, Landlord may, at any time, and from time to time, re-let the Premises or any part thereof, and receive and collect the rents hereof, and may apply the same first to the payment of such expenses as the Landlord may have incurred in recovering possession of the Premises, including legal expenses, and for putting the same in good order or condition or preparing or altering the same for re-rental and expenses, commissions and charges paid, assumed or incurred by the Landlord in and about re-letting thereof, and then to the fulfillment of the covenants of the Tenant hereunder. Any such re-letting herein provided for may be for the remainder of the term of this Lease or for a longer or shorter

period. In any such case and whether or not the Premises or any part thereof be re-let, the Tenant shall pay to the Landlord all Base Rent, Additional Rent and other sums required to be paid by the Tenant hereunder up to the time of such termination of this Lease, or of such recovery of possession of the Premises by the Landlord, as the case may be.

Thereafter the Tenant shall, if required by Landlord, pay to the Landlord until the end of the term of this Lease (notwithstanding such earlier termination or recovery of possession) the equivalent of the amount of all Base Rent, Additional Rent and all other sums required to be paid by the Tenant hereunder, less the net proceeds of re-letting, if any. This deficiency amount shall be due and payable on the first day of each calendar month.

Landlord may offset the security deposit under Article 28 hereof against any payments due under this Article 18. Any amounts due hereunder shall be payable at the legal rate of interest.

ARTICLE 19

FEES AND EXPENSES

If Tenant defaults in the observance or performance of any of its terms or covenants under this Lease, beyond notice and opportunity to cure, then Landlord may (but is not obligated to) upon thirty (30) days prior written notice (provided Tenant shall fail within such period to cure the non-emergency default), perform the same for the account of Tenant; provided, however, that if the Tenant's default leads to an emergency situation, which Landlord reasonably determines requires immediate remedy, Landlord may perform the same without prior notice to the Tenant.

Any reasonable expenditures or obligations for the payment of money made in connection herewith shall be deemed to be Additional Rent and shall be paid by Tenant to Landlord within five (5) days of rendition of any bill or statement to Tenant therefor. Any late payment shall be payable at the legal rate of interest in effect on the date of default.

ARTICLE 20

NO WAIVER

The failure by Landlord to insist, in one or more instances upon the full performance of any of Tenant's covenants, conditions or obligations hereunder shall not be construed as a waiver of a subsequent breach of the same or any other covenant or condition, and the consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be construed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant. The receipt by Landlord of rent with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. No provision of this lease shall be deemed to have been waived by Landlord unless such waiver be in writing signed by Landlord. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly Base Rent or the Additional Rent herein provided for shall be deemed to be other than on account of the earliest stipulated Base Rent or Additional Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's

right to recover the balance of such Base Rent or Additional Rent or pursue any other remedy in this Lease provided.

ARTICLE 21

LANDLORD'S REMEDIES CUMULATIVE

It is understood and agreed that the remedies herein given to Landlord shall be cumulative and the exercise of any one remedy by Landlord shall not be to the exclusion of any other remedy.

ARTICLE 22

SURRENDER

Tenant covenants, on the last day of the term of this Lease hereby demised, or of any sooner termination thereof, as in this Lease provided, peaceably and quietly to surrender and yield up to Landlord the entire Premises including all improvements thereon, except as otherwise expressly provided in this Lease, the Premises to be in good order and condition, reasonable wear and tear and casualty damage and condemnation excepted. Tenant shall nevertheless repair any damage or injury to the Premises, its fixtures, appurtenances or equipment caused by Tenant moving its property out of the building or by the removal of its trade fixtures, removable partitions, furniture or equipment. Tenant's obligations under this Article shall survive the expiration or earlier termination of the term of this Lease for a period of one (1) year. Notwithstanding the aforesaid limit of one year, in the event that Landlord gives Notice to Tenant

within the one year period of any Tenant obligations under this Article 22, then the one (1) year limit shall be tolled until such Tenant obligations are fully performed.

ARTICLE 23

DAMAGES FOR FAILURE TO SURRENDER POSSESSION

If Tenant fails to surrender possession of the Premises upon the last day of the term of this Lease or upon sooner termination, Tenant shall be liable for any and all damages including consequential, incidental, special and otherwise, including reasonable attorney's fees for any proceedings resulting therefrom and Landlord may offset the security deposit under Article 28 hereof against such damages, which damages shall in no event be limited to the security deposit.

In addition Tenant shall pay use and occupancy for the Premises during the period it remains in possession after expiration or sooner termination of this Lease at a rate which shall be one and one-half (1-1/2) times the Base Rent payable under the Lease for the last month of the Lease term or the last month prior to such earlier termination. Tenant shall pay this use and occupancy on the first day of each month during the period Tenant remains in possession.

ARTICLE 24

QUIET ENJOYMENT

Landlord covenants that if and as long as Tenant pays the Base Rent and any Additional Rent and performs the terms and covenants hereof, Tenant shall peaceably and quietly enjoy the Premises for the term hereby granted subject to the terms of this Lease.

ARTICLE 25

JURY WAIVER AND COUNTERCLAIMS

It is mutually agreed by and between Landlord and Tenant that, to the extent permitted by law, the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either party against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, and Tenant's use or occupancy of the Premises.

The Tenant waives the right to counterclaim in any summary proceeding to recover rent or to recover possession of the Premises.

ARTICLE 26

ESTOPPEL CERTIFICATES

Each party hereto agrees at any time and from time to time during the term of this Lease upon not less than thirty (30) days prior written request by the other party to execute, acknowledge and deliver to the requesting party a certificate in writing certifying (i) that the Lease is unmodified and in full force and effect (or if there has been modification, that the Lease is in full force and effect as modified and stating the modifications), (ii) the dates as to which the Base Rent, Additional Rent and other charges have been paid in advance, if any, (iii) the amount of monthly Base Rent then payable by Tenant, (iv) that the certifying party is not in default of any of its obligations under the Lease, and (v) whether or not there is an existing default by the requesting party in respect of which the other party has issued a notice of default to the requesting

party. If any such certification by the other party shall allege non-performance by the requesting party, the nature and extent of such non-performance shall, insofar as noticed, be summarized therein.

ARTICLE 27

NOTICES

Except as otherwise in this Lease specifically provided, a notice or communication which either party is required to give to the other shall be in writing by registered or certified mail, return receipt requested, or by reputable overnight courier service or by personal delivery, addressed to the other at the address below set forth or to such other address as either party may from time to time direct by written notice given in the manner herein prescribed, and the time of receipt or first refusal, as evidenced by a signed receipt, shall be deemed to be the time when such notice is received or first refused:

To the Landlord:

The City of New York
Department of Citywide Administrative Services
Division of Real Estate Services
1 Centre Street
New York, N.Y. 10007
Attention: Director of Long Term Leasing

To Tenant:

Police Athletic League, Inc.
34-1/2 East 12th Street
New York, N. Y. 10003
Attention: Mr. John J. Ryan

With copy to:

Anderson Kill Olick & Oshinsky, P.C.
1251 Avenue of the Americas
New York, N. Y. 10020
Attention: Jeffrey A. Moross, Esq.

ARTICLE 28

SECURITY

Tenant shall deposit with Landlord a sum equal to two (2) months' rent, through a check drawn to the order of the Comptroller of the City of New York for the faithful performance and observance by Tenant of the terms, provisions and conditions of this Lease; thereafter, as the Base Rent increases during the term of the Lease, Tenant shall, promptly upon Landlord's request, deposit such additional amounts as may be required in order to maintain a security deposit equal to the then current two months' rent. It is agreed that in the event Tenant defaults and fails to cure such default within the applicable cure period, in respect of any of the terms, provisions and conditions of this Lease, including, but not limited to, the payment of Base Rent and Additional Rent, Landlord may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any Base Rent or Additional Rent or any other sum as to which Tenant is in default or for any sum which Landlord may expend or may be required to expend, including attorneys' fees, by reason of Tenant's default in respect of any of the terms, covenants and conditions of this Lease, including, but not limited to, any damages or deficiency in the reletting of the Premises, whether such damages or deficiency accrued before or after summary

proceedings or other re-entry by Landlord. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this Lease; the security shall be returned to Tenant, without interest, after the date fixed as the end of the Lease and after delivery of entire possession of the Premises to Landlord. In the event of a sale of the land and building or leasing of the building, of which the Premises form a part, Landlord shall have the right to transfer the security to the vendee and Landlord shall thereupon be released by Tenant from all liability for the return of such security; and Tenant agrees to look to the new Landlord solely for the return of said security; and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security to a new Landlord. The vendee shall acknowledge receipt of the deposit and that vendee will hold the deposit in accordance with the provisions of this Lease. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the money deposited herein as security and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

ARTICLE 29

LATE CHARGES

If payment of Base Rent or Additional Rent payable by Tenant under this Lease shall become overdue for ten (10) days, a late charge of 1.5% per month (computed on a thirty (30) day month) on the sums so overdue shall become immediately due and payable to Landlord for Tenant's failure to make prompt payment. In the event of non-payment of any late charges,

Landlord shall have all the rights and remedies provided for herein and by law in the case of non-payment of rent. 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.

ARTICLE 30

NO DISCRIMINATION

Throughout the term of this Lease, Tenant shall not discriminate against any employee or applicant for employment because of race, color, creed, national origin, age or sex, handicap, marital status or sexual orientation. Tenant shall take affirmative action to ensure that employees and applicants for employment with Tenant, its sublessees, contractors and subcontractors are treated without regard to their race, color, creed, national origin, age or sex, handicap, marital status or sexual orientation, and shall take affirmative action to assist in providing training and job opportunities in order to ensure equal employment opportunities for members of minority groups with Tenant, its sublessees, contractors and subcontractors. As used herein, the term "treated" shall mean and include, without limitation, the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated. Tenant will post in conspicuous places within the Premises, available to employees of Tenant and applicants for employment, notices provided by Landlord setting forth the language of this non-discrimination provision; and

(a) Tenant, in all solicitations or advertisements for employees placed by or on behalf of Tenant, shall state that all qualified applicants will be considered for employment without regard to race, color, creed or national origin, age or sex, handicap, marital status or sexual orientation;

(b) Tenant shall send each labor union or other representative of workers with which it has a collective bargaining agreement or other contract or understanding relating to employment at the Premises a notice advising such labor union or worker's representative of Tenant's agreement as contained in this paragraph and a copy thereof shall be sent to the Commissioner within three (3) days after notification to such union or representative; and

(c) Tenant shall furnish to Landlord all information required by the Landlord pursuant to this paragraph and will permit access by Landlord to its books, records and accounts for the purposes of investigation to ascertain compliance with this paragraph. To evidence compliance with this Article, Tenant shall furnish such compliance reports as may from time to time be required by Landlord, such reports to contain information as to Landlord's practices, policies, programs, employment policies and employment statistics. Such compliance reports shall, if Landlord so requests, contain the following information:

(i) Information as to the practices, policies, programs, employment policies and employment statistics of Tenant's sublessees, contractors and subcontractors on or related to the demised Premises.

(ii) If Tenant has a collective bargaining agreement or other contract or

understanding with a labor union or an agency referring workers or providing or supervising apprenticeship or training for such workers, or with a sublessee, contractor or subcontractor, such information as to such parties' practices and policies affecting compliance as Landlord may require, provided that if information is within the exclusive possession of such party and such party shall refuse to furnish such information to Tenant, Tenant shall so certify to Landlord as part of its compliance report and shall set forth what efforts it has made to obtain such information. Tenant shall include or cause to be included the provisions of this Article in every sublease, contract and subcontract of Tenant relating to the Premises and each obligation of each such sublessee, contractor or subcontractor.

ARTICLE 31

INVESTIGATIONS

31.1 The parties to this agreement agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State of New York (State) or City of New York (City) governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license that is the subject of the investigation, audit or inquiry.

31.2(a) If any person who has been advised that his or her statement, and any

information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York, or;

31.2(b) If any person refuses to testify for a reason other than the assertion of his or her privilege against self incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City, then;

31.3(a) The commissioner or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing, upon not less than five (5) days' written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

31.3(b) If any nongovernmental party to the hearing requests an adjournment, the commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to paragraph 31.5 below without the City incurring any penalty or damages for delay or otherwise.

The penalties which may attach after a final determination by the commissioner or agency head may include but shall not exceed:

The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of which such person was a member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

- (b) The cancellation or termination of any and all such existing City contracts, leases, permits or licenses that the refusal to testify concerns and that have not been assigned as permitted under this agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; monies lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

The commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (a) and (b) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (c) and (d) below in addition to any other information which may be relevant and appropriate:

- (a) The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not

limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

- (b) The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.
- (c) The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.
- (d) The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under 31.4 above, provided that the party or entity has given actual notice to the commissioner or agency head upon the acquisition of the interest, or at the hearing called for in 31.3(a) above gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

31.6(a) The term "license" or "permit" as used herein shall be defined as a license, permit, franchise or concession not granted as a matter of right.

(b) The term "person" as used herein shall be defined as any natural person doing business alone or associated with another person or entity as a partner, director, officer, principal or employee.

(c) The term "entity" as used herein shall be defined as any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City or otherwise transacts business with the City.

(d) The term "member" as used herein shall be defined as any person

associated with another person or entity as a partner, director, officer, principal or employee.

31.7 In addition to and notwithstanding any other provision of this Lease the Commissioner or agency head may in his or her sole discretion terminate this Lease upon not less than three (3) days' written notice in the event Tenant fails to promptly report in writing to the Commissioner of Investigation of the City of New York any solicitation of money, goods, requests for future employment or other benefit or thing of value, by or on behalf of any employee of the City or other person, firm, corporation or entity for any purpose which may be related to the procurement or obtaining of this Lease by the Tenant, or affecting the performance of this Lease.

ARTICLE 32

FORCE MAJEURE

Tenant shall not be deemed in default in the performance of any obligation or undertaking provided herein in the event and/or so long as the performance of any such obligation is prevented or delayed, retarded or hindered by Act of God, fire, earthquake, floods, explosion, action of the elements, war, hostilities, invasion, insurrection, riot, mob violence, sabotage, inability to procure or general shortage of labor equipment, facilities, materials or supplies in the open market, failure of transportation, strikes, lockouts, action of labor unions, condemnation, requisition, laws, orders of government or civil or military or naval authorities, not within the control of Tenant.

ARTICLE 33

ENTIRE AGREEMENT

This Lease sets forth all of the promises, agreements, conditions and understandings between Landlord and Tenant relative to the Premises, and there are no promises, agreements conditions, understandings, warranties or representations, oral or written, expressed or implied, between them other than as herein set forth. Any executory agreement hereafter made shall be ineffective to change, waive, modify, discharge, terminate or effect an abandonment of this Lease in whole or in part unless executory agreement is in writing and signed by the party against whom such change, waiver, modification, discharge, termination or abandonment is sought to be enforced.

ARTICLE 34

NO SURRENDER WITHOUT WRITTEN AGREEMENT

A. No act done by Tenant, its officers or agents, during the term of this Lease, shall be deemed a surrender of the Premises, unless pursuant to the provisions hereof, and no agreement of surrender, shall be valid unless the same shall be in writing and executed by Landlord and Tenant.

B. Notwithstanding anything to the contrary contained in this Lease, including without limitation Articles 16, 17 and 18, Landlord shall agree to Tenant's surrender of the Premises provided Tenant shall not be in default of any of its obligations under the Construction Contract, shall vacate the Premises promptly, shall release the City from all claims and shall have

paid all Base Rent and Additional Rent owing through the date of such surrender and shall be in compliance with Article 22 hereof. After the date of acceptance of such surrender, Landlord and Tenant shall have no further obligations under the Lease and the Lease shall be of no further force and effect.

ARTICLE 35

MISCELLANEOUS

A. If any term, covenant, condition or provision of this Lease shall be finally determined to be invalid or unenforceable by the Courts having jurisdiction, such determination shall not affect the validity and enforceability of the remaining terms, covenants, conditions and provisions of this Lease.

B. Landlord's sole liability for failure to deliver possession of the Premises on the Lease Commencement Date shall be the return of any Lease deposits made by Tenant.

C. Tenant warrants and represents that no officer, agent, employee or representative of the City of New York has received any payment or other consideration for the making of this Lease and that no officer, agent, employee or representative of the the City of New York has any interest, directly or indirectly, in Tenant, this Lease or the proceeds thereof. Tenant acknowledges that Landlord is relying on the warranty and representation contained in this paragraph and that Landlord would not enter into this Lease absent the same. It is specifically agreed that, in the event that the facts hereby warranted represented prove to be incorrect, Landlord shall have the right to terminate this Lease upon three (3) days' notice to Tenant and to

rescind this transaction in all respects.

D. This agreement shall be governed by and construed in accordance with the laws of the State of New York.

E. The terms and conditions herein shall bind and inure to the benefit of Landlord and Tenant and their representatives, heirs, successors and assignees.

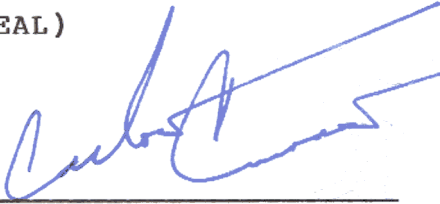
F. Upon request of either party to the Lease, Landlord and Tenant agree to execute and deliver a memorandum of this Lease and a memorandum of any modification of this Lease, in recordable form, containing any information required by the recording statute of the State of New York and such other information as Landord or Tenant may reasonably request.

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease as of the day and year first above written.

THE CITY OF NEW YORK,
Landlord

ATTEST:

(SEAL)



City Clerk

By: Lori Friedman
Deputy Commissioner
Department of Citywide Administrative
Services
Division of Real Estate Services

**NEW YORK CITY ECONOMIC
DEVELOPMENT CORPORATION**
Tenant

By: Robert F. ...
Executive Vice President

Approved as to Form:

[Signature]
Acting Corporation Counsel
JDC

STATE OF NEW YORK)
)
COUNTY OF New York) SS..

On this 17th day of March, 1997

before me personally came Ross F. Moskowitz to me known who, being by me duly sworn, did depose and say that he/she resides at c/o 110 William Street, New York, New York that he/she is Executive VICE President of New York City Economic Development Corporation the corporation described in and which executed the foregoing instrument, that he/she knows the corporate seal of said corporation and the seal affixed to said instrument is such corporate seal, that it was affixed by order of the Board of Directors of said corporation and that he/she signed his/her name thereto by like order.

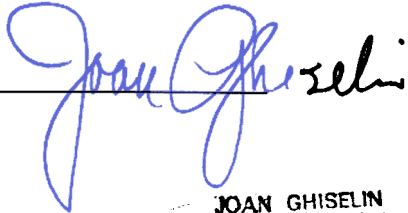


MELANIE J. JAGENDORF
Notary Public, State of New York
No. 02JA5028879
Qualified in New York County
Commission Expires June 6, 1998

STATE OF NEW YORK)
)
COUNTY OF New York) SS..

On this 11th day of February, 1997

before me personally came Lori Fierstein, to me known to be the Deputy Commissioner of the Department of Citywide Administrative Services, Division of Real Estate Services of the City of New York, the person described in and who executed the foregoing instrument and she acknowledged to me that she executed the same.



JOAN GHISELIN
Notary Public, State of New York
No. 31-4949502
Qualified in New York County
Commission Expires 4/17/97

JOAN GHISELIN
Notary Public, State of New York
No. 31-4949502
Qualified in New York County
Commission Expires

STATE OF NEW YORK)
)SS.
COUNTY OF NEW YORK)

On this 12 day of Feb, 1997, before me personally came Carlos Cuevas with whom I am acquainted and known to me to be the City Clerk of the City of New York, who being by me duly sworn, deposed and said that he resides at 750 Kappock Street, Bronx, New York 10463; that he is the City Clerk of the City of New York, the municipal 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 as provided by law; and that he signed his name thereto as City Clerk by like authority.



ANN MARIE NEARY
Commissioner of Deeds
City of New York No. 1-6053
Certificate Filed in New York County
Commission Expires May 1, 1997

(D) The Contractor and its Subcontractors shall post in prominent and conspicuous places in each and every plant, factory, building and structure where employees of the Contractor and its Subcontractors engaged in the performance of this Contract are employed, a notice, furnished by the City, in relation to minimum wages and other stipulations contained in Section 6-109 of the Administrative Code.

(E) The Contractor and its Subcontractors shall keep such employment records as are required by applicable law, rule or regulation of the City of New York adopted pursuant to the provisions of Section 6-109 of the Administrative Code.

(F) In all orders or contracts by the Contractor to the Subcontractor for: (1) manufacturing or furnishing any of the supplies, materials or equipment required under this Contract; or (2) furnishing any of the work, labor, or services required under this Contract, the Contractor shall insert a notice to the subcontractor to the effect that such supplies, materials, equipment or work, labor or services are for the City of New York and that the subcontractor is subject to the terms of Local Law No. 91 of the City of New York (1961), requiring the subcontractor's compliance with the provisions of such law.

(G) At the time the Contractor makes application for each partial payment and for final payment, the Contractor shall submit to the Commissioner a written certification of compliance with the minimum wage and other provisions and stipulations required by Section 6-109 of the Administrative Code adopted pursuant thereto and any and all supplements and amendments to such rules and regulations. Compliance with the provisions of this paragraph shall be a condition precedent to payment, and no payment shall be made to the Contractor unless and until each such certification shall have been submitted to and received by the Commissioner.

(H) This Contract is executed by the Contractor with the express warranty and representation that the Contractor is not disqualified under the provisions of Section 6-109 of the Administrative Code from being awarded a contract with the City.

(I) Any breach or violation of any of the foregoing shall be deemed a breach or violation of a material provision of this Contract and a ground for cancellation thereof by the City. Compliance with the provisions of this Article shall be a condition precedent to the making of the final payment to the Contractor.

Section 12.5. Payroll Reports. The Contractor shall furnish, and shall use all reasonable effort to cause each subcontractor to furnish, to the Commissioner on demand a verified copy of its payroll, and also any other information

required by the Commissioner to satisfy him that the provisions of the Labor Law as to the hours of employment and rates of wages are being observed.

Section 12.6. Dust Hazards. As required by Section 222-a of the Labor Law, should a harmful dust hazard be created in performing the Work, for the elimination of which appliances or methods have been approved by the Board of Standards and Appeals of the State of New York, such appliances and methods shall be installed, maintained, and effectively operated during the continuance of such harmful dust hazard. Failure to comply with this provision after fifteen (15) days notice shall make this Contract void.

Section 12.7. The Contractor; Employees. The Contractor is an independent entity, and is not, nor shall it be, deemed to be an agent, employee, servant or representative of the City for any purpose whatsoever. All personnel furnished by Contractor to perform any service required under this Contract shall be employees of Contractor, and not the City, and Contractor alone is responsible for their work and personal conduct while performing work, labor or services under this Contract, as well as for their direction and compensation. Nothing included in this Agreement shall impose any liability or duty upon the City to persons, firms or corporations employed or engaged by Contractor as coordinators, consultants, or independent contractors or in any other capacity, or as employees, servants or agents of Contractor, or to make the City liable to any person, corporation, association or any government for the acts, omissions, liabilities, obligations and taxes of whatever nature, including but not limited to unemployment insurance and Social Security taxes, of Contractor or its coordinators, consultants or employees, servants, agents or independent contractors.

ARTICLE 13 PROMPT PAYMENT

Section 13.1. Applicability. The Prompt Payment provisions set forth in Chapter 6, Section 661 of the Procurement Policy Board Rules ("PPB Rules") in effect at the time of execution of this Contract will be applicable to payments made under this Contract. The provisions require the payment to contractors of interest on payments made after the required payment date, except as set forth in subdivisions c (2) and d (2), (3), (4) and (5) of Section of 661 of the PPB Rules.

Section 13.2. Proper Invoice Required. The Contractor must submit a complete and proper invoice to receive payment, except where the Contract provides that the Contractor will be paid at predetermined intervals without having to submit an invoice for each scheduled payment.

Sections 13.3. Determination of Interest. Determination of interest due will be made in accordance with the provisions of Section 661 of the PPB Rules and General Municipal Law 13-a.

Section 13.4. Interest Payable to Subcontractors. If the Contractor is paid interest, and the Contractor has not already promptly paid its subcontractors, then the proportionate share of that interest shall be forwarded by the Contractor to its subcontractor(s).

Section 13.5. Prompt Payment to Subcontractors. The Contractor shall pay each subcontractor (including a materials supplier) not later than seven (7) days after receipt of payment out of amounts paid to the Contractor by the City for work performed by the subcontractor or supplier under this Contract.

Section 13.6. Payment to Lower Tier Subcontractors. The Contractor shall include in each of its subcontracts a provision requiring each subcontractor to make payment to each of its lower-tier subcontractors or suppliers for work performed under this Contract in the same manner and within the same time period set forth above.

ARTICLE 14 PARTIAL AND FINAL PAYMENTS

Section 14.1. Price. For the Contractor's complete performance of the Work, the City will pay, and the Contractor agrees to accept, subject to the terms and conditions hereof, the amount set forth in Section 2.4 hereof, less credit for any Omitted Work which is not offset by Extra Work or Substitute Work as provided in Sections 8.3 through 8.6.

Section 14.2. Partial Payments. (A) As the Work progresses satisfactorily, and at monthly intervals (unless otherwise approved by the Commissioner), the Contractor shall submit to the Commissioner a requisition for a partial payment in the prescribed form, which shall contain an estimate of the quantity and the fair value of the Work done during the payment period. At the time of submission of such requisition for partial payment, the Contractor shall also submit to the Comptroller a verified statement in the form prescribed by the Comptroller setting forth the information required under Section 220-a of the Labor Law. If the payment requisition covers work performed in a time period greater than thirty (30) days, the thirty day payment schedule provided by this Contract shall not apply. Nevertheless, the City shall use best efforts to promptly process payment requisitions for periods greater than thirty (30) days.

(B) Partial payments may be made for materials, fixtures and equipment in advance of its actual incorporation in

the Work, upon the Commissioner's approval, and upon the terms and conditions set forth in the specifications.

(C) Payments to be made hereunder shall be made according to a form of payment application which has been approved by the Commissioner accompanied by a certificate of the Architect in a form which has been approved by the Commissioner. Contractor shall include on each requisition for payment the following data: subcontractor name, value of the subcontract, total amount previously paid to subcontractor for work previously requisitioned, and the amount, including retainage, to be paid to the subcontractor for work included in the requisition.

(D) After receipt of a completed payment application, in form and substance satisfactory to the Commissioner, the City will make payment pursuant to such application, less any and all deductions authorized to be made by the Commissioner under the terms of this Contract or by law.

(E) If the Contractor does not receive payment within thirty (30) days or such longer time period as may be in effect pursuant to the PPB Rules, and the requisition does not cover a period longer than thirty (30) days, and such delay in payment results in subcontractors not having been paid and having the right to cease work, the Contractor shall not be held liable for the cessation of such work.

Section 14.3. Substantial Completion. (A) As the Work, or any phase thereof shall be completed, the Contractor may request in writing the Commissioner to certify the Substantial Completion of the Work, or separately as to any such phase, which requests shall not be unreasonably rejected by the Commissioner. With each such request the Contractor shall include the Architect's certification that the Work, or the applicable phase of the Work, has been Substantially Completed as well as the Certificate of Occupancy ("C/O") from the City's Department of Buildings, or, if the C/O has not yet been granted, the temporary C/O together with a schedule for obtaining the permanent C/O, along with any other approvals or certifications necessary to make the Project eligible for beneficial occupancy. The Commissioner shall promptly inspect the Work or the phase thereof as to which the Contractor requests such certification. If, in the reasonable opinion of the Commissioner, the Work or such phase of the Work has been Substantially Completed, the Commissioner shall, within fifteen (15) Business Days after each receipt of the Contractor's written notice, issue a certificate of Substantial Completion ("Certificate of Substantial Completion") and a voucher calling for payment of any part or all of the balance due for the Work or any phase of the Work performed under this Contract, including monies retained under Section 7.1 hereof, less deductions authorized by law or under this Contract. Such a payment shall be considered a partial, and not a final, payment.

(B) At Substantial Completion of the Work, or any phase of the Work, the Commissioner and the Contractor, shall jointly develop a single final punch list incorporating all findings of the Architect, the Commissioner, and the Contractor (the "Final Punch List") including the date for completion of each item on the Final Punch List and its estimated cost. The Final Punch List shall also specify the schedule to obtain the C/O and any other final approvals or certifications which may be required. (Up to the point of Substantial Completion, preliminary punch lists may be prepared as required.)

Section 14.4. Final Acceptance. (A) After the Contractor's performance of the Final Punch List as to the Work or any phase of the Work, including obtaining the C/O and any other final approvals or certifications that may be required, the Contractor shall provide written notice to the Commissioner that it requests Final Inspection of the Work. Inspection of the Work shall be made within ten (10) days after receipt of the Contractor's written request therefor.

(B) If, such inspection reveals items of Work still to be performed, the Contractor shall perform such Work and then request a reinspection. The Commissioner shall use his/her best efforts to insure that said reinspection is made not more than ten (10) days after the date of the request. However, if, upon such reinspection, the Commissioner determines that the Work or any phase thereof is complete, the date of completion of the Work or phase thereof being inspected shall be deemed to be the actual date of such reinspection. However, if upon such reinspection, in the reasonable opinion of the Commissioner, the Work or any phase thereof is not complete, then the procedure provided for in this clause (B) shall be repeated until the Work or phase thereof is deemed complete (the inspection or reinspection on the basis of which the Commissioner determines the Work to be complete being herein called the "Final Inspection").

(C) After the Commissioner has determined that the Work or any phase thereof is complete, he shall certify Final Acceptance thereof by issuing a certificate of completion and acceptance.

(D) The Contractor's guarantee, provided for in Section 7.3, shall commence as to each phase of the Work upon the Final Inspection or beneficial use (with the consent of the Commissioner) of each phase, whichever occurs first.

(E) Promptly after Final Acceptance of the entire Work, the Contractor shall deliver to the City one (1) set of working drawings depicting the entire Work "as built" (i.e., as actually constructed). The Contractor shall be entitled to rely upon the Architect and the Subcontractors for the preparation of such "as-built" drawings.

Section 14.5. Final Payment. (A) After Final Inspection of the Work, the Contractor shall submit all required certificates and documents, together with a requisition for the balance claimed to be due under this Contract. A verified statement similar to that required in connection with applications for partial payments, as set forth in Section 14.2(A), shall also be submitted to the Comptroller.

(B) The final requisition must be accompanied by the Contractor's verified statement of any and all alleged claims against the City relating to work done or material furnished by the Contractor or its subcontractors or Materialmen, in any way connected with or arising out of this Contract setting forth with respect to each such claim the total amount thereof, the various items of labor and materials included therein, and all other materials required to evaluate the claim. With reference to each such claim, the Commissioner and the Comptroller shall have the right to inspect, and to make extracts or copies of, the Contractor's books, vouchers and records. Unless such claims are completely set forth as herein required, the Contractor, upon acceptance of the final payment, pursuant to Section 14.6 hereof, will have waived any claims relating to Work done or material furnished by the Contractor or its subcontractors or Materialmen.

(C) Upon determining the balance due hereunder other than on account of claims, the Commissioner will approve a voucher for final payment in that amount, less any and all deductions authorized to be made by the Commissioner under this Contract or by law. Such voucher shall thereupon be filed with the Comptroller, and a copy thereof delivered to the Contractor

(D) All prior certificates and vouchers upon which partial payments were made, being merely estimates made to enable the Contractor to prosecute the Work more advantageously, shall be subject to correction in the final voucher and the approval of the Commissioner thereof shall be a condition precedent to the right of the Contractor to receive any money hereunder. Such final voucher shall be binding and conclusive upon the Contractor.

(E) Payment pursuant to such final voucher, less any deductions authorized to be made by the Comptroller under this Contract or by law, shall constitute the final payment, and shall be made by the Comptroller within thirty (30) days after the filing of such voucher in his office.

Section 14.6. Acceptance of Final Payment. (A) The acceptance by the Contractor, or by anyone claiming by or through it, of the final payment, whether such payment be made pursuant to any judgment or any court, or otherwise, shall constitute and operate as a release to the City from any and all claims of and liability to the Contractor for work done, material furnished or

claims for delay for, or relating to, or arising out of this Contract and the Work done hereunder, and for any prior act, neglect or default on the part of the City or any of its officers, agents or employees which are known by the Contractor, excepting only a claim against the City for the amounts deducted or retained in accordance with the terms and provisions of this Contract or by law, including any claim relating to sales tax, and excepting a claim, not otherwise waived, which is contained in the verified statement filed with the Contractor's final requisition pursuant to Section 14.5 hereof.

(B) Execution by the Contractor of a release, in connection with the acceptance of the final payment, containing language purporting to reserve claims other than those herein specifically excepted from the operation of this Section, or those for amounts deducted by the Commissioner from the final requisition or by the Comptroller from the final payment and approved by the Commissioner, shall not be effective to reserve such claims, anything stated to the Contractor orally or in writing by any officer, agent or employee of the City to the contrary notwithstanding.

(C) Should the Contractor refuse to accept the final payment as tendered by the Comptroller, it shall constitute a waiver of any right to interest thereon. However, the Contractor shall not be barred from commencing an action for breach of contract under this Section provided that a detailed and verified statement of claim is served upon the Department and the Comptroller not later than forty days (40) after the mailing of such final payment. The statement shall specify the items upon which the claim will be based and any such claim shall be limited to such items.

14.7 Audit. (A) All vouchers or invoices presented for payment to be made hereunder, and the books, records and accounts upon which said vouchers or invoices are based are subject to audit by the Department and post audit by the Comptroller.

(B) The Contractor shall submit any and all documentation and justification in support of expenditures or fees under this Contract as may be required by the Department or Comptroller so that they may evaluate the reasonableness of the charges; the Contractor shall make its records available to the Department and to the Comptroller, as necessary.

(C) All books, vouchers, records, reports, cancelled checks and any and all similar material may be subject to periodic inspection, review and audit by the State of New York, Federal Government and other persons duly authorized by the City. Such audit may include examination and review of the source and application of all funds, whatever its source.

**ARTICLE 15
DEFAULT**

Section 15.1. Commissioner's Right to Declare Contractor in Default. (A) In addition to those instances specifically referred to in other provisions hereof, the Commissioner shall have the right to declare the Contractor in default of the whole or any part of the Work if:

The Contractor becomes insolvent; or

The Contractor makes an assignment for the benefit of creditors pursuant to the statutes of the State of New York; or

A voluntary or involuntary petition in bankruptcy be filed by or against the Contractor; or

The Contractor fails to commence the Work when notified to do so by the Commissioner pursuant to this Agreement; or

(5) **The Contractor shall abandon the Work; or**

(6) **The Contractor shall wrongfully refuse to proceed with the Work when and as directed by the Commissioner in accordance with this Agreement; or**

The Contractor shall sublet, assign, transfer, convey or otherwise dispose of this contract other than as herein specified; or

A receiver or receivers are appointed to take charge of the Contractor's property or affairs; or

The Contractor is or has been unnecessarily or unreasonably or willfully delaying the performance and completion of the Work, or the award of necessary subcontracts, or the placing of necessary material and equipment orders; or

The Contractor is or has been willfully or in bad faith violating any of the provisions of this Contract; or

The Contractor is not or has not been executing this Contract in good faith and in accordance with its terms; or

(12) **The Work is not completed within the time herein provided for or within the time to which the**

Contractor may be entitled to have such completion extended.

- 13 The Contractor fails to secure and maintain all required insurance.

(B) Before the Commissioner shall exercise his right to declare the Contractor in default by reason of the conditions set forth above, the City shall give Contractor notice of the reasons for the proposed default and fifteen (15) Business Days to cure the condition which gives rise to the City's right to terminate. In the event that Contractor does not cure the condition or is not, in the reasonable opinion of the Commissioner, diligently proceeding to cure the condition to the reasonable satisfaction of the City, the City may declare the Contractor in default of this Contract.

Section 15.2. Exercise of Right to Declare in Default. The right to declare the Contractor in default for any of the grounds specified in Section 15.1 hereof shall be exercised by sending the Contractor a written notice, signed by the Commissioner, setting forth the ground or grounds upon which such default is declared.

Section 15.3. Quitting the Site. Upon receipt of such notice, the Contractor shall, subject to any rights which the Contractor may have pursuant to any other agreement with the City or its agencies, turn over to the City all plant, materials, equipment, tools and supplies specifically dedicated to the Work under this Contract.

Section 15.4. Completion of the Work. (A) The Commissioner after declaring the Contractor in default, may then have the Work completed by such means and in such manner, by contract with or without public letting, or otherwise, as he/she may deem advisable, utilizing for such purpose such of the Contractor's plant, materials, equipment, tools and supplies remaining on the Site, and also such subcontractors, as he/she may deem advisable.

(B) The expense of such completion, as so certified by the Commissioner, shall be charged against and deducted out of such monies as would have been payable to the Contractor if it had completed the Work; the balance of such monies, if any, subject to the other provisions of this Contract, to be paid to the Contractor without interest after such completion. Should the expense of such completion, so certified by the Commissioner, exceed the total sum which would have been payable under this Contract if the same had been completed by the Contractor, any such excess shall be paid by the Contractor to the City upon demand by the Commissioner.

Section 15.5. Performance of Incomplete Work. In completing the whole or any part of the Work under the provisions of this Article 15, the Commissioner shall have the power to depart from or change or vary the terms and provisions of this Contract, provided, however, that such departure, change, or variation is made for the purpose of reducing the time or expense of such completion. Such departure, change or variation, even to the extent of accepting a lesser or different Performance, shall not affect the conclusiveness of the Commissioner's certificate of the cost of completion referred to in Section 15.4(B) hereof, nor shall it constitute a defense to an action to recover the amount which would have been payable to the Contractor hereunder but for its default.

Section 15.6. Other Remedies. The previous provisions of this Article 15 shall be in addition to any and all other legal or equitable remedies permitted by law.

ARTICLE 16 CLAIMS

Section 16.1. Claims and Actions Against the City. No claims (not including, however, any action in the nature of a setoff or third party claim arising out of the subject matter of this Contract and not previously waived upon receipt of final payment) against the City for damages for breach of contract or compensation for City Ordered Extra Work shall be made or asserted in any action or proceeding at law or in equity, unless the Contractor has complied with all requirements relating to the giving of notice and of information with respect to such claims all as hereinbefore provided. Nor shall any such action or proceeding be instituted or maintained on any such claims unless such action or proceeding be commenced within six months after the date of the filing in the office of the Comptroller of the final payment voucher pursuant to Section 14.5; or within six months of the termination of this Contract, whichever is later, except that an action or proceeding on a claim for moneys deducted, retained or withheld under the provisions of this Contract or of law must be commenced within four months after the date of final payment hereunder or after such moneys become due and payable hereunder, whichever is later.

Section 16.2. No Claim Against Officers, Agents or Employees. No claim whatsoever shall be made by the Contractor against any officer, agent or employee of the City for, or on account of, anything done or omitted to be done in connection with this Contract nor shall the City sue any trustee, director or employee of the Contractor in his or her personal capacity for or on account of anything done or omitted to be done in connection with the Contract except to the extent this Contract expressly provides for personal liability on the part of such trustee, director or employee.

Section 16.3. No Damages For Delays. The Contractor agrees to make no claim for damages for delay in the performance of this Contract for any reason whatsoever including, without limitation, any unanticipated condition, or any act or omission to act of the City or any of its representatives, and agrees that any such claim shall be fully compensated for by an extension of time to complete performance of the Work as provided herein.

**ARTICLE 17
TERMINATION BY THE CITY**

Section 17.1. Termination. The Commissioner may terminate this Contract in whole or in part

(i) upon the failure of the Contractor to comply with any material term or condition of this Contract and such failure has not been timely cured as provided in Section 15.1 (B) hereof.

(ii) upon the Contractor's insolvency or the commencement under the Bankruptcy Act of any proceeding by or against the Contractor, either voluntarily or involuntarily;

(iii) upon a City financial emergency where the City terminates construction contracts for other capital projects."

The City shall provide the Contractor with written notice of such termination, and, the Contractor shall, upon receipt of such notice, unless otherwise directed by the Commissioner:

stop work on the date specified in the notice;

take such action as may be necessary for the protection and preservation of the City's materials and property;

(C) cancel all cancellable orders for material and equipment;

assign to the City and deliver to the Site or any other location designated by the Commissioner, any noncancellable orders for material and equipment that are not capable of use except in the performance of this Contract and have been specifically fabricated for the sole purpose of this Contract and not incorporated in the Work;

take no action that will increase the amounts payable by the City under this Contract, except as otherwise herein provided.

Section 17.2. Payment upon Termination. (A) Upon termination of this Contract under Section 17.1, the City will pay the Contractor its direct cost for:

the portion of the Work completed up to the time of termination;

non-cancellable material and equipment that is not capable of use except in the performance of this Contract or has been specifically fabricated for the sole purpose of this Contract but not incorporated in the Work; and

(3) all amounts payable by Contractor to its subcontractors by reason of such termination

(B) The Contractor shall submit its statement for all sums claimed to be due hereunder, which statement shall be in the same form as, and shall be paid by the City in the same manner as, the final requisition provided for in Section 14.5 hereof.

(C) In no event shall any payments under this Section exceed the contract price of such items.

(D) All payments pursuant to this Section shall be in the nature of liquidated damages and shall be accepted by the Contractor in full satisfaction of all claims against the City arising out of the termination.

(E) The City may deduct or set off against any sums due and payable pursuant to this Section, any claims it may have against the Contractor, except those claims that have been bonded in accordance with this Contract.

(F) Where the Work covered by this Contract has been Substantially Completed, as evidenced by a duly executed Certificate of Substantial Completion, termination of the Work shall be handled as a change order issued to reflect an appropriate reduction in the Contract Price, or if the amount is determined after final payment, it shall be paid by Contractor.

(G) All payments pursuant to this Section are subject to audit and approval by the Department and post audit by the Comptroller, pursuant to the provisions of the New York City Charter and Administrative Code.

ARTICLE 18 MISCELLANEOUS PROVISIONS

Section 18.1. Infringement of Patents. The Contractor shall be solely responsible for and shall indemnify the City against any claims and judgments for damages for any infringement

of patents, or use of patented articles, tools, materials, equipment, appliances or processes in the performance or completion of the Work, including all costs and expenses which the City shall or may incur or be obliged to pay by reason thereof, excepting procedures and materials which the City specifically designated to be used in the performance of the Work.

Section 18.2. Unlawful Provisions Deemed Stricken. If this Contract contains any unlawful provision not an essential part of this Contract and which shall not appear to have been a controlling or material inducement to the making thereof, the same shall be deemed of no effect and shall, upon notice by either party, be deemed stricken from this Contract without affecting the binding force of the remainder.

Section 18.3. All Legal Provisions Deemed Included. It is the intent and understanding of the parties to this Contract that each and every provision of law required to be inserted in this Contract shall be and is inserted herein. Furthermore, it is hereby stipulated that every such provision is to be deemed to be inserted herein, and if, through mistake or otherwise, any such provision is not inserted, or is not inserted in correct form, then this Contract shall forthwith upon the application of either party be amended by such insertion so as to comply strictly with the law and without prejudice to the rights of either party hereunder.

Section 18.4. Investigation. (A) The parties to this Contract agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State of New York (State) or City governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit or license that is the subject of the investigation, audit or inquiry.

(B) (1) If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York, or;

(2) If any person refuses to testify for a reason other than the assertion of his or her privilege against self incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City, then;

(C) (1) The Commissioner or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing, upon not less than five (5) days written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

(2) If any non-governmental party to the hearing requests an adjournment, the Commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to paragraph 18.4(E) below without the City incurring any penalty or damages for delay or otherwise.

(D) The penalties which may attach after a final determination by the Commissioner or agency head may include but shall not exceed:

The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of which such person was a member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

The cancellation or termination of any and all such existing City contracts, leases, permits or licenses that the refusal to testify concerns and that have not been assigned as permitted under this Contract, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; monies lawfully due for goods delivered, work done, rentals, or

fees accrued prior to the cancellation or termination shall be paid by the City.

(E) The Commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (1) and (2) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (3) and (4) below in addition to any other information which may be relevant and appropriate:

The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under paragraph 18.4(D) above, provided that the party or entity has given actual notice to the Commissioner or agency head upon the acquisition of the interest, or at the hearing called for in paragraph 18.4(C)(1) above gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

(F)(1) The term "license" or "permit" as used herein shall be defined as a license, permit, franchise or concession not granted as a matter of right.

(2) The term "person" as used herein shall be defined as any natural person doing business alone or associated with

another person or entity as a partner, director, officer principal or employee.

(3) The term "entity" as used herein shall be defined as any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City or otherwise transacts business with the City.

(4) The term "member" as used herein shall be defined as any person associated with another person or entity as a partner, director, officer, principal or employee.

(G) In addition to and notwithstanding any other provision of this Contract, the Commissioner or agency head may in his or her sole discretion terminate this Contract upon not less than three (3) days written notice in the event Contractor fails to promptly report in writing to the Commissioner of Investigation of the City of New York any solicitation for money, goods, request for future employment or other benefit or thing of value, by or on behalf of any employee of the City or other person, firm, corporation or entity for any purpose which may be related to the procurement or obtaining of this Contract by the Contractor, or affecting the performance of this Contract.

Section 18.5. Participation in an International Boycott.

(A) The Contractor agrees that neither the Contractor nor any substantially-owned affiliated company of the Contractor (an "Affiliate") is participating nor shall participate in an international boycott in violation of the provisions of the Export Administration Act of 1969, as amended, or the regulations of the United States Department of Commerce as promulgated thereunder.

(B) Upon the final determination by the Commerce Department or any other agency of the United States as to, or conviction of the Contractor or an affiliate, of participation in an international boycott in violation of the provisions of the Export Administration Act of 1969, as amended, or the regulations promulgated thereunder, the Comptroller may, at his option, void this Contract.

Section 18.6. Assignment of Claims and Causes of Actions.

The Contractor hereby assigns, sells, and transfers to the City all right, title and interest in and to any claims and causes of action arising: (A) under the antitrust laws of the State of New York or of the United States relating to the particular goods or services purchased or procured by the City under this Contract; and (B) from the architectural and engineering work provided under this Contract.

Section 18.7. Notices. Any notice, demand, approval, consent, request or other communication which may or is required to be given pursuant to this Contract shall be deemed given on the date of delivery when delivered by hand (provided that a receipt is given) or by confirmed facsimile transmission (provided that a copy is hand delivered the following business day), on the second business day after a writing is consigned to a commercial overnight courier, and on the fifth business day after a writing is deposited in the United States mail, postage and other charges prepaid and addressed to the party at the address set forth after its respective name below, or at such different addresses as to either party as it shall have heretofore advised the other party in writing.

The City: Commissioner
Department of General Services
of the City of New York
17th Floor
Municipal Building
New York, New York 10007

with copies to: General Counsel
Department of General Services
of the City of New York
17th Floor
Municipal Building
New York, New York 10007

The Contractor: Police Athletic League, Inc.
34 1/2 East 12th Street
New York, New York 10003
Attention: Executive Director

with copies to: Anderson Kill & Olick, P.C.
1251 Avenue of the Americas
New York, New York 10020
Attention: Jeffrey A. Moross, Esq.

Section 18.8. Further Assurances. The City and the Contractor covenant and agree that, subsequent to the execution and delivery of this Contract and without any additional consideration, they each will execute any further legal instruments and perform any acts which are or may become necessary to effectuate and to carry on the intentions and purposes hereof.

Section 18.9. Modification. This Contract may be modified from time to time in a written instrument signed by both parties in order to carry out and complete more fully and perfectly the Work agreed to be performed under this Contract, provided, however, in no event shall any modification(s)

requested by Contractor cause an increase the Contract Price unless the increased Contract Price shall have first been authorized in accordance with Chapter 13 of the Charter and the rules and regulations promulgated thereto.

Section 18.10. Merger. This Contract contains the sole and entire agreement and understanding of the parties with respect to the subject matter hereof. Any and all prior writings, agreements, including, without limitation, oral communications, discussions, negotiations, commitments and understandings relating thereto, are hereby merged herein and superseded hereby. This Contract shall not be amended or modified except by an instrument in writing signed by the City and the Contractor.

Section 18.11. Headings. Article and Section headings herein and the Table of Contents set forth hereinabove are inserted for convenience only and are not to be considered in the construction or interpretation of any provision hereof.

Section 18.12. Governing Law. This Contract shall be construed according to and shall be governed by the laws of the State of New York.

Section 18.13. Counterparts. This Contract may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

Section 18.14. Successors and Assigns. Subject to the restrictions on assignment set forth in Section 5.5 hereof, this Contract shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

Section 18.15. Approval by Art Commission and Landmarks Preservation Commission. To the extent required by law, regulation or existing designation, the design and execution of the Work shall be subject to the separate approvals of the Art Commission and the Landmarks Commission of the City of New York.


Section 18.16. Affirmations. The Contractor affirms and declares that it is not in arrears to the City of New York upon debt, contract or taxes and is not a defaulter, as surety or otherwise, upon obligation to the City of New York, and has not been declared a poor performer, not responsible, or disqualified, by any agency of the City or State of New York, nor is there any proceeding pending relating to the responsibility or qualification of the Contractor to receive public contracts.

Section 18.17. Commissioner's Approval. Whenever the Commissioner's approval is required under any provision of this Contract, said approval shall not be unreasonably withheld.

IN WITNESS WHEREOF, the Commissioner, on behalf of the City of New York, and the Contractor, have executed this Contract in quadruplicate, two parts of which are to remain with the Commissioner, one other to be filed with the Comptroller of the City, and the fourth to be delivered to the Contractor.

THE CITY OF NEW YORK

By: _____


Commissioner
Department of Design and
Construction

Date: _____

11/6/96

Approved as to Form and
Certified as to Legal Authority:


ACTING CORPORATION COUNSEL

AUG 19 1996

Date: _____

POLICE ATHLETIC LEAGUE, INC.


By: _____



Date: _____

10/25/96

Attest: _____


Secretary

Taxpayer Identification Number:

13-5596811

Date: _____

(Seal)

11/8/96

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

On this 6th day of November, 1996,
before me personally came Luis M. Tormenta, P.E.
to me known and known to me to be the Commissioner of the
DEPARTMENT OF DESIGN AND CONSTRUCTION of the CITY OF NEW YORK
the person described in and who executed the foregoing
instrument, and he/she acknowledged to me that he/she executed
the same for the purpose therein mentioned



NOTARY PUBLIC

ROBERT J. SOTTILE
Notary Public, State of New York
No. 02504686360
Qualified in Queens County
Commission Expires December 31, 1998

STATE OF NEW YORK
COUNTY OF NEW YORK) SS

On this 28th day of OCTOBER, 1996,
before me personally came JOHN RYAN, to me known
who, being by me duly sworn, did depose and say that he/she is
the EXECUTIVE DIRECTOR, of the POLICE ATHLETIC
LEAGUE, INC. the New York not for profit corporation described in
and which executed the above instrument; that he/she 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 Board of Directors of said corporation, and that
he/she signed his/her name thereto by like order


NOTARY PUBLIC

GUILLERMO L. POND
Notary Public, State of New York
No. 4961507
Qualified in Kings County
Commission Expires February 5, 1998



EXHIBIT A

POLICE ATHLETIC LEAGUE PRE-CONSTRUCTION BUDGET CENTRAL HARLEM

GENERAL DESCRIPTION

The Police Athletic League, a non-profit, non-sectarian youth organization, intends to construct a 40,000 square foot youth and community center at 441 Manhattan Avenue, Central Harlem New York. The purpose of this facility is to improve the quality of life for the youngsters living in the local area by providing a place for them to enjoy recreational, cultural, social, and educational activities.

GENERAL CONSTRUCTION

Excavation for the new concrete foundations and underground site mechanical systems, i.e. storm and sanitary waste piping, domestic and sprinkler water service, etc. will be performed. Building structure to be poured in place flat slab construction using structural steel framing for Gymnasium roof all supported on a spread footing type concrete foundation. Exterior wall construction to be an insulated cavity wall consisting of finished face concrete masonry units on the inside and outside with a piece of rigid insulation sandwiched in between. Exterior windows will be a combination of aluminum frames and thermopane and windows. Typical interior construction will consist of C.M.U. partitions dividing the interior spaces and a standard lay-in ceiling tile ceilings. Floors will be finished with Vinyl tile, polished Terazzo or Carpet. Bathrooms will be finished with Ceramic Tile walls and floors set in a latex base adhesive. The various type project lighting will include fluorescent type fixtures installed into the hung ceiling system. Recessed incandescent fixtures in the sheetrock ceilings, and wall mounted fixtures where shown on the Architectural Drawings. A kitchen area will be provided on the Cellar floor and shall include a cooking grill, deep fryer, dishwasher, etc. A standard paint finish and graphics will be provided. Also included will be a standard package of Hollow Metal doors and Hardware, Steel pan stairs, Metal Toilet Partitions, and Gymnasium wood flooring. Roofing to consist of a multi-layer built up roof. Exterior site work will consist of all new sidewalks and repaving of the surrounding streets pursuant to the N.Y.C. Dept of Highways.

Total Cost \$ 4,613,614

**POLICE ATHLETIC LEAGUE
CENTRAL HARLEM**

PLUMBING/SPRINKLER

All work associated with the installation of a completely new plumbing, automatic wet pipe type sprinkler, and fire-standpipe systems, including all domestic hot and cold water pipe risers and branch piping, street utilities, sanitary drainage risers and vents, roof and site drains, water heaters, ejector pumps, vitreous china sprinkler heads, hose valves and all other appurtenances typical to complete these systems in accordance with the specifications and local codes. Site work will include the installation of all underground storm and sanitary waste piping, domestic and fire water street connections, and gas connections. Also to be included will be all temporary water systems for use during construction. i.e. temporary toilets, and hose connections.

Total Cost \$ 522,000

HVAC

Furnish and install a perimeter heating system in connection with a combined all-air perimeter and interior VAV (variable air volume) system. Centralized constant volume HVAC units to be air cooled dedicated to the Gymnasium (2 @ 15 Tons) .And general building areas (2 @ 10 tons). Gas fired HVAC pre-heat sections will temper outside air for heating. Toilets and kitchen to be mechanically ventilated seperately in accordance with code. Also included are the flue exhaust for the ceramic baking kiln and kitchen area.

Total Cost \$540,000

ELECTRICAL & LIGHTING

Furnish and install a new electric distribution system originating from the new Con Edison 208/120v. 3 phase 4-wire service. Including all new Con Edison connection cost. Work to include new feeders terminating at various distribution panels and service equipment all sized in accordance with design and branch circuit criteria. Also all lighting fixtures, lamps, receptacles and switches will be provided. Emergency power will be provided by a 50kw generator dedicated to specific lighting circuits, elevator , and fire controls. A Fire Management System will be provided to monitor the various smoke detectors, sprinkler systems, pull stations and Emergency Generator. Also included will be a complete temporary electric system for use during construction. i.e temporary lighting of the building interior, temporary power for tools, etc.

Total Cost \$735,000

PAGE 3

**POLICE ATHLETIC LEAGUE
CENTRAL HARLEM**

ARCHITECT'S SUPERVISION (3.5% OF TRADE COST):

TOTAL COST \$224,372

DESIGN CONTINGENCY (5 %):

TOTAL COST \$ 331,750

TOTAL CONSTRUCTION COST \$ 6,966,764

CERTIFICATION

I, Eugene R. Anderson, Secretary, of the Police Athletic League, Inc., hereby certify that the attached Resolution was duly adopted by the Members of the Executive Committee of the Board of Directors of the Police Athletic League, Inc. by written consent in lieu of a meeting of the Executive Committee of the Board of Directors of the Police Athletic League, Inc., which is dated as of October 31, 1996, and which has not been amended, altered or repealed.


Eugene R. Anderson

Dated: November ²⁵, 1996
New York, New York

**ACTION BY WRITTEN CONSENT IN LIEU OF
A MEETING OF THE EXECUTIVE COMMITTEE OF
THE BOARD OF DIRECTORS OF POLICE ATHLETIC LEAGUE, INC.**

The undersigned being all of the members of the Executive Committee of the Board of Directors of Police Athletic League, Inc., a New York Not-for-Profit corporation (the "PAL"), hereby consent to the adoption of the following resolutions and approve and ratify in all respects any actions taken with respect thereto and in connection therewith, in accordance with Section 708 and 712 of the Not-for-Profit Corporation Law and the Certificate of Incorporation and By-Laws of the PAL:

WHEREAS, the City of New York (the "City") and Police Athletic League, Inc. ("PAL") propose to enter into a construction contract (the "Contract") which provides for the construction of a new youth and community center to be known as the PAL Central Harlem Community Center (the "Project") in accordance with a scope of work to be attached as Exhibit A to the Contract (the "Scope of Work").

WHEREAS, under the Contract (a) the City will provide to PAL an amount not to exceed \$4,000,000 (the "City Funding") toward paying the costs of the Scope of Work and to the extent permitted and provided in the Contract, other or optional work, to be described and defined in the Contract (the Scope of Work and said other or optional work being hereinafter collectively referred to as the "Contract Work"), and (b) PAL will agree to complete the Contract Work without cost to the City in excess of the City Funding except to the extent, if any, the Contract may otherwise provide or permit;

WHEREAS, PAL has agreed to commit and expend, over and above the City Funding, no less than \$2,711,000 to pay costs of the Contract Work, in addition to costs therefor paid from the City Funding, said amount to be provided by PAL from cash on hand, pledges (other than the City Funding) and a line of credit from Chase Manhattan Bank, N.A.; and

WHEREAS, the City requires that as a condition of approval and signature by the City of the Contract, PAL have available an amount equal to no less than \$671,100 (equaling 10% of \$6,711,000) in the form of cash or the equivalent of cash, such as a line of credit and pledges (other than the City Funding), for payment of any increases in the costs of the Contract Work

above the sum of \$2,711,000 and the City Funding included under the Contract for the Scope of Work;

NOW, THEREFORE, be it resolved that:

1. The Contract, in substantially the form attached hereto, is in all respects approved;

2. The Executive Director be, and hereby is, authorized and directed to execute and deliver the Contract in the name and on behalf of the Police Athletic League, Inc. and under the seal of the Police Athletic League, Inc. where appropriate; and

3. In consideration of the commitment of the City to provide the City Funding to pay the costs of the Contract Work, the Police Athletic League, Inc. hereby agrees:

(a) To guarantee completion of the Contract Work, subject to and in accordance with the terms of the Contract;

(b) To commit and expend, over and above the City Funding, no less than \$2,711,000 to pay costs of the Contract Work, in addition to costs therefor paid from the City Funding, said amount to be provided by the Police Athletic League, Inc. from cash on hand, pledges (other than the City Funding) and a line of credit from Chase Manhattan Bank, N.A.; and

(c) To have available when the contract is signed, in the form of a line of credit from Chase Manhattan Bank, N.A., an amount equal to no less than \$671,100 in addition to the \$2,711,000 to be expended by the Police Athletic League, Inc. as referred to above, which amount shall be available to pay as and when needed any increases in the costs of the Scope of Work above the sum of \$2,711,000 and the City Funding included under the Contract for the Scope of Work.

IN WITNESS WHEREOF, the undersigned, being all of the members of the Executive Committee of the Board of Directors of Police Athletic League, Inc. have set their hand as of this 21st day of October, 1996.


Morgenthau

Charles F. Jacey, Jr.

Howard Safir

Robert J. McGuire

Richard A. Bernstein

Simon Gourdine

Eugene R. Anderson

Richard V. Riccardi

Daniel Rose

Harriet Edelman

IN WITNESS WHEREOF, the undersigned, being all of the members of the Executive Committee of the Board of Directors of Police Athletic League, Inc. have set their hand as of this 31st day of October, 1996.

Robert M. Morgenthau

Charles F. Jacey, Jr.
Charles F. Jacey, Jr.

Howard Safir

Robert J. McGuire

Richard A. Bernstein

Simon Gourdine

Eugene R. Anderson

Richard V. Riccardi

Daniel Rose

Harriet Edelman

IN WITNESS WHEREOF, the undersigned, being all of the members of the Executive Committee of the Board of Directors of Police Athletic League, Inc. have set their hand as of this 31st day of October, 1996.

Robert M. Morgenthau

Charles F. Jacey, Jr.
Howard Safir
Howard Safir

Robert J. McGuire

Richard A. Bernstein

Simon Gourdine

Eugene R. Anderson

Richard V. Riccardi

Daniel Rose

Harriet Edelman

IN WITNESS WHEREOF, the undersigned, being all of the members of the Executive Committee of the Board of Directors of Police Athletic League, Inc. have set their hand as of this 3/24 day of October, 1996.

Robert M. Morgenthau

Charles F. Jacey, Jr.

Howard Safir



Robert J. McGuire

Richard A. Bernstein

Simon Gourdine

Eugene R. Anderson

Richard V. Riccardi

Daniel Rose

Harriet Edelman

IN WITNESS WHEREOF, the undersigned, being all of the members of the Executive Committee of the Board of Directors of Police Athletic League, Inc. have set their hand as of this 31st day of October, 1996

Robert M. Morgenthau

Charles F. Jacey, Jr.

Howard Safir

Robert J. McGuire

Richard A. Bernstein

Simon Gourdine

Eugene R. Anderson

Richard V. Riccardi

Daniel Rose

Harriet Edelman

IN WITNESS WHEREOF, the undersigned, being all of the members of the Executive Committee of the Board of Directors of Police Athletic League, Inc. have set their hand as of this 31st day of October, 1996.

Robert M. Morgenthau

Charles F. Jacey, Jr.

Howard Safir

Robert J. McGuire

Richard A. Bernstein

Simon P. Gourdin

Simon Gourdin

Eugene R. Anderson

Richard V. Riccardi

Daniel Rose

Harriet Edelman

IN WITNESS WHEREOF, the undersigned, being all of the members of the Executive Committee of the Board of Directors of Police Athletic League, Inc. have set their hand as of this 31st day of October, 1996.

Robert M. Morgenthau

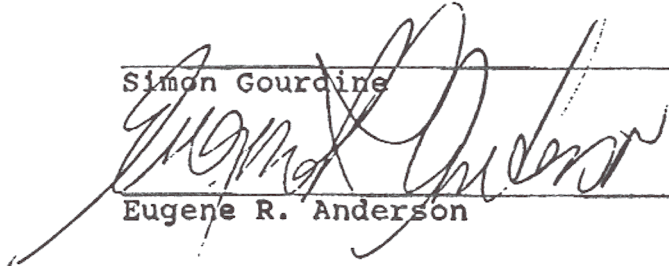
Charles F. Jacey, Jr.

Howard Safir

Robert J. McGuire

Richard A. Bernstein

Simon Gourdine



Eugene R. Anderson

Richard V. Riccardi

Daniel Rose

Harriet Edelman

OCT 10 1996

IN WITNESS WHEREOF, the undersigned, being all of the members of the Executive Committee of the Board of Directors of Police Athletic League, Inc. have set their hand as of this 21st day of October, 1996.

Robert M. Morgenthau

Charles F. Jacey, Jr.

Howard Safir

Robert J. McGuire

Richard A. Bernstein

Simon Gourdine

Eugene R. Anderson

Richard V. Riccardi
Richard V. Riccardi

Daniel Rose

Harriet Edelman

IN WITNESS WHEREOF, the undersigned, being all of the members of the Executive Committee of the Board of Directors of Police Athletic League, Inc. have set their hand as of this 31st day of October, 1996.

Robert M. Morgenthau

Charles F. Jacey, Jr.

Howard Safir

Robert J. McGuire

Richard A. Bernstein

Simon Gourdine

Eugene R. Anderson

Richard V. Riccardi

NR

Daniel Rose

Harriet Edelman

IN WITNESS WHEREOF, the undersigned, being all of the members of the Executive Committee of the Board of Directors of Police Athletic League, Inc. have set their hand as of this 31st day of October, 1996.

Robert M. Morgenthau

Charles F. Jacey, Jr.

Howard Safir

Robert J. McGulre

Richard A. Bernstein

Simon Gourdine

Eugene R. Anderson

Richard V. Riccardi

Daniel Rose

Harriet Edelman

Harriet Edelman

EXHIBIT "C"

ASSIGNMENT AND ASSUMPTION OF LEASE

The parties agree as follows:

Date:
Parties:

19

Assignor NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
Address: 110 William Street, New York, New York 10038

Assignee POLICE ATHLETIC LEAGUE, INC.
Address: 34 1/2 East 12th Street, New York, New York 10003

If there are more than one Assignor or Assignee, the words "Assignor" and "Assignee" shall include them.

Lease assigned:

The Lease which is assigned herein is identified as follows:

Landlord THE CITY OF NEW YORK
Tenant NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
Date 19 Premises: Block 1945, Lots 51-57, New York County,
New York, known as 441 Manhattan Avenue, New York, New York

~~(This Lease was recorded on 19 in the office of the
of the County of in liber of conveyance, of page~~

A memorandum of the Lease was recorded in the office of the Register of the City of New York - New York County immediately prior hereto.

Consideration:

Assignor has received

() dollars

and other good and valuable consideration for this Assignment

Assignment:

Assignor assigns to the Assignee all the Assignor's right, title and interest in ~~a) the Lease and b) the security deposit, if any, stated in the Lease.~~

Assumption:

Assignee agrees to pay the rent promptly and perform all of the terms of the Lease as of the date of this Assignment. Assignee assumes full responsibility for the Lease as if Assignee signed the Lease originally as Tenant, and Assignee makes all of the representations and warranties binding upon the tenant under the Lease, with the same effect as if Assignee had executed the Lease originally as tenant.

Indemnity:

Assignee agrees to indemnify and hold Assignor harmless from any legal actions, damages and expenses including legal fees that the Assignor may incur arising out of the Lease.

Benefit to landlord:

Assignee agrees that the obligations assumed shall benefit the landlord named in the Lease as well as the Assignor.

Assignor's statements:

Assignor states that Assignor has the right to assign this Lease and that the premises are free and clear of any judgments, executions, liens, taxes and assessments.

Assignee's statements:

Assignee states that Assignee has read the Lease and has received the original or an exact copy of the Lease.

In the event that Assignee chooses to record this instrument and a memorandum of the Lease in the Office of the City Register, New York County, Assignee shall do so at its sole cost and expense, and shall also cause a copy of this instrument and such memorandum of Lease, as recorded, to be transmitted to the General Counsel of the Assignor. Assignor agrees that it shall cooperate with Assignee in completing and executing all returns, affidavits and other documentation in connection with recording this instrument and the memorandum of the Lease.

This assignment is binding on all parties who lawfully succeed to the rights or take the place of the Assignor or Assignee.

Margin headings:

The margin headings are for convenience only.

Signatures:

The Assignor and Assignee have signed this Assignment as of the date at the top of the first page.

ASSIGNOR

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

ASSIGNEE

[Handwritten signature]

STATE OF
COUNTY OF

On the _____ day of _____ 19____ before me
personally came

to me known to be the individual described in and who
executed the foregoing instrument, and acknowledged that
executed the same.

STATE OF *NEW YORK*
COUNTY OF *NEW YORK*

On the *18th* day of *December* 19*96*, before me
personally came *John J. Ryan*
to me known, who, being by me duly sworn, did depose and
say that he resides at No. *34 1/2 East 12th Street*
NY, NY;
that he is the *Executive Director*
of *Police Athletic League, Inc.*, the 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 board of directors of said corpora-
tion, and that he signed his name thereto by like order.

Mary K. DePaola

Notary Public

STATE OF
COUNTY OF

On the _____ day of _____ 19____ bef
personally came

to me known to be the individual described in and who
executed the foregoing instrument, and acknowledged that
executed the same.

STATE OF
COUNTY OF

On the *18* day of *December* 19*96*, before me
personally came
the subscribing witness to the foregoing instrument, with whom
I am personally acquainted, who, being by me duly sworn, did
depose and say that he resides at No. _____

he knows

to be the individual
described in and who executed the foregoing instrument; that
he, said subscribing witness, was present and saw
execute the same; and that he, said witness, at the same time
subscribed his name as witness thereto.

MARY K. DEPAOLA
NOTARY PUBLIC, State of New York
No. 01DE5069158
Qualified in New York County
Certificate Filed in New York County
Commission Expires Nov. 18, 19*97*

CITY ECONOMIC
DEVELOPMENT CORPORATION

Assignor

ATHLETIC LEAGUE, INC.

Assignee

Department of Labor
with Assumption