

Olivencia, Mildred

From: smartinelli@si.rr.com
Sent: Thursday, July 02, 2015 12:23 PM
To: Olivencia, Mildred
Cc: Torres-Rojas, Genara; Van Duyne, Sheree; Ng, Danny
Subject: Freedom of Information Online Request Form

Information:

First Name: Stephen
Last Name: Martinelli
Company: Pop Warner of Staten Island
Mailing Address 1: 165 Swaim Ave
Mailing Address 2:
City: Staten Island
State: NY
Zip Code: 10312
Email Address: smartinelli@si.rr.com
Phone: 6463698133
Required copies of the records: Yes

List of specific record(s):

Copies of Lease for the Teleport Office Park on Staten Island, including any metes and bounds or other property description, property survey of the leased site or other legal description of the leased site.

THE PORT AUTHORITY OF NY & NJ

FOI Administrator

August 5, 2015

Mr. Stephen Martinelli
Pop Warner of Staten Island
165 Swaim Avenue
Staten Island, NY 10312

Re: Freedom of Information Reference No. 16131

Dear Mr. Martinelli:

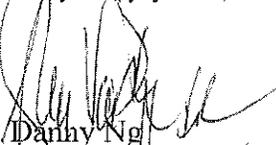
This is in response to your July 2, 2015 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code", copy enclosed) for a copy of the lease for the Teleport Office Park on Staten Island, including any metes and bounds or other property description, property survey of the leased site or other legal description of the leased site.

Material responsive to your request and available under the Code can be found on the Port Authority's website at <http://www.panynj.gov/corporate-information/foi/16131-LPA.pdf>. Paper copies of the available records are available upon request.

Pursuant to the Code, certain portions of the material responsive to your request are exempt from disclosure as, among other classifications, personal privacy.

Please refer to the above FOI reference number in any future correspondence relating to your request.

Very truly yours,


Danny Ng
FOI Administrator

Enclosure

*4 World Trade Center, 18th Floor
150 Greenwich Street
New York, NY 10007
T: 212 435 7348 F: 212 435 7555*

LEASE

between

THE CITY OF NEW YORK,

as Landlord

and

THE PORT AUTHORITY OF

NEW YORK AND NEW JERSEY,

as Tenant

Dated as of May 15, 1984

Premises

within

Staten Island Industrial Park

Staten Island, New York

TELEPORT

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EXHIBITS

- EXHIBIT A Board of Estimate Resolution, dated April 28, 1983,
(Cal. No. 391)
- EXHIBIT B Port Authority Board of Commissioners
Resolution, dated May 12, 1983
- EXHIBIT C Off-Site Infrastructure
- EXHIBIT D-1 Tax Exemption
- EXHIBIT D-2 Tax Exemption
- EXHIBIT D-3 Tax Exemption
- SCHEDULE A Description of Land
- SCHEDULE B [Intentionally Omitted]
- SCHEDULE C Description of Partnership Parcel
- SCHEDULE D-1 Description of Wetlands Abutting the Land
- SCHEDULE D-2 Description of Other Wetlands
- SCHEDULE E Description of Buffer Strip
- MAP 1 Land, Wetlands Abutting Land, Other Wetlands,
Buffer Strip.
- MAP 2 Partnership Parcel

THIS LEASE, dated as of May 15, 1984, between THE CITY OF NEW YORK (the "City"), as Landlord, a municipal corporation of the State of New York acting through its Department of General Services, and THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (the "Port Authority"), as Tenant, a body corporate and politic created by compact between the States of New York and New Jersey with the consent of the United States of America, and having its principal office at One World Trade Center, New York, New York 10048.

W I T N E S S E I H :

WHEREAS, the City's Board of Estimate (the "Board of Estimate") duly adopted a resolution on April 28, 1983, (Cal. No. 391), approving the leasing of the land herein demised, a copy of which resolution is annexed hereto as Exhibit A; and

WHEREAS, by Chapter 651 of the Laws of the State of New York of 1978 and 1962, respectively, and Chapters 8 and 110 of the Laws of the State of New Jersey of 1976 and 1962, respectively (the "Statutes"), the two states declared it to be their policy actively to promote, attract, encourage and develop facilities of commerce and economically sound commerce and industry through governmental action, and in furtherance of that policy have authorized Port Authority to participate in a program of industrial development and world trade and commerce; and

WHEREAS, by the Statutes, the States of New York and New Jersey have authorized certain municipalities within the Port of New York District, including the City, to cooperate with the Port

Authority in the development of industrial development projects, and, to that end, have empowered any such municipality and any agency thereof to consent to the use for industrial and trade development purposes by the Port Authority or any other person of any real property owned or to be acquired by such municipality or agency, and as incident to such consent, to grant, convey, lease or otherwise transfer any such real property to the Port Authority or any other person for such term and upon such conditions as may be agreed upon; and

WHEREAS, by resolution duly adopted by its Board of Commissioners on the 12th day of May, 1983, a copy of which is annexed hereto as Exhibit B, the Port Authority authorized participation in the development of satellite transmission and other telecommunications facilities and a related office park with supporting infrastructure in the Staten Island Industrial Park of Staten Island, New York (the "SIIP") (sometimes hereinafter referred to as "Teleport*"), and the Executive Director of Port Authority was authorized to enter into agreements with the City concerning the aforesaid participation by Port Authority;

NOW, THEREFORE, the City and Port Authority hereby covenant and agree as follows:

*"Teleport" is a jointly owned trade name of Port Authority and MLT.

ARTICLE 1

DEFINITIONS

Section 1.01 - Definitions. The terms defined in this Article shall, for all purposes of this Lease and all agreements supplemental hereto, have the meanings herein specified:

"Accounting Principles" shall mean, except as otherwise may be specifically provided herein, the then generally accepted accounting principles consistently applied.

"Additional Rent" shall have the meaning provided in Section 3.03 of this Lease.

"Affiliate" shall mean any "Person" which, directly or indirectly, is controlled by or is under common control with Port Authority. For purposes hereof, "control" shall mean possession of the power to direct, or cause the direction of, the management and policies of such "Person".

"Aggregate Annual Debt Service" shall mean the aggregate amount of Annualized Imputed Debt Service applicable to the current Year.

"Annualized Imputed Debt Service" shall mean the product of (a) 1.3 and (b) the annual debt service, including principal and interest, that would be payable with respect to Port Authority Capital Costs in any Year by (i) assuming such Capital Costs were incurred on the last day of the Year of Substantial Completion of the Improvements, (ii) treating such Capital Costs as equivalent to bonded debt which is self-liquidating over thirty (30) years or to

(c) cost of all materials, supplies, utilities, equipment, temporary facilities and hand tools which are consumed in full during the work, and the cost, less salvage value, of such items used but not fully consumed which remain the property of Port Authority;

(d) rental charges of all machinery and equipment, used for the work, including installation, minor repairs and replacements, dismantling, removal, transportation and delivery costs thereof;

(e) payments to Persons (other than Port Authority employees) for planning, designing and supervising the construction of any Improvements;

(f) cost or payments for premiums for all bonds and insurance in regard to the work, including any deemed premiums for self-insurance as determined in accordance with the provisions of Section 12.01(d) hereof;

(g) permit fees and costs;

(h) cost to Port Authority for (A) direct labor and staff actually engaged in the work for the time actually so used in accordance with normal Port Authority accounting practices, directly chargeable to Teleport other than as indirect costs, (B) Compensation and Benefits with respect to those staff in accordance with normal Port Authority accounting practices, and (C) twenty percent (20%) of the sum of (A) and (B) hereinabove; and

(i) the properly allocable cost of the issuance of Port Authority bonds or other Port Authority borrowings and capitalized

interest during construction through Substantial Completion of the respective Improvements, all in accordance with normal Port Authority accounting practices.

"Capital Costs" shall not include any of the following:

- (i) costs due to the negligence or intentionally tortious conduct of Port Authority as distinguished from its contractors;
- (ii) indirect costs of any kind, except as may be expressly included in this definition;
- (iii) amounts included in Maintenance and Operating Expenses; and
- (iv) any cost arising from a claim which is required under this Lease to be insured against.

"Capital Improvement" shall mean any improvement having a Capital Cost in excess of \$20,000.

"Certificate of Occupancy" shall have the meaning provided in paragraph (c)(ii) of Section 8.09 hereof.

"City" shall mean The City of New York, a municipal corporation of the State of New York, its successors and assigns.

"City Engineer" shall mean the President of PDC or his designee.

"City Offered Price" shall have the meaning provided in Section 28.03 hereof.

"City's Counter-Offer" shall mean an offer which may be made by the City to Port Authority pursuant to Section 28.02 hereof, and which shall state: (i) the City's intention and ability to

purchase all of Port Authority's Interests; and (ii) the City's purchase price for the Port Authority's Interests which may be, at the City's option, either (x) the product of multiplying the Port Authority Offered Price by 5.67, or (y) the amount of the Port Authority Offered Price plus an assignment to the Port Authority of the City's right to receive Supplemental Rent.

"City's Interests" shall mean the City's rights, as set forth in this Lease, to receive Basic Rent and Additional Rent, as well as the City's right to disapprove Primary Leases and to exercise Vetoes.

"Commencement Date" shall mean the earlier of (X) April 1, 1984, or (y) the date any Subtenant takes possession of its leasehold in the Premises.

"Compensation and Benefits" shall mean salaries, wages, and fringe benefits payable to or on behalf of Port Authority employees generally, such as authorized absence, Social Security, retirement pensions, medical, surgical, hospitalization and life insurance, worker's compensation and disability, all as charged in accordance with normal Port Authority accounting practices.

"Comptroller" shall have the meaning provided in Section 42.01 hereof.

"Concession Agreement" shall mean any concession, operation, license or permit agreement for or with respect to any of the Premises.

"Concessionaire" shall mean any concessionaire, operator, licensee or permittee or any other Person having a Concession Agreement.

"Construction" shall mean the construction of a Capital Improvement.

"Construction Unit" shall have the meaning provided in paragraph (a) of Section 12.01 hereof.

"Debt Service Expense" shall mean in any Year the sum of Aggregate Annual Debt Service and Deferred Imputed Debt Service.

"Deductions" shall mean for the applicable Year the sum of the following amounts: (i) Basic Rent; (ii) Maintenance and Operations Expenses; (iii) theretofore unrecovered out-of-pocket expenses of Port Authority incurred by Port Authority in connection with the obligations which Port Authority must observe and perform under this Lease during the period between January 1, 1991, and the commencement of the Term, in an aggregate amount not to exceed \$1,200,000; (iv) the amount, if any, by which the aggregate amount of all Maintenance and Operations Expenses exceeds the aggregate amount of all Gross Receipts for all previous Years; and (v) the Debt Service Expense.

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

"Default Interest Rate" shall mean, at the time of application, the annual rate of interest applied to non-payment of real estate taxes in New York City.

"Deferred Imputed Debt Service" shall mean for any Year, the aggregate, for all Years prior to the current Year, of the amount, each Year, by which (a) Aggregate Annual Debt Service exceeded (b) the amount by which Gross Receipts exceeds Deductions (not including subparagraph (v) of the definition of Deductions); provided, however, that "Deferred Imputed Debt Service" as defined herein shall be reduced by any amount of Deferred Imputed Debt Service that has been taken in any Year as a Debt Service Expense.

"Deficiency" shall have the meaning provided in Section 25.03(c) (iii) hereof.

"Event of Default" shall have the meaning provided in Section 25.01 hereof.

"Exemption Base" shall mean with regard to any Exemption Premises (i) for the period from the Exemption Date to the second anniversary of the Exemption Date, an amount equal to the sum of the Original Assessment and the Increment Amount and (ii) from the second anniversary of the Exemption Date to the end of the exemption period applicable to the Exemption Premises, the sum of the Original Assessment and the Improvement Value. For purposes of this definition, the following terms shall have the following respective meanings:

- (1) "Assessed Value" shall mean the assessed value of an Exemption Premises as such value appears on the New York City real property tax assessment roll even though such Exemption Premises are not subject to Taxes;

- (ii) "Exemption Date" shall mean, with regard to any Improvement, the first day of the month following the date of Substantial Completion;
- (iii) "Exemption Premises" shall mean an Improvement;
- (iv) "Improvement Value" shall mean, with regard to any Exemption Premises, the Increment Amount only to the extent such Increment Amount is attributable to the construction of the Improvement;
- (v) "Increment Amount" shall mean on each anniversary of the Exemption Date the amount by which the Subsequent Assessment exceeds the Original Assessment, if any;
- (vi) "Original Assessment" shall mean the Assessed Value of an Exemption Premises at the time of Substantial Completion; and
- (vii) "Subsequent Assessment" shall mean the Assessed Value of the Exemption Premises at any time after the Exemption Date:

"FEIS" shall mean the Final Environmental Impact Statement, dated March, 1983, and prepared by PEC for the New York City Department of Environmental Protection, for the east side portion of the SIIP.

"Fixed Expiration Date" shall have the meaning provided in Section 2.01 hereof.

"Four Party Agreement" shall mean the agreement dated as of May 15, 1984, among the City and the Partnership, MLT and WUCS.

(c) from Subtenants and Concessionaires in Port Authority Buildings, all amounts received by Port Authority; but excluding --

(i) the amounts set forth in subdivisions (i) through (vii) immediately hereinabove; and

(ii) payments on account of pass through (at cost) charges for Subtenants' services and utilities.

"Improvements" shall mean as the context requires any or all of: (i) the Port Authority Infrastructure, the Telecommunications Facilities (excluding personal property and removable equipment), and office buildings, as the foregoing shall be (or may be) erected, constructed or placed upon the Land; (ii) any other improvements and appurtenances of every kind and description erected, constructed or placed upon the Land and not mentioned in subparagraph (i) hereinabove; and (iii) with regard to the items mentioned in subparagraphs (i) and (ii) hereinabove, any and all alterations and replacements thereof, additions thereto and substitutions therefor, less any diminutions thereof attributable to or resulting from any public taking by condemnation, eminent domain or otherwise subsequent to the commencement of the Term.

"Institutional Lender" shall mean: (i) the City, the State of New York, the United States of America or any agency thereof, or a public authority; (ii) any bank, trust company, insurance company or savings bank having a net worth of not less than \$50,000,000 or assets of not less than \$500,000,000; (iii) either one of the foregoing acting in a fiduciary capacity for one (1) or more trusts each having assets of not less than \$50,000,000; (iv) a real estate

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investment trust having a net worth of not less than \$25,000,000 (including net worth represented by certificates of beneficial interest); (v) a religious, educational or eleemosynary institution having an endowment of not less than \$50,000,000; (vi) a Federal, State, Municipal, County, union or corporate employees' pension, profit-sharing, welfare or retirement trust fund or system having assets of not less than \$500,000,000 (whether or not acting through a subsidiary corporation); and (vii) a commercial finance company having a net worth of not less than \$25,000,000 of assets or not less than \$100,000,000, and no other.

"Interest Rate" shall mean the rate equal to the average of the weekly Daily Bond Buyer 30-Year Revenue Bond Index or, if no longer published, an equivalent or similar index agreed to by the City and Port Authority, during the immediately preceding 52-week calendar year period.

"Land" shall mean the parcel of land described in Schedule A hereto, less any diminutions thereof attributable to or resulting from any public taking by condemnation, eminent domain or otherwise subsequent to the Commencement Date.

"Landlord" shall mean the City, its successors and assigns.

"Lease" shall mean this Lease and all amendments, modifications, extensions and renewals hereof.

"Maintenance and Operation Expenses" shall mean, as determined in accordance with Accounting Principles, for each Year, for all or any portion of the Premises: (i) all direct costs and expenses or on-Premises activities for operation, subleasing,

maintenance, repair, insurance or administration incurred by Port Authority; (ii) all identified out-of-pocket expenses incurred by Port Authority, both directly and wholly attributable to operation, subleasing, maintenance, repair, insurance or administration; (iii) Compensation and Benefits for Port Authority personnel employed full time with respect to operation, subleasing, maintenance, repair or administration; and (iv) fifteen percent (15%) of the sum of the amounts set forth in subparagraphs (i), (ii) and (iii) hereinabove.

Notwithstanding the above provisions, the term "Maintenance and Operation Expenses" shall exclude the following items incurred by or on behalf of Port Authority (collectively "Excluded Expenses"):

- (A) Debt Service Expense, depreciation and amortization of previously capitalized expenditures or expenditures which, under Accounting Principles, should have been capitalized;
- (B) Capital Costs;
- (C) any amounts payable as interest on, the principal payments of, and amounts required to be deposited in escrow in connection with, any indebtedness of Port Authority, whether secured or unsecured, and any costs or expenses incurred in obtaining or maintaining the financing of such debts, including service charges applicable thereto;

- (D) payments of or on account of Basic Rent and Additional Rent;
- (E) the cost of any item which is reimbursed by insurance, condemnation or other proceeds; and
- (F) refundable deposits.
- (G) any amounts paid by Port Authority acting in the capacity of an insurer pursuant to Section 12.01(d).

"Material Terms" with regard to any proposed Primary Sublease and Substantial Sublease shall mean:

- (i) the parties and the premises;
- (ii) the term (including renewal options and any non-standard rights of termination);
- (iii) the rent and all other revenues;
- (iv) the construction obligations of Port Authority and the Subtenant;
- (v) the allowed uses of the premises;
- (vi) restoration obligations, if any; and
- (vii) the rights of Subtenant with regard to assignment, transfer and subletting of the Primary Sublease or Substantial Sublease or leasehold interests.

"Mayor" shall mean the Mayor of The City of New York or his or her designee or designees.

"MLI" shall mean Merrill Lynch Telecommunications, Incorporated, a wholly-owned, second-tier subsidiary of Merrill Lynch & Co., Inc., and a Delaware corporation having an office at One World Trade Center, New York, N.Y. 10048.

"Monitor" shall have the meaning provided in Section 8.05 hereof.

"Mortgage" shall mean a mortgage, or other security interest complying with the provisions of Section 14.10 hereof, which constitutes a lien on Port Authority's interest in this Lease or on a Subtenant's interest in its Sublease, as the case may be, and the leasehold interest created hereby or thereby, as the case may be.

"Mortgagee" shall mean the holder of a Mortgage.

"Municipal-Type Services" shall mean any services performed by Port Authority or its designees in connection with the operation of the Teleport.

"Off-Site Infrastructure" shall mean the infrastructure improvements listed on Exhibit C which is annexed hereto. All such infrastructure improvements shall be in accordance with the Urban Renewal Plan and the FEIS and shall be built on property other than the Land.

"Partial Quarter" shall mean either of the following two possible periods within the Term: (i) from the Commencement Date to the end of the calendar quarter in which the Commencement Date falls if the Commencement Date does not begin on the first day of a calendar quarter; and (ii) from the first day of the last calendar quarter preceding the Termination Date to the Termination Date if the Termination Date does not fall on the last day of a calendar quarter.

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

"Port Authority" shall mean The Port Authority of New York and New Jersey, a body corporate and politic created by compact between the States of New York and New Jersey with the consent of the United States of America, its successors and assigns.

"Port Authority Building" shall mean any building, which is not Port Authority Infrastructure, and which is constructed on the Land by the Port Authority, or is constructed pursuant to construction contracts entered into by the Port Authority and paid for by Port Authority.

"Port Authority Capital Costs" shall mean the following:
(i) the Capital Costs incurred by Port Authority in designing and constructing (or causing the design and construction) of the Port Authority Infrastructure and not reimbursed by a Subtenant; (ii) the payment made by Port Authority to the City to reimburse the City for the cost of installing the conduit which will be used to provide power for the emergency back-up power system which shall be tied to the PSE&G network in New Jersey; (iii) the payment made by Port Authority to the City in the amount of \$5,000,000 to partially reimburse the City for costs incurred in the design and construction of the Off-Site Infrastructure; and (iv) Capital Costs incurred by Port Authority for a Port Authority Building or a pro rated portion thereof, to the extent that and so long as, Port Authority does not

receive financing repayments for the construction of such Port Authority Building or for that portion of the space leased therein; but excluding Capital Costs incurred by Port Authority for developing any portion of the Premises as a Subtenant of another Subtenant hereunder, including the development of antenna pads by Port Authority pursuant to the Partnership Sublease.

"Port Authority Counter-Offer" shall mean an offer which may be made by Port Authority to the City pursuant to Section 28.03 (b) hereof, and which shall state: (i) Port Authority's intention and ability to purchase the City's Interest; and (ii) a purchase price which shall be equal to the City Offered Price divided by 5.67.

"Port Authority Impositions" shall have the meaning provided in paragraph (a) of Section 5.01 hereof.

"Port Authority Infrastructure" shall mean all infrastructure improvements to be located on or off the Land, and which will be necessary for insuring the safe, clean and efficient operation of the Premises, as well as the attractive appearance of the Land, as such improvements are defined in the Teleport Master Plan; provided that such infrastructure improvements located off the Land shall not include Off-Site Infrastructure. "Port Authority Infrastructure" as defined herein shall include but not be limited to the following: roadways (including entrance and exit roads and the emergency access road from Graham Avenue), sanitary and storm sewers, water, electrical and gas services, berm or other artificial shielding, communications distribution systems, fencing, lighting, landscaping, mechanical, electrical or other equipment, an emergency

back-up power system which shall be tied in to the PSE&G network in New Jersey (including the conduit therefor), and the conduit to be used for the fiber optic cables servicing the Telecommunications Facilities.

"Port Authority's Interests" shall mean all of Port Authority's right and interest in this Lease, in the Leasehold estate demised thereby, and any other right and interest which Port Authority may have in the Premises with the exception of Port Authority's right to receive repayments from Subtenants for any construction financing provided to those Persons by Port Authority in connection with Partnership Sublease Improvements, Primary Sublease Improvements, or Premises Improvements.

"Port Authority Offered Price" shall mean a price, to be determined by Port Authority in its sole discretion, which Port Authority shall offer to the City for the purchase of the City's Interests.

"Preliminary Plans and Specifications" shall have the meaning provided in Section 8.09 hereof.

"Premises" shall mean the Land and the Improvements.

"Premises Improvements" shall mean all Improvements other than Primary Sublease Improvements and Partnership Sublease Improvements.

"Primary Sublease" shall mean each of the following proposed Subleases contemplating the aggregate construction of approximately 350,000 square feet office space: (i) a Sublease with Morgan Guaranty Trust Co., approximately 200,000 square feet of

office space; (ii) a Sublease with Silverstein Properties/Murray Construction Company, approximately 100,000 square feet of office space; and (iii) a Sublease with the Sungard Service Division of Sun Information Company, approximately 50,000 square feet of office space.

"Primary Sublease Improvements" shall mean Improvements constructed pursuant to a Primary Sublease.

"PSE&G" shall mean Public Service Electric & Gas Company, a New Jersey corporation.

"Quarter" shall mean a Partial Quarter or any of the following periods within the Term: January through March; April through June; July through September; and October through December.

"Real Property Taxes" shall mean real property taxes that would be assessed and levied against the Premises without abatement or exemption, pursuant to Chapter 58 of the City Charter and Chapter 17, Title E of the Administrative Code of the City or any Statute in lieu thereof if the Premises were not owned by the City or other Person having an exemption therefrom.

"Renewal Expiration Date" shall have the meaning provided in Section 27.01 hereof.

"Renewal Term" shall have the meaning provided in Section 27.01 hereof.

"Renewal Year" shall have the meaning provided in Section 3.10 hereof.

"Rental" shall have the meaning provided in Section 3.08 hereof.

"Requirements" (when so defined) shall have the meaning provided in Section 16.01 hereof.

"Restoration" (when so defined) shall have the meaning provided in Section 13.01 hereof.

"Restore" (when so defined) shall have the meaning provided in Section 13.01 hereof.

"SIIP" shall mean the Staten Island Industrial Park, located in the Borough of Staten Island, County of Richmond, City of New York, and divided into two portions which are generally bounded as follows:

East Side Portion - Travis Avenue on the south, Victory Boulevard and Graham Avenue on the east, the Staten Island Expressway on the north, and the West Shore Expressway on the west;

West Side Portion - the West Shore Expressway on the East, Bloomfield Avenue and Gulfport on the north, the U.S. pierhead line and bulkhead line on Prall's River on the West, and Merideth Avenue on the South.

"Statutes" shall have the meaning provided in the second "WHEREAS" recital of this Lease.

"Sublease" shall mean any sublease (including the Partnership Sublease) or occupancy agreement with a Subtenant for or with respect to any portion of the Premises.

"Sublease Supplemental Rent" shall have the meaning provided in Section 3.09 hereof.

"Substantial Commencement" shall mean execution of binding construction contracts for substantially all of an Improvement and the commencement of work thereunder.

"Substantial Commencement Date" shall mean the date by which Substantial Commencement shall have been effectuated.

"Substantial Completion" shall mean, with respect to any construction on the Land, that such construction has been substantially completed and that either:

(a) promptly after the construction has been substantially completed, Port Authority certifies to the City that the construction is substantially completed and ready to be used for the purposes intended; or

(b) the City certifies (as aforesaid in subcaragraph (a) hereinaoove) to Port Authority upon Port Authority's failure to promptly certiry after the construction is substantially completed and ready to be used for the purposes intended.

"Substantial Sublease" shall mean any Sublease from the Port Authority as sublandlord hereunder to a Subtenant cemising a leasenold estate in a portion of the Land upon the condition that an office building of 50,000 square feet or more of office space be constructed by said Subtenant on the property so demised; provided, that a "Substantial Sublease" as defined herein shall not include the Partnership Sublease or any of the Primary Subleases.

"Subtenant" shall mean any subtenant (including the Partnership) or occupant of any portion of the Premises.

"Supplemental Rent" shall have the meaning provided in Section 3.04 hereof.

"Taxes" shall mean the real property taxes that would be assessed and levied against the Improvements without abatement or exemption, pursuant to Chapter 58 of the City Charter and Chapter 17, Title E of the Administrative Code of the City or any statute in lieu thereof if the Improvements were not owned by the City or other Person having an exemption therefrom.

"Telecommunications Facilities" shall include all the satellite and telecommunications facilities on the Premises, including but not limited to, earth-satellite stations, a berm or other artificial shielding to reduce outside radio interference, the Telecenter Space (as defined in Section 1.1 of the Partnership Sublease) and fiber optic communication links to specified locations on the Premises.

"Teleport" shall have the meaning provided in the fourth "WHEREAS" recital of this Lease.

"Teleport Master Plan" shall mean the Teleport Master Plan Design Manual, the Teleport Master Plan Infrastructure Manual and drawings referred to therein and prepared by Edward Durrell Stone Associates, as said plan may be from time to time duly amended.

"Term" shall have the meaning provided in Section 2.01 hereof.

"Termination Date" shall have the meaning provided in Section 2.01 hereof.

"Transfer" shall have the meaning provided in Section 14.01 hereof.

"Unamortized Capital Costs" shall mean the aggregate of Port Authority Capital Costs, less

(a) the amount of Applied Debt Service that is attributable to the repayment of Port Authority Capital Costs (as equivalent to principal) by treating Port Authority Capital Costs as equivalent to bonded debt which is self-liquidating (as provided in subsection (b) (ii) of Annualized Imputed Debt Service) and by allocating applied Debt Service first to interest due on Aggregate Annual Debt Service and then to Port Authority Capital Costs in the annual order in which they arose;

(b) any excess insurance proceeds paid to Port Authority pursuant to Section 12.02(a);

(c) any amount received or retained by the Port Authority out of condemnation proceeds pursuant to Section 15.01(c)(ii);

(d) any net proceeds received by Port Authority from any new financing or refinancing of a mortgage upon this Lease; and

"Unavoidable Delay" shall mean a delay incurred by a Party due to an act of God, an inability to obtain labor, equipment, supplies or materials due to governmental action, an enemy action, a civil commotion, an earthquake, a flood, a fire or other casualty, a war, hostilities, an invasion, an insurrection, a riot, mob violence, malicious mischief, sabotage, a strike of any labor union, a lockout, or other similar cause beyond the reasonable control of the Party (not including the Party's insolvency or financial condition) of

which the Party shall have notified the other Party by notice given reasonably promptly after the occurrence thereof and which has the effect of delaying the Party's performance of its obligation hereunder, which Unavoidable Delay shall be deemed to continue only as long as the Party shall be using reasonable efforts to minimize the effects thereof.

"Urban Renewal Plan" shall mean the SIF (Phases I & II) Urban Renewal Plan, as said plan may be from time to time duly amended.

"Veto" shall have the meaning provided in paragraph (b) of Section 14.16 hereof.

"Year" shall mean, as the context requires, either of (i) any full calendar year beginning after the Commencement Date and ending before the Termination Date, or (ii) a Partial Year.

"Wetlands" shall mean the land described in Schedules D-1 and D-2 hereto.

"WUCS" shall mean Western Union Communications Systems, Inc., a wholly-owned subsidiary of Western Union Corporation and a Delaware corporation, having an office at One World Trade Center, New York, N.Y. 10048.

ARTICLE 2

DEMISE AND TERM

Section 2.01 - Demise and Term. The City hereby leases the Land to Port Authority and Port Authority hereby takes and hires the Land, subject to such liens, encumbrances, easements and such other record matters of title as a title search for the Premises may

reveal, from the City upon and subject to the terms and conditions hereinafter expressed. In the event there are any matters of title shown in the title report that would adversely affect or interfere with the development of the Teleport substantially as contemplated herein, and the City shall not have cured the same by February 29, 1984, Port Authority shall have the right to terminate this Lease at any time until March 5, 1984.

TO HAVE AND TO HOLD the Land for a term (the "Term") to begin as of the date appearing on the first page of this Lease and to end on a date (the "Termination Date") which shall be (a) the later of (i) the end of the day immediately preceding the 40th anniversary of the Commencement Date, (the "Fixed Expiration Date"), or (ii) the Renewal Expiration Date if the term of this Lease is extended pursuant to Article 27 hereof, or (b) such earlier effective date of termination of this Lease other than the Fixed Expiration Date or the Renewal Expiration Date.

ARTICLE 3

RENT

Section 3.01 - Payment. In consideration of the demise granted herein and the interests created hereby, Port Authority shall throughout the Term pay to the City Basic Rent and Additional Rent, and shall cause to be paid Supplemental Rent, and such payments shall be stated in a currency which at the time of payment is legal tender for the payment of public and private debts in the United States of America, without notice or demand, in accordance with the provisions of this Lease.

Section 3.02 - Basic Rent. Basic Rent for each Year shall equal eight percent (8%) of the Gross Receipts. Basic Rent shall be due and payable for each Quarter not later than thirty (30) days after the close thereof, regardless of whether or not such payment date occurs within the Term or after the Termination Date.

Section 3.03 - Additional Rent. (a) Additional Rent for each Year shall equal fifty percent (50%) of the difference which results from the subtraction for the applicable period of Deductions from Gross Receipts; provided, however, that if in any Year the cumulative amount (for all Years prior to the current Year) equal to the difference between Gross Receipts and Deductions (not including item (v) of the definition of Deductions) exceeds the cumulative amount (for all Years up to and including the current Year) of Basic Rent and supplemental Rent, then Additional Rent shall equal fifty percent (50%) of the difference which results from the subtraction of Deductions (not including item (v) of the definition of Deductions) from Gross Receipts.

(b) Additional Rent shall be due and payable in accordance with Section 3.05 hereof.

Section 3.04 - Supplemental Rent. (a) Supplemental Rent for each Year shall be an amount equal to Taxes with respect to the Improvements subject to the exemptions set forth in paragraphs (b), (c), (d), (e) and (f) hereinbelow.

(b) If the Substantial Commencement Date with respect to any Partnership Sublease Improvements occurs within five (5) years of the date of this Lease, and if Substantial Completion of such

Partnership Sublease Improvements occurs within forty-eight (48) months of such Substantial Commencement Date, such Partnership Sublease Improvements shall be exempt from Taxes to the extent provided in Exhibit D-1 hereto.

(c) If the Substantial Commencement Date with respect to any Primary Sublease Improvement occurs within five (5) years of the date of this Lease, and if Substantial Completion of such Primary Sublease Improvements occurs within forty-eight (48) months of such Substantial Commencement Date, such Primary Sublease Improvements shall be exempt from Taxes to the extent provided in Exhibit D-2 hereto.

(d) If the Substantial Commencement Date with respect to any Premises Improvements occurs within five (5) years of the date of this Lease, and if the Substantial Completion of such Premises Improvements occurs within forty eight (48) months of such Substantial Commencement Date, such Premises Improvements shall be exempt from Taxes to the extent provided in Exhibit D-3.

(e) Any Improvements which do not satisfy the conditions set forth in paragraphs (b), (c) and (d) of this Section 3.04, shall be exempt from Taxes to the extent of the then-current, most advantageous, applicable, as-of-right exemption, being offered by the New York City Industrial and Commercial Incentive Board, established pursuant to Chapter 56 of the New York City Administrative Code, as amended (or its successor entity or successor program) for the type of construction and construction location proposed (if the Substantial Commencement Date has

occurred, but Substantial Completion has not occurred within forty-eight (48) months as required above, the Improvements must be completed, as measured from such Substantial Commencement Date within the completion period then provided for); provided, however, that Port Authority may petition the Mayor for more generous benefits, and the Mayor, upon a demonstration by Port Authority that the same is necessary to enable the construction of the improvements referred to hereinabove in this paragraph (3), may, in his discretion, grant more generous benefits.

(r) notwithstanding anything to the contrary in this Section 3.04, Supplemental Rent with respect to Port Authority Buildings (or portions thereof), shall equal:

- (i) zero on the portion of space in a Port Authority Building used for Municipal-Type Services;
- (ii) zero on the portion of space in a Port Authority Building which Port Authority is unable to rent to another Person (other than an Affiliate) and neither Port Authority nor an Affiliate uses such space;
- (iii) Taxes subject to an exemption equal to that, and commencing as, provided in Exhibit D-1 hereto on the portion of a Port Authority Building for which Substantial Completion occurs within seven (7) years of the date of this Lease and which Port Authority rents to a Person other than an Affiliate;

(iv) Taxes equal to that provided under paragraph (e) of this Section 3.04 on the portion of a Port Authority Building for which Substantial Completion occurs after seven (7) years of the date of this Lease and which Port Authority rents to a Person other than an Affiliate; and

(v) Taxes subject to an exemption equal to that, and commencing as, provided in Exhibit D-1 hereto, plus \$1.10 per square foot (subject to 5% escalation per year compounded annually), on the portion of a Port Authority Building Port Authority or an Affiliate uses for a purpose other than Municipal-Type Services.

(g) Supplemental Rent shall be due and payable in accordance with Section 3.09 hereof.

(h) Port Authority or a Subtenant shall have the right, each at its own expense, to contest in whole or in part the Assessed Amount of any Exemption Premises by appropriate proceedings diligently conducted in good faith; but only after payment of the Supplemental Rent based upon such contested Assessed Amount. Upon the termination of such proceedings and if, as a result of such proceedings, the Assessed Amount in question is reduced, the City shall refund to Port Authority or to the Subtenant (as the case may be) the amount of Supplemental Rent which would not have been originally paid had the Assessed Amount equaled the amount determined to be correct under the aforesaid proceedings.

Section 3.05 - Installment Payment of Rent. Subject to the provisions of subparagraph (i) through (iv) hereinafter of this Section 3.05, Port Authority shall pay an installment on account of Additional Rent for each Quarter in an amount equal to one-quarter (1/4) of the aggregate amount of Additional Rent paid for the Year preceding the then current Year (the "Installment"):

- (i) Installments shall be due and payable for each Quarter not later than thirty (30) days after the close thereof, regardless of whether or not such payment date occurs within the Term or after the Termination Date;
- (ii) If the aggregate amount of Installments paid for any Year exceeds Additional Rent due for such Year, the next Installment(s) shall be reduced by an amount equal to the amount of such excess. If the Year for which excessive Additional Rent was paid is the last Year to occur before the Termination Date, the City shall pay the aforesaid sum to Port Authority within ninety (90) days after the end of such Year.
- (iii) If the aggregate amount of Installments paid for any Year is less than the Additional Rent due for such Year, the next Installment(s) shall be increased by an amount equal to the amount of such short-fall. If the Year for which inadequate Additional Rent was paid is the last Year to occur before the Termination Date, Port Authority shall pay the aforesaid sum to the City within (90) ninety days after the end of such Year.

(iv) With regard to those Quarters falling within the first Partial Year (if any) and the first entire Year, and notwithstanding anything to the contrary stated in subparagraphs (i) through (iii) of this Section 3.05, Port Authority shall pay Additional Rent calculated in accordance with Section 3.03 hereof, except that such calculation and payment shall be with regard to the Quarter in question rather than a Year, and be due and payable as soon as financial statements for such Quarters are available, but no later than 120 days following such Quarter.

Section 3.06 - Place of Payment. (a) All Basic Rent, Additional Rent and Renewal Rent payments when paid shall be made at the office of the City set forth immediately below (or at such other place as the Vice President shall direct by notice to Port Authority):

New York City Public
Development Corporation
161 William Street
New York, New York 10038
Attn: Comptroller

(b) All Supplemental Rent payments when paid shall be made at the office of the City set forth immediately below:

New York City Department of Finance
Bureau of City Collections
Room 375
139 Centre Street
New York, New York 10013

Section 3.07 - Net Rent. Except as provided in Section 3.10, Basic Rent, Additional Rent and Renewal Rent shall be net to the City without any abatement, deduction, counterclaim, set-off, or

off-set whatsoever, so that this Lease shall yield, net, to the City, the Rent and Renewal Rent in each Year or Renewal Year, as the case may be, and the City shall not pay or be obligated to pay any costs, expenses, or charges of any kind or nature relating to the Premises.

Section 3.08 - Rental. All the amounts payable by Port Authority pursuant to this Lease, including without limitation Rent, Port Authority Impositions, Renewal Rent and any other sums, costs, expenses or deposits which Port Authority in any of the provisions of this Lease assumes or agrees to pay to, and/or deposit with, the City (collectively, "Rental") shall constitute rent under this Lease and, in the event of Port Authority's failure to pay Rental, the City (in addition to all other rights and remedies) shall have all of the rights and remedies provided for herein or by law in the case of nonpayment of rent.

Section 3.09 - Payment of Supplemental Rent: Third-Party Beneficiary. Port Authority shall require the following in all applicable Subleases: (i) the Sublessee shall pay directly to the City that portion of Supplemental Rent ("Sublease Supplemental Rent") which, pursuant to the relevant paragraph of Section 3.04 hereof, is applicable to the improvements built pursuant to the Sublease in question; (ii) Sublease Supplemental Rent shall be due and payable in the manner and at the times Real Property Taxes are due and payable; and (iii) the City shall be a third-party beneficiary of Port Authority's right to demand the payment of Sublease Supplemental Rent and shall be Port Authority's attorney-

in-fact for purposes of pursuing all remedies available to Port Authority against Sublessees for non-payment of Sublease Supplemental Rent including but not limited to the right to evict Sublessees by summary proceedings; provided, however, that prior thereto, Port Authority is given notice of such non-payment and the opportunity to cure same. Nothing in this paragraph (a) shall be deemed to limit Port Authority's obligation to cause Supplemental Rent to be paid pursuant to Section 3.01 hereof.

Section 3.10 - Rental Credit. Port Authority and PDC agree to share equally the cost of a title report with regard to the Land, and Port Authority shall have a credit, in the amount of the City's share of such cost, against the first payment of Rental due the City.

Section 3.11-Imposition of Taxes in Addition to Supplemental Rent In the event that by operation of law the Port Authority or a Subtenant is required to pay Taxes (in addition to Supplemental Rent hereunder), then the Port Authority or such subtenant shall pay the amount of any such legally imposed Taxes, provided, however, that in such event neither the Port Authority nor such Subtenant shall be required to pay Supplemental Rent under this Agreement with respect to itself in any amount which together with the amount of such Taxes would be in excess of such Taxes. Nothing herein is intended to affect or detract from Port Authority's immunity from such Real Property Taxes or Taxes.

ARTICLE 4

REAL PROPERTY TAXES

Section 4.01 - Other Landlords. If any Person, other than (i) the City, or (ii) a Person in whom the Premises is exempt from

the payment of Real Property Taxes, shall become Landlord hereunder, then such new Landlord shall pay Real Property Taxes or such real property taxes as may be due and attributable to the current period on or before the dates on which same are due and payable without penalty, and shall, within fifteen (15) days after demand from Port Authority, give to Port Authority proof of payment of any Real Property Taxes. Nothing contained herein shall be construed to release Port Authority from its obligation to pay Port Authority Impositions.

Section 4.02 - Real Property Taxes. So long as the City shall be Landlord, the City shall pay (which payment may be by bookkeeping entry, interdepartmental direction or other manner or procedure selected by the City), cancel or otherwise satisfy and discharge of record all Real Property Taxes.

ARTICLE 5

IMPOSITIONS

Section 5.01 - Impositions. (a) Port Authority shall pay water, water meter and sewer rents, rates and charges imposed upon the Premises ("Port Authority Impositions"), and shall set forth in all Subleases and Concession Agreements language which shall impose upon Subtenants and Concessionaires the obligation to pay all applicable Subtenant Impositions (as that term is defined in paragraph (b) of this Section 5.01). Port Authority shall additionally set forth in all Subleases and Concession Agreements, language which shall make the City a third-party beneficiary of Port Authority's right to demand the payment of Subtenant Impositions,

and an attorney-in-fact of Port Authority for purposes of pursuing all remedies available to Port Authority against Sublessees and/or Concessionaires, (as the case may be) for non-payment of Subtenant Impositions, including, but not limited to, the right to evict Sublessees and/or Concessionaires by summary proceedings; provided, however, that prior thereto, Port Authority is given notice of such non-payment and the opportunity to cure same. The payment of Port Authority Impositions and Subtenant Impositions as aforesaid shall be without notice or demand and without any abatement, deduction or set-off, and shall be made (or installments thereof shall be made) before interest or cost may be added thereto or imposed by law for the non-payment thereof; provided, however, that if, by law, any Port Authority Impositions or Subtenant Impositions may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Port Authority Impositions or Subtenant Impositions), Port Authority (in the case of Port Authority Impositions) and Subtenants or Concessionaires (in the case of Subtenant Impositions) may exercise the option to pay the same in such installments, provided that all such installment payments are paid on or prior to the Termination Date.

(c) "Subtenant Impositions" shall mean any of the following which at any time during the Term may be assessed, levied, confirmed, imposed upon, or would grow or become due and payable, or would be charges with respect to any Subtenant or Concessionaire under any law which would be applicable to such Subtenants or

Concessionaires were the Premises owned by and leased to a private corporation rather than Port Authority:

- (i) real property general and special assessments (including, without limitation, any special assessments for business improvements or imposed by any special assessment district),
- (ii) personal property taxes,
- (iii) occupancy and rent taxes,
- (iv) water, water meter and sewer rents, rates and charges, to the extent not included in paragraph (a) of this Section 5.01,
- (v) excises,
- (vi) levies,
- (vii) license and permit fees,
- (viii) generally applicable service charges with respect to police protection, fire protection, street and highway construction, maintenance and lighting, sanitation and water supply,
- (ix) any fines, penalties and other similar governmental charges applicable to the foregoing, together with any interest or costs with respect to the foregoing, and
- (x) except for Real Property Taxes, any other governmental levies, fees, rents, assessments or taxes and charges, general and special, ordinary and extraordinary, foreseen or unforeseen, of any kind whatsoever, together

with any fines and penalties and any interest or costs with respect thereto.

Section 5.02 - Evidence of Payments. Port Authority, from time to time upon request of the City, shall furnish to the City, within sixty (60) days after the date when an imposition is due and payable under this Lease, evidence reasonably satisfactory to the City, evidencing the payment thereof.

Section 5.03 - Apportioned Payments. Any imposition relating to a fiscal period of the taxing authority, a part of which occurs during the Term and a part of which occurs after the Termination Date, which cannot be allocated by actual usage, shall (whether or not such imposition shall be assessed, levied, confirmed, imposed upon or in respect of or become a lien upon the Premises, or shall become payable, during the Term) be apportioned between the City and Port Authority as of the Termination Date, so that Port Authority shall pay that portion of such imposition which that part of such fiscal period included in the period of time before the Termination Date bears to such fiscal period, and the City shall pay the remainder thereof.

Section 5.04 - Contests. Port Authority shall have the right, at its own expense, to contest the amount or validity, in whole or in part, of any imposition by appropriate proceedings diligently conducted in good faith, but only after payment of such imposition, unless such payment would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, notwithstanding the provisions of Section 5.01 hereof,

payment of such Imposition may be postponed if, and only as long as Port Authority shall have deposited with the City, cash or a surety bond, or other security satisfactory to the City, which the City shall reasonably approve in the amount so contested and unpaid, together with all interest and penalties in connection therewith and all charges that may or might be assessed against or become a charge on the Premises or any part thereof in such proceedings. Upon the termination of such proceedings, Port Authority shall pay the amount of such Imposition or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees (including attorney's fees and disbursements), interest, penalties or other liabilities in connection therewith, and upon such payment, the City shall return any amount deposited with it with respect to such Imposition as aforesaid, provided, however, that the City, if requested by Port Authority, shall disburse said money or deposit with it directly to the party to whom such Imposition is payable. If at any time during the continuance of such proceedings, the City shall reasonably deem insufficient the amount deposited as aforesaid, Port Authority, upon demand by the City, shall make an additional deposit of such additional sums or other security as the City as may be required. The amount theretofore deposited may be applied to the payment, removal and discharge of such Imposition and the interest and penalties in connection therewith and any costs, fees (including reasonable attorneys' fees and disbursements) or other liability accruing in any such proceedings, and the balance,

if any, shall be returned to Port Authority or the deficiency, if any, shall be paid by Port Authority to the City on demand.

Section 5.05 - City's Cooperation. The City shall not be required to join in any proceedings referred to in Section 5.04 hereof unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by and/or in the name of the City, in which event the City shall join and cooperate in such proceedings or permit the same to be brought in its name but shall not be liable for the payment of any costs or expenses in connection with any such proceedings.

Section 5.06 - No Obligation of City. Notwithstanding anything which may to the contrary be expressed or implied in this Lease, the City shall have no obligation whatsoever for any amounts assessed, levied, confirmed, imposed upon, or which would grow or become due and payable, or which would be charges with respect to the Premises (including items (i) through (x) or Section 5.01(b) hereof, except as provided in Sections 4.02 and 5.03 hereof.

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ARTICLE 6

LATE CHARGES

Section 6.01 - Late Charges. If any amount due and payable to the City under this Lease is not paid within ten (10) days after the date on which it is due and payable as in this Lease provided, a late charge per month equal to one-twelfth (1/12th) of the Default Interest Rate (computed on a thirty (30) day month) on any sum so overdue shall become immediately due and payable to the City as liquidated damages for the administrative costs and expenses incurred by the City by reason of Port Authority's failure to make timely payment, and said late charges shall be payable by Port Authority on demand; provided, however, that if Port Authority in good faith underpaid any amount, including without limitation any item of Rental, the late charge on any item so overdue from the date when such sum should have been paid to the date of final determination (including appeals) that such sum is due, shall accrue at the Interest Rate. No failure by the City to insist upon the strict performance by Port Authority of Port Authority's obligations to pay late charges shall constitute a waiver by the City of its rights to enforce the provisions of this Article in any instance thereafter occurring. The provisions of this Article 6 shall not be construed in any way to extend the grace periods or notice periods provided for in Article 25 of this Lease.

ARTICLE 7

CITY OBLIGATIONS

Section 7.01 - Off-Site Infrastructure. (a) The City shall design and construct the Off-Site Infrastructure. The City shall commence construction of the South Avenue part of the Off-Site Infrastructure no later than ninety (90) days following execution and delivery of this Lease, subject to Unavoidable Delays, and shall complete the Off-Site Infrastructure in its entirety no later than July 31, 1985, subject to Unavoidable Delays.

(b) The City shall perform its obligation under paragraph (a) of this Section 7.01 entirely at its own expense (or shall arrange the financing therefor) except as provided in Section 8.02 hereof.

ARTICLE 8

PROJECT AND DEVELOPMENT

Section 8.01 - Office Space. In addition to the office and commercial communication space designed and constructed pursuant to the Partnership Sublease and any Primary Sublease, Port Authority shall design and construct on the Land (or shall cause the design and construction of) approximately 100,000 square feet of office space which shall be completed by the third anniversary of the Commencement Date, subject to Unavoidable Delays.

Section 8.02 - Other Improvements: Payment to City.

(a) Port Authority shall design and construct (or cause to be designed and constructed) the Port Authority Infrastructure and shall be responsible for obtaining all applicable consents and

permits necessary therefor, including but not limited to those needed for constructing the emergency, back-up power system to be tied into the PSE&G network in New Jersey. Port Authority shall design and construct the Port Authority infrastructure entirely at its own expense (or shall arrange the financing therefor) and shall complete said construction by the fifth anniversary of the date of this Lease, subject to Unavoidable Delays.

(b) Port Authority shall reimburse the City, as provided in paragraph (d) hereinbelow for the full cost of the installation of the conduit which will be used to provide power for the emergency back-up power system which shall be tied to the PSE&G network in New Jersey. With regard to all other expenses incurred (or committed to be incurred) by the City in connection with the design and construction of the Off-Site Infrastructure, Port Authority shall contribute toward such expenses and pay to PDC \$5,000,000, which amount shall be (i) in addition to the reimbursement for the cost of installing the conduit as aforesaid, and (ii) paid as provided in paragraph (d) hereinbelow of this Section 6.02.

(c) Upon completion of the installation of the conduit referred to in paragraph (b) of this Section 6.02, PDC shall request reimbursement of the cost therefor and Port Authority shall pay same to PDC.

(d) Upon the later of (i) the execution of this Lease or (ii) the execution by PDC of a contract or contracts for the construction of South Avenue, Port Authority shall pay PDC \$1,000,000. Upon the completion of South Avenue, the City Engineer

shall certify to Port Authority that South Avenue is completed, and Port Authority shall thereupon pay to PDC \$2,000,000. Upon the execution of a contract or contracts for substantial completion of the Orr-Site Infrastructure and receipt by Port Authority of notice thereof from the City Engineer, Port Authority shall pay to PDC \$2,000,000.

(e) All Improvements which Port Authority erects, constructs or places (or has erected, constructed or placed) on the Land shall be in accordance with the Urban Renewal Plan, the P&IS, and the Teleport Master Plan; provided, however, that when the City has by prior written consent specifically so permitted, the Improvement in question may vary from the Teleport Master Plan.

Section 8.03 - Certain Subleases. Subject to all the provisions of this Lease, the City and Port Authority shall actively cooperate to induce the successful negotiation and execution of the Primary Subleases and the Partnership Sublease.

Section 8.04 - General Obligations. Port Authority shall effect, either directly or through the Subleases and the Concession Agreements, the safe, efficient and clean operation, maintenance, repair, and Restoration of the Improvements pursuant to the terms and conditions of this Lease, including compliance with requirements pertinent to radiation hazards pursuant to Section 8.02 hereof. Port Authority shall additionally be responsible for the overall administration of the Premises.

Section 8.05 - Radiation Hazard. Port Authority shall require any Subtenant or Concessionaire who, under a Sublease or Concession Agreement, respectively, may construct and operate (or cause to be constructed and operated) a facility, an antenna or any other item of equipment for the purpose of transmitting telecommunication signals to satellites (a "Facility"), to comply with the requirements set forth hereinbelow in this Section 8.05, and to cause provisions substantially in accordance with the following to be included in appropriate Subleases and Concession Agreements.

(a) Any Subtenant or Concessionaire to whom this Section applies (collectively, the "Operators"), will, before constructing and/or installing a Facility (or having same constructed or installed), do the following:

(i) devise a program for monitoring electromagnetic radiation levels on and in the vicinity of the Premises (the "Program");

(ii) select a firm to carry out the Program, the "Monitor"; and

(iii) obtain through the Bureau of Radiation Control of the New York City Department of Health (the "Bureau"), the City's approval of both the Program and the Monitor.

(b) Monitoring electromagnetic radiation levels under a Program will commence when the Facility covered by such Program begins to transmit telecommunication signals, through its antenna, or whenever the antenna is reactivated after being shut down for repair, or whenever a substitute antenna (or substitute Facility) starts operation after replacing the old equipment.

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(c) While Programs are in operation, the Operators shall do the following:

(i) submit to the Bureau all reports (in writing and submission of which must occur no less frequently than four (4) times per calendar year) as produced by the Monitor with regard to the results of monitoring electromagnetic radiation levels under the Program;

(ii) substitute the City as Monitor if and when the City develops its own capability to monitor electromagnetic radiation;

(iii) pay for all costs and expenses incurred by the City as a Monitor if and when City becomes same; and

(iv) insure that the Programs occur at locations in the Premises which are accessible to the general public.

(d) If and when the monitor finds the level of electromagnetic radiation produced on the Premises, as measured at one or more locations generally or readily accessible to teleport personnel or the general public, exceeds either fifty (50) microwatts/per square centimeter or any maximum permissible standard hereinafter adopted by the City, the relevant Operator or Operators will take whatever steps are necessary to reduce the level of electromagnetic radiation produced at the relevant locations to a power density below the applicable level.

Section 8.06 - Teleport Development Board. (a) Through their respective representatives, the Mayor and Port Authority will serve upon and work within a body called the Teleport Development Board (the "Board").

- (G) providing a clearinghouse function for those communications-intensive organizations seeking assistance in developing their communications strategies; and
 - (H) devising new revenue development schemes;
- (ii) approve, by majority vote, reasonable arrangements for public access to the Premises and the Wetlands, such arrangements to be in conformity with the security, safety, and operational and environmental needs of the Premises; and
 - (iii) review and consult with regard to materials for the promotion and advertising of the Teleport (this function to be exercised exclusively by the Mayor's representatives).

Section 8.07 - Wetlands Preservation. (a) Port Authority shall clean, fence, patrol and otherwise protect the Wetlands from dumping and other intrusions which are illegal, and shall do the aforesaid in compliance with the requirements of the New York State Department of Environmental Conservation whose prior review and approval of Port Authority's plans for carrying out its responsibilities under this this paragraph (a) and paragraph (b) hereinbelow of this Section 8.07 shall be required.

(b) To the extent consistent with the maintenance of security within and around the Premises and the protection of the Wetlands' natural integrity, Port Authority shall keep the Wetlands open to the public for educational and recreational purposes.

Section 8.08 - Buffer Strips. The Port Authority shall fence, plant and maintain the land described in Schedule E, which is

annexed hereto (the "Buffer Strip"), in accord with the Urban Renewal Plan and the FEIS.

Section 8.09 - City Review and Construction. (a) Port Authority shall submit or have submitted to the City Engineer for informational purposes and comment, architectural working drawings and specifications and site plans for any intended Capital Improvement, and if available, cost estimates, all of which shall be issued by Port Authority or by or through a Subtenant (collectively, and by whomever issued, the "Preliminary Plans and Specifications").

(b) Port Authority shall perform or cause to be performed or permit to be performed all construction of any intended Capital Improvement in a good and workmanlike manner, substantially in accordance with the Preliminary Plans and Specifications.

(c) (i) with respect to any intended Improvement which would be eligible for a Certificate of Occupancy under the New York City Building Code ("Certificate of Occupancy"), Port Authority may, as a matter of policy, choose initially to construct or cause to be constructed such Improvement in conformity with the New York City Building Code. In the event Port Authority makes such choice with respect to such Improvement, Port Authority's chief engineer shall issue a certificate ("Conformance Certificate") with respect thereto stating that the construction of such Improvement has been performed in conformity with the New York City Building Code in effect on the date of

such certification, or, if not, that the appropriate variance has been obtained for such non-conformity. Upon receipt of such certificate from Port Authority, the New York City Department of Buildings (or successor thereto) shall promptly issue a Certificate of Occupancy for such construction unless (and notwithstanding that request therefor is made by Port Authority) it finds that the Premises are not in conformance with the New York City Building Code.

(ii) with respect to any Improvement for which there has not been issued a Certificate of Occupancy issued by the New York City Department of Buildings and which would be eligible for a Certificate of Occupancy under such code, Port Authority shall ensure not later than the Termination Date, that such Improvement has a lawfully issued Certificate of Occupancy. This obligation shall survive termination of this Lease.

(iii) The City, in its proprietary capacity, shall use its best efforts to help obtain variances, and shall cooperate with Port Authority in seeking exemptions, exceptions, or modifications to the standards set forth in the aforesaid Building Code as Port Authority may reasonably request. All applications for any variances, exemptions, exceptions or modifications shall be brought in the name of the

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City, or its designee, but at no expense or cost to the City.

(iv) The foregoing arrangements are in view of the nature of the project and are without prejudice to Port Authority's position as a bi-state agency regarding the enactment of municipal regulations and ordinances, and shall not be regarded as setting a precedent for other Port Authority projects.

(d) Promptly after the completion of any Construction, Port Authority shall provide or have provided to the City final, "as built" Construction Documents therefor and a survey of the Premises showing such Construction.

Section 8.10 - Construction Insurance. (a) After satisfying the requirements of paragraphs (a) - (d) of Section 8.09 hereof, Port Authority shall, at least twenty-five (25) days before any Construction is commenced, provide copies of certificates reasonably satisfactory to the City evidencing the insurance coverage required in this Section 8.10.

(b) with respect to construction within the Premises, including any Construction, Port Authority shall provide, or cause to be provided, and thereafter shall keep in full force and effect, or cause to be kept in full force and effect, until a Substantial Completion thereof, the following insurance at no cost to the City:

(i) (A) Comprehensive General Liability Insurance naming Port Authority as an insured and the City and any general contractor or construction manager as additional named

insureds for a Combined Single Limit in an amount not less than \$5,000,000 for personal injury, including bodily injury and death for property damage, such insurance to include premises-operations liability, contractual liability (designating the indemnity provisions of the Construction Agreements), completed operations and if the contractor is undertaking foundation, excavation or demolition work, an endorsement that such operations are covered and that the "XCU Exclusions" have been deleted; and (B) Automobile Liability Insurance for all vehicles owned or leased by Port Authority, contractors or subcontractors, in an amount not less than \$2,000,000 per person, \$2,000,000 aggregate for bodily injury and \$2,000,000 per occurrence for Property Damage;

(ii) statutory workers' compensation insurance and New York State disability benefits insurance covering all persons employed in connection with the Construction;

(iii) Builder's Risk Insurance (standard "All Risk" or equivalent coverage) written on a completed value (non-reporting) basis, naming Port Authority as an insured and also naming any Construction Manager or general contractor engaged by Port Authority and the City as additional named insureds, and may name any Mortgagee as insured under a standard mortgagee clause. In addition, such insurance (x) shall contain a waiver of subrogation against any insureds and an endorsement stating that "permission is granted to

complete and occupy" and (y) if any offsite storage location is used, shall cover, for the full replacement value, all materials and equipment on or about any such offsite storage location intended for use with respect to the Construction; and

(iv) insurance (provided by endorsement) in an amount not less than \$1,000,000 against subsequent costs of demolition and against increased costs of construction in the event that any hazard insured against hereunder results in a loss.

(c) The foregoing policies shall also conform to the provisions of Sections 12.01(b) and 12.02 hereof.

(d) Any proceeds received pursuant to the insurance coverage required under Section 8.08(a)(iii) and (iv) shall be paid to Port Authority as trustee and, thereafter, shall be applied for the purpose of paying the cost of the Restoration in accordance with the provisions of Articles 13 or 15 hereof or the cost of any Capital Improvement made in accordance with the provisions of Article 11 hereof. Port Authority may at its option elect to self-insure any or all of the above coverages subject to the applicable provisions of Section 12.01 hereof.

Section 8.11 - Construction Generally. Port Authority shall perform or cause to be performed all construction (including but not limited to all Construction) within the Premises, in a good and workmanlike manner, substantially in accordance with the Construction Documents wherever said documents are applicable.

Section 8.12 - Project Sign. Upon the commencing of any Construction (including excavation), Port Authority shall furnish and install, and maintain throughout the construction period (or have the same done so), a sign mutually satisfactory to the City and Port Authority at a conspicuous location on the perimeter of the Land.

Section 8.13 - City Inspection. The City, PDC and their duly authorized representatives, employees and agents shall have the right, at all reasonable times, to inspect and observe the performance of any Construction.

Section 8.14 - Exclusive Development. In the event that Port Authority and the Partnership agree that the Partnership shall be the exclusive provider of communications services and facilities in the Premises, such agreement shall at least provide: (i) as an exception to such exclusivity that there may be Subtenant-furnished, internal building wiring and terminal equipment with respect to initial Subtenants of buildings not yet constructed, but only if the Partnership is reasonably satisfied after testing and inspection that such wiring and equipment are technologically compatible with the Telecommunications Facilities (and their configurations) used in the Premises and (ii) as a limitation to such exclusivity that the Partnership's right to be the exclusive provider of the telecommunications services as aforesaid shall terminate at any time on or after the seventh anniversary of this Lease if this Lease has terminated or Port Authority has ceased to be lessee hereunder.

ARTICLE 9

IMPROVEMENTS

Section 9.01 - Title. (a) Title to any Improvements shall be in Port Authority or, at Port Authority's option, in the City or (without statement or representation by the City as to the potential tax consequences thereof) in any Subtenant, until the Termination Date at which time title to all Improvements shall automatically and immediately pass to, vest in and belong to the City, free of all liens and encumbrances, without further action on the part of either party and without cost or charge to the City, and shall be surrendered to the City upon such date in accordance with the provisions of Article 34 hereof; provided that Subtenants shall have the right to remove such personal property or Improvements which they are authorized to remove pursuant to the provisions of this Lease and any Sublease, if such removal is accomplished before the earlier of: (i) the later of the Fixed Expiration Date or the Renewal Expiration Date, or (ii) the later of the sixtieth day following notice of the termination of this Lease or the Termination Date.

(b) Notwithstanding anything to the contrary in paragraph (a) or this Section 9.01, Port Authority may itself remove or give any Subtenant or Concessionaire the right to remove trade fixtures (including, but not limited to, antennas, cables, personal property and removable equipment) provided that Port Authority shall require any Subtenant or Concessionaire who removes any such trade fixtures to do so in such a manner as to minimize damage to the Premises, and to the extent any damages result from such removal, Port Authority shall require the Subtenant or Concessionaire to restore the

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Premises to a safe and usable condition whether or not there has been a termination of the applicable Sublease or Concession Agreement.

ARTICLE 10

REPAIR AND MAINTENANCE

Section 10.01 - Repair and Maintenance. Port Authority shall take, or cause to be taken, good care of the Premises and the Buffer Strip including, without limitation, the Improvements, all driveways, streets, sidewalks, grounds, parking facilities, plazas, areas, vaults, railings, gutters, alleys, curbs, and pedestrian walkways composing the Premises, all water, sewer and gas connections, pipes and mains not the responsibility of public utilities, and all other fixtures and machinery, and shall put, keep and maintain, or cause to be kept and maintained, the Improvements in good and safe order and condition, and make or cause all repairs therein and thereon, interior and exterior, structural and non-structural, ordinary and extraordinary, and unforeseen and foreseen, necessary to keep the same in good and safe order and condition, howsoever the necessity or desirability therefor may occur, and whether or not necessitated by wear, tear, obsolescence or defects, latent or otherwise. Port Authority shall not commit or suffer, and shall use all reasonable precautions to prevent waste, damage, or injury to the Premises. When used in this Section 10.01, the term "repairs" shall include all necessary replacements, renewals, alterations and additions, and shall be of a quality and class comparable to the existing use and character of the Premises, and

shall be made in compliance with the Urban Renewal Plan, the FEIS and the Teleport Master Plan.

Section 10.02 - Clear Premises. Port Authority, at no cost or expense to the City, shall keep the Premises including the driveways, streets, sidewalks, (including those adjacent to the Premises), grounds, parking facilities, plazas, areas, railings, gutters, alleys, curbs and walkways clean and free from dirt, snow, ice, rubbish, obstructions and encumbrances.

Section 10.03 - No Services. The City in its proprietary capacity shall not be required to furnish any services, utilities or facilities whatsoever on the Premises. The City shall have no duty or obligation in its proprietary capacity, to make any alteration, change, improvement, replacement, restoration or repair to, or to demolish, the Improvements. Nothing in this Section 10.03 shall be deemed to limit any obligations of the City in its municipal capacity.

ARTICLE 11

[Intentionally Omitted]

ARTICLE 12

INSURANCE

Section 12.01 - Insurance. (a) From and after the date of Substantial Completion of the first portion of an Improvement continuously built as an integrated construction project ("Construction Unit") throughout the remainder of the Term, Port Authority, at no cost or expense to the City, shall carry or cause

to be carried insurance coverage of the types and in minimum limits as follows:

(i) Insurance on all of the Premises shall be carried under an "All Risk" policy or its equivalent (hereinafter referred to as "All Risk"), subject to such All Risk insurance being reasonably available or if Port Authority determines that such All-Risk insurance is not reasonably available, then by a standard policy of fire and extended coverage insurance. Such insurance shall be carried in an amount which at all times shall be not less than ninety percent (90%) of the full replacement value of the Improvements, including the cost of debris removal, less the value of foundations and excavations, grading, paving, landscaping and architects' and development fees ("Replacement Value"), as determined from time to time in accordance herewith. If not otherwise included within the "All Risk" coverage specified above, Port Authority shall carry or cause to be carried, by endorsement to such "All Risk" policy, coverage against damage due to water and sprinkler leakage, flood and earthquake, and shall be written with limits of coverage of not less than \$5,000,000 per occurrence. The Replacement Value of each Construction Unit as of the date of Substantial Completion thereof shall be determined by an appraiser (which may be a qualified employee of the Port Authority), to be chosen by Port Authority and approved by the City (which approval the City

shall not unreasonably withhold or delay), and the amount of insurance provided under this Section 12.01(a)(i), if necessary, shall be adjusted to provide coverage in an amount not less than ninety percent (90%) of the Replacement Value as determined by such appraisal. Thereafter, and except as provided otherwise in this Section 12.01(a)(i), the amount of such insurance shall be adjusted annually on each anniversary of the date of Substantial Completion of each Construction Unit by using the Improvements Cost Index of New York City as published by the Engineering News Record (or, if such Index is no longer in existence, a similar generally accepted index of construction costs selected by Port Authority and agreed to by the City) to determine whether there shall have been an increase in Replacement Value since the most recent index of construction costs and, if there shall have been such an increase, the amount of insurance hereunder shall be adjusted accordingly in accordance with the requirements of this Section 12.01(a)(i). Port Authority, at its sole cost and expense, not less frequently than each consecutive five (5) year period from and after the date of Substantial Completion of each Construction Unit and throughout the remainder of the Term, shall cause an appraisal of each Construction Unit to be made by an appraiser chosen by Port Authority and approved by the City (which approval the City shall not unreasonably withhold or delay) in order to determine the Replacement

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Value thereof and, promptly after each such appraisal is made, the amount of insurance hereunder shall be adjusted in accordance with such appraisal and the requirements of this Section 12.01(a)(1). No failure on the part of the the City to request that any annual adjustment in insurance, appraisal of each Construction Unit or determination of Replacement Value be made shall relieve Port Authority of its obligation to cause such annual adjustments, appraisals and determinations of Replacement Value to be made. Any "All Risk" policy carried or caused to be carried by Port Authority hereunder shall state that the valuation of any loss to be determined thereunder shall be made on a replacement cost basis and also shall contain an endorsement whereby the insurer waives all coinsurance requirements;

(ii) Comprehensive Public Liability Insurance shall be carried with respect to all Improvements and the operations related thereto, whether conducted in or about the Premises, against liability for personal injury, including bodily injury and death, and property damage. Such comprehensive public liability insurance shall be on an occurrence basis and specifically shall include Sprinkler Leakage Legal Liability, Water Damage Legal Liability and Motor Vehicle Liability coverage for all owned and non-owned vehicles, including rented and leased vehicles, and shall, in addition, be in accordance with the following:

(x) All insurance against liability for personal injury, including bodily injury and death, and property damage specified in subparagraph (a) (ii) of this Section 12.01, except those coverages listed with specific sublimits in clause (y) immediately hereinbelow, shall be written for a Combined Single Limit of not less than \$50,000,000;

(y) A minimum Combined Single Limit of \$5,000,000 shall be written for Water Damage Legal Liability and Sprinkler Leakage Legal Liability;

(iii) Comprehensive Public Liability Insurance shall be carried by each Subtenant, with respect to the portion of the Premises located in the Subtenant's Sublease parcel and with respect to the operations related to such parcel, and the coverage of such insurance shall be similar in nature to that required in subparagraph (a)(ii) of this Section 12.01 except as follows:

(x) All insurance against liability for personal injury, including bodily injury and death, and property damage specified in subparagraph (a)(ii) of this Section 12.01, except those coverages listed with specific sublimits in clause (y) immediately hereinbelow, shall be written for a Combined Single Limit of not less than \$10,000,000;

(y) A minimum Combined Single Limit of \$1,000,000 shall be written for Water Damage Legal Liability and Sprinkler Leakage Legal Liability;

(iv) Boiler and Machinery Insurance shall be carried in an amount not less than the replacement cost of such boilers, if any, located on the Premises and other machinery located on the Premises;

(v) Insurance (provided by endorsement) in an amount not less than ten percent (10%) of the Replacement Value insurance required to be carried by Section 12.01(a)(1) against subsequent costs of demolition and against increased costs of construction in the event that any hazard insured against hereunder results in a loss; and

(vi) Port Authority shall carry or cause to be carried such other insurance in such amounts as from time to time reasonably may be required by the City against such other insurable hazards as at the time are commonly insured against in the case of premises similarly situated to the Premises or business operations of a size and nature similar to the business operations being conducted at the Premises.

(b) All insurance provided by or on behalf of Port Authority, or which is caused to be provided by Port Authority, pursuant to the provisions of this Lease shall name Port Authority as a named insured and, except for Statutory Worker's Compensation Insurance and New York State Disability Benefits Insurance, also shall name the City and PDC as their respective interests may appear, as additional named insureds. Port Authority shall not name any Mortgagee under any of the insurance to be carried hereunder, either as an additional named insured or under a mortgagee endorsement, unless such Mortgagee is the holder of a Mortgage

permitted under this Lease. Any holder of any Mortgage permitted under this Lease which is named under any of the insurance carried hereunder may be named under a standard New York form of mortgagee endorsement or its equivalent.

(c) All of the limits of insurance required by this Lease shall be subject to reasonable review by the City. Port Authority, in connection therewith, subject to the provisions of this Section 12.01(c), shall carry or cause to be carried such additional amounts of insurance as the City reasonably may require or may carry or cause to be such lesser amounts of insurance as Port Authority reasonably may request. The City's request that Port Authority carry or cause to be carried such additional amounts of insurance or Port Authority's request that Port Authority be permitted to carry or cause to be carried lesser amounts of insurance shall not be deemed reasonable unless the City or Port Authority, as the case may be, shall have given the other party not less than thirty (30) days prior written notice thereof and unless insurance in such additional amounts or in such lesser amounts, as the case may be, then shall be commonly carried in the case of premises similarly situated to the Premises or business operations of a size, nature and character similar to the size, nature and character of the business operations being conducted at the Premises; provided, however, that in no event shall the provisions of this Section 12.01(c) relieve Port Authority of its obligation to carry or cause to be carried "All Risk" insurance in an amount not less than ninety percent (90%) of the Replacement Value of the Improvements as provided in Section 12.01 (a)(1) hereof, it being understood and agreed, however, that in no

event shall Port Authority be required to carry or cause to be carried "All Risk" insurance in an amount which is greater than ninety percent (90%) of the Replacement Value of the Improvements.

(d) In the event the Port Authority elects to self insure any risk, the Port Authority shall do and agree as is set forth in subparagraphs (i), (ii) and (iii) hereinbelow.

(i) Port Authority shall submit to the City a written proposal describing the coverage to be provided, which proposal shall be in accordance with this Lease and shall be similar in form, scope and substance with commercially available policies covering risks of similar types and magnitudes. The Parties agree that the provisions of a policy issued to the Port Authority by an insurer acceptable under paragraph (e) of Section 12.01 hereof and covering risks of similar types and magnitudes, whether or not obtained by Port Authority under this Lease, shall be deemed acceptable provisions of such proposed coverage. In the event the City objects to any provision of the proposed coverage, the City and Port Authority shall attempt to agree upon mutually acceptable provisions. In the event the Parties fail to so agree within sixty (60) days of the initial objection by the City, the Parties shall promptly designate an independent third party, which shall be a recognized risk management consultant, and said third party shall prescribe the provisions of the proposed coverage to the extent not agreed to by the Parties. Provisions recommended by said third party for the proposed coverage

shall be similar in form, scope and substance to the provisions of commercially available policies covering risks of similar types and magnitudes.

(ii) Port Authority shall obtain at least one quotation, if available, for that insurance coverage for which it will become a self-insurer and shall submit to the City, for its approval, a proposed annual premium charge which shall not exceed the quotation obtained. The City's approval shall not be unreasonably delayed or withheld as long as said premium charge is not higher than the premium that would be charged for similar coverage by any commercial insurer of the City's choice that would otherwise be acceptable in accordance with this Lease.

(iii) Port Authority agrees that in the event of a loss it shall make available out of its own funds such amounts as would have been payable by an insurance carrier providing such coverage, and its obligation to pay any loss under the agreement provided pursuant to subsection (i) hereinabove shall not be limited other than by the limitations on coverages that would have been available to such insurance carrier.

(e) All insurance required by this Lease shall be in such form and shall be issued by responsible companies licensed and authorized to do business in the State of New York or subject to service of process in the State of New York with a general policyholders' ratings of not less than B+ (or its equivalent) and a financial rating of Class XII (or its equivalent) as rated in the

most current available "Best's Insurance Reports" (or any successor publication of comparable standing), except where Port Authority qualifies as a self-insurer in the State of New York under applicable law. All policies referred to in this Lease shall be procured, by Port Authority for periods of not less than one year, if obtainable. All policies of insurance referred to in this Lease shall be obtained by Port Authority at no cost to the City or FDC and for periods of not less than one (1) year. A certified copy, signed by an authorized representative of the insurer, of each such policy, or a certificate evidencing coverage together with a true, duplicate copy of the policy, shall be delivered to the City immediately upon its receipt by Port Authority from the insurance company or companies, except that if any insurance carried by the Port Authority is effected by one or more blanket policies, then, with respect to such insurance, certified abstracted policies relating to the Premises shall be so delivered to the City. Certified copies (or certificates evidencing coverage together with true duplicate copies of the policies) of new or renewal policies replacing any policies expiring during the term hereof shall be delivered as aforesaid within sixty (60) days following the expiration of expired policies; provided, however, that evidence of renewal policies, in binder form, shall be delivered to the City not less than ten (10) days prior to the expiration date of any expiring policies. Proof reasonably satisfactory to the City that the full premiums have been paid for at least the first year of the term of such policies is also to be provided as soon as possible thereafter. During the term of each such policy, within thirty (30)

days before each anniversary of the effective date of such policy, Port Authority shall deliver to the City proof reasonably satisfactory to the City that the full premium due has been paid. Nothing contained in this paragraph shall be deemed to limit Port Authority's right of self-insurance as set forth in paragraph (d) of this Section 12.01, it being understood that the provisions of this paragraph shall not apply to any risks which Port Authority chooses to self insure.

(f) Port Authority shall not carry separate property insurance concurrent in form or contributing in the event of loss with that required by this Lease, unless the City and PDC are included therein as insureds with loss payable as provided in this Lease. Port Authority shall immediately notify the City of the carrying of any such separate insurance and, upon receipt by Port Authority of copies of such policies, shall cause certified copies of such policies or copies of abstracts of such policies or certificates of insurance, as the case may be, to be delivered as required in this Lease.

(g) Port Authority shall not violate or permit to be violated any of the conditions or provisions of any policy carried by it pursuant to the Lease, and Port Authority shall so perform and satisfy or cause to be performed and satisfied the requirements of the companies writing such policies so that at all times companies of good standing, satisfactory to the City, shall be willing to write and/or continue such insurance.

(h) Each policy of insurance required by this Lease and each certificate therefor issued by the insurer shall contain to the extent obtainable at a reasonable cost (i) a provision that error, inadvertent omission, mistake or failure to report shall neither impair, prejudice nor void coverage under the policy, (ii) a provision that no act or omission of Port Authority shall effect or limit the obligation of the insurance company to pay the amount of any loss sustained to the City or any Mortgagee permitted hereunder, (iii) an agreement by the insurer that such policy shall not be cancelled, modified or denied renewal without at least thirty (30) days' prior written notice to the City, and (iv) a waiver of subrogation by the insurer of any right to recover the amount of any loss resulting from the negligence of the City or their agents or employees.

(i) Each policy required under this Lease shall provide that the loss, if any, under such policy shall be adjusted by Port Authority with the relevant insurance company.

(j) Port Authority shall, through its Subleases, cause each Subtenant to provide to Port Authority directly a certified or duplicate copy of each policy which the Subtenant is required to obtain pursuant to its Sublease, or a certificate evidencing the coverage required thereunder, signed by an authorized representative of the insurer. Upon receipt of such policies or certificates, Port Authority shall immediately deliver same to the City.

Section 12.02 - Proceeds. (a) The proceeds under all policies required by an provision of this Lease insuring against damage to the Premises by fire or other casualty shall be payable to

Port Authority, as trustee, and shall be deposited by Port Authority in an interest bearing account or investment. Port Authority shall hold the insurance proceeds with respect to such loss in trust for the purpose of paying the Capital Costs of the Restoration and shall apply such proceeds first to the payment in full of the cost of the Restoration before using any part of the same for any other purpose. Port Authority shall give the City Engineer notice of completion of the Restoration. If the City Engineer makes no written claim or objection with respect to such excess proceeds or their disposition within ninety (90) days after such notice is given, then, subject to the rights of any Mortgagees, Port Authority may pay over to itself the unapplied, excess proceeds, which shall be applied against Unamortized Capital Costs, whereupon the balance remaining of such proceeds (if any) shall be paid by Port Authority to the City. Port Authority's trust obligations hereunder with respect to such proceeds shall terminate upon the making of the aforesaid payments. Anything in this paragraph (a) to the contrary notwithstanding, in no event shall Port Authority's liability as Trustee herein exceed the amount of insurance proceeds received by Port Authority, together with interest earned thereon, as reduced by the portion thereof applied to the Restoration.

(b) Port Authority and the City shall cooperate in connection with the collection of any insurance moneys that may be due in the event of loss and Port Authority and the City shall execute and deliver such proof of loss and other instruments which may be required for the purpose of obtaining the recovery of any insurance moneys.

(c) All casualty insurance policies as required by this Lease shall provide that all adjustments for claims with the insurers in excess of one per centum (1%) of the full insurable value of the Improvements, as last determined pursuant to Section 12.01(a)(1) hereof, shall be made with the City, PDC, and Port Authority, and the rights of any Mortgagee or Subtenant shall be recognized. Any adjustments of claims with the insurers involving sums of less than one per centum (1%) of said insurable value of the Improvements shall be made with Port Authority alone.

Section 12.03 - Blanket or Umbrella Policies. In addition to Port Authority's right of self insurance set forth elsewhere in this Article, the insurance required by this Lease may, at the option of Port Authority be effected by blanket and/or umbrella policies issued to Port Authority covering the Premises and other properties owned or leased by Port Authority, provided that the policies otherwise comply with the provisions of this Lease and allocate to the Premises the specified coverage, without possibility of reduction or coinsurance by reason of, or damage to, any other premises named therein, and if the insurance required by this Lease shall be effected by any such blanket or umbrella policies, Port Authority shall furnish to the City certified copies or duplicate originals of such policies, with schedules thereto attached showing the amount of insurance afforded by such policies which is applicable to the Premises.

ARTICLE 13

DAMAGE OR DESTRUCTION: USE OF INSURANCE PROCEEDS

Section 13.01 - Restoration. If all or any part of the Premises shall be destroyed or damaged, in whole or in part, by fire or other casualty of any kind or nature (including any casualty for which insurance was not obtained or obtainable), of any kind or nature, foreseen or unforeseen, Port Authority shall give to the City Engineer prompt notice thereof, and whether or not such damage or destruction shall have been insured, and whether or not insurance proceeds, if any, shall be sufficient to pay the cost of repairs, alterations, restorations, replacements and rebuilding (collectively "Restoration"), if the cost of such Restoration is less than \$500,000 or if Port Authority reasonably determines it is economic to perform such Restoration, Port Authority, with reasonable promptness and reasonable diligence, shall repair, alter, restore, replace and rebuild (collectively "Restore") the same, at least to the extent of the value and as nearly as possible to the character of the Improvements immediately existing prior to such occurrence. If Port Authority is not required to Restore as provided above, it shall perform or cause to be performed such fencing, demolition, removal of materials and anything else reasonably necessary to put the Premises in a safe, clean, good and usable condition. The City, in no event, shall be called upon to Restore any Improvements now or hereafter existing or any portion thereof or pay any of the costs or expenses thereon. If Port Authority shall fail or neglect to Restore the Improvements or the portion thereof so damaged or destroyed if required hereunder with reasonable diligence or having so commenced

such Restoration shall fail to complete the same with reasonable diligence in accordance with the terms of this Lease or if, prior to the completion of any such Restoration by Port Authority, this Lease shall expire or be terminated for any reason, the City may complete the same at Port Authority's expense. All such Restoration work shall be done in accordance with the applicable provisions of this Lease.

Section 13.02 - No Forfeiture or Termination. This Lease shall not terminate or be forfeited or be affected in any manner by reason of damage to or total, substantial, or partial destruction of the Improvements or any part thereof or by reason of the untenability of the same or any part thereof, for or due to any reason or cause whatsoever, and Port Authority, notwithstanding any law or statute present or future, waives any and all rights to quit or surrender the Premises or any part thereof as a result thereof. Port Authority expressly agrees that its obligations hereunder, including the payment of Rental payable by Port Authority, shall continue as though the Improvements had not been damaged or destroyed and without abatement, suspension, diminution or reduction of any kind. The City and Port Authority intend that the foregoing is an "express agreement to the contrary" as provided in Section 227 of the Real Property Law of the State of New York.

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ARTICLE 14

ASSIGNMENT, SUBLETTING, MORTGAGES

Section 14.01 - Assignment and Subletting. (a) Neither this Lease nor any interest of Port Authority in this Lease, shall be sold, assigned, or otherwise transferred under any circumstances, whether by operation of law or otherwise, nor shall Port Authority sublet the Premises as an entirety or substantially as an entirety, without the prior written consent of the City in each case and the delivery to the City of the executed documents described in clauses (i), (ii) and (iii) of paragraph (b) of this Section 14.01 (any such sale, assignment or other transfer or a sublease of the Premises as an entirety or substantially as an entirety being herein a "Transfer"). An assignment of this Lease in accordance with the provisions hereof shall not relieve or release the assignor from any obligations of Port Authority hereunder and the assignor shall remain liable for the performance of all obligations of Port Authority hereunder for the remainder of the Term, unless consented to by the City.

(b) No Transfer shall be effective for any purpose unless and until there shall have been delivered to the City at least thirty (30) days prior to the consummation of any such transaction (i) an executed counterpart of the instrument(s) of assignment of this Lease or of the sublease of the Premises, in recordable form, containing inter alia, the name, address and telephone number of the assignee or subtenant, (ii) an executed instrument of assumption of Port Authority's obligation under this Lease by said assignee or

subtenant, in recordable form, effective as of the date of the assignment or commencement of the term of the sublease, and (iii) an affidavit of the assignee or subtenant or the principal officer or general partner thereof, setting forth the names and addresses of all persons having interests in the assignee or subtenant and of all directors and officers of the assignee or subtenant.

Section 14.02 - [Intentionally Omitted]

Section 14.03 - Certain Subleases. (a) Port Authority may sublet parts of the Premises when any such subletting is not of all or substantially all of the Premises subject to the requirements of Sections 14.15 and 14.16, and Article 28 hereof, and paragraphs (b) and (c) of this Section 14.03; provided, that Port Authority recognizes the right of the City to propose bona fide Subleases consistent with the terms and conditions of this Lease and the purposes authorized by the Statutes and, with regard to Substantial Subleases, agrees to prepare and enter into such Substantial Subleases as proposed by the City subject to Port Authority's right to exercise Vetoes pursuant to Section 14.16 hereof. Both parties agree to notify one another of the onset of any negotiation with a prospective Substantial Subtenant and to inform one another as to the progress of such negotiations. The City shall provide to Port Authority all the Material Terms regarding its proposed Subleases.

(b) Subleases shall have respective terms which are shorter than the Fixed Expiration Date; provided, that upon petition by Port Authority and for good cause shown, the Mayor may grant non-disturbance protection to Subtenants for additional time, but in no

event shall the aggregate of the term of a Sublease and the additional time of non-disturbance protection be greater than sixty (60) years.

(c) Upon the execution and delivery of any instruments or documents pertinent to any Sublease, Port Authority shall deliver such instrument(s) and document(s) to the City.

Section 14.04 - Compliance by Sublessees. Port Authority shall use all reasonable efforts to cause all Subtenants and Concessionaires (a) not to do anything inconsistent with the terms and conditions of this Lease, and (b) to comply with their respective obligations under their Subleases and Concession Agreements and shall diligently enforce all of the rights of landlord thereunder.

Section 14.05 - Continuing Obligation of Port Authority.

The fact that a violation or breach of any of the terms, provisions or conditions of this Lease results from or is caused by an act or omission by any Subtenants shall not relieve Port Authority of Port Authority's obligations hereunder. Port Authority shall take all necessary steps to eliminate any such violation or breach.

Section 14.06 - Amendments to the Partnership Sublease, a Primary Sublease or a Substantial Sublease. (a) Any proposed amendment to the Partnership Sublease must be approved by the City if such proposed amendment (i) reduces by ten percent (10%) or more (x) the amounts payable to the landlord under the Partnership Sublease which were included in Gross Receipts or (y) the construction obligations under the Partnership Sublease, or (ii)

materially adversely affects the interests of the City in any manner other than those described in subsection (i) of this section (a), it being specifically agreed that a reduction of less than ten percent (10%) in connection with subsection (i) shall not require City approval.

(b) Any proposed amendment to a Primary Sublease or a Substantial Sublease must be approved by the City if such proposed amendment reduces by ten percent (10%) or more either (i) the amounts payable to the landlord under such Primary Sublease or Substantial Sublease which were included in Gross Receipts, or (ii) the previously approved construction obligations under such Sublease.

(c) An amendment to a Primary Sublease or a Substantial Sublease shall be deemed to be a newly-proposed Substantial Sublease for purposes of Section 14.16 and Article 28 hereof if such proposed amendment would provide for the construction of a separate Improvement, or an extension to an existing Improvement, of more than 50,000 square feet or at a Capital Cost in excess of five million dollars (\$5,000,000).

(d) No approval hereunder by the City shall be unreasonably withheld or delayed.

Section 14.07 - Assignment of Subleases. To secure the prompt and full payment by Port Authority of the Rental and the faithful performance by Port Authority of all the other terms and conditions herein contained on its part to be kept and performed, Port Authority hereby assigns, transfers and sets over unto the City, subject to Mortgages and the conditions hereinafter set forth, all of Port Authority's right, title and interest in and to all

Subleases and Concession Agreements to which Port Authority is a party, and hereby confers upon the City, its agents and representatives, a right of entry in, and sufficient possession of, the Premises to permit and insure the collection by the City of the rentals and other sums payable under the Subleases and Concession Agreements, and further agrees that the exercise of said right of entry and qualified possession by the City shall not constitute an eviction of Port Authority from the Premises or any portion thereof and that should said right of entry and possession be denied the City, its agent or representative, the City, in the exercise of said right, may use all requisite force to gain and enjoy the same without responsibility or liability to Port Authority, its servants, employees, guests or invitees, or any Person whomsoever; provided, however that such assignment shall become operative and effective only if this Lease and the Term shall be cancelled or terminated pursuant to the terms, covenants and conditions hereof, or there occurs repossession under a dispossess warrant or other re-entry or repossession by the City under the provisions hereof, and then only as to such of the Subleases and Concession Agreements that the City may elect to take over and assume. At any time and from time to time upon the City's demand, Port Authority promptly shall deliver to the City a schedule of all Subleases and Concession Agreements, setting forth the names of all Subtenants and Concessionaires, with a photostatic copy of each of the Subleases and Concession Agreements. Upon reasonable request of the City, Port Authority shall also permit the City and its agents and representatives to inspect original copies of all Subleases and Concession Agreements

affecting the Premises.

Section 14.08 - Subleases Subject to this Lease. Port Authority and the City covenant and agree that all Subleases shall provide that (a) they are subject to this Lease, and (b) on the termination of this Lease pursuant to Article 25 hereof, the Subtenants shall attorn to, or enter into direct Subleases with the City on terms identical with those of the original Subleases, and the City hereby agrees to accept such Subtenants and assume such Subleases and shall perform all of the Port Authority's obligations under said Subleases, provided, however, that the Port Authority shall continue to be responsible for performing or fulfilling all initial construction, installation, and finishing obligations of Port Authority under said Subleases including such as have not been performed at the time of said attornment, and the City shall fully cooperate with Port Authority so that it can perform the same expeditiously and economically, including the provision by the City to Port Authority of access to the Premises. Notwithstanding the foregoing, it is understood and agreed that the Port Authority (i) shall remain obligated as provided in Section 25.12 and (ii) shall have the right to continue to receive repayment from such Subtenants for construction performed or financing advanced by the Port Authority to such Subtenants in accordance with the terms of the original Subleases.

Section 14.09 - Non-Disturbance of Subtenants. The City covenants and agrees, for the benefit of any Subtenant that the City shall recognize the Subtenant as the direct tenant of the City upon the termination of this Lease pursuant to any of the provisions of

Article 25 hereof, and subject to Section 14.08, if (a) all Mortgagees (if any) of the Subtenant shall have agreed in writing substantially to the effect that they will not join the Subtenant as a party defendant in any foreclosure action or proceeding which may be instituted or taken by said Mortgagees, nor evict the Subtenant from the portion of the Premises demised to it, nor affect any of the Subtenant's rights under its Sublease, by reason of any default under any Mortgage, or (b) Port Authority shall deliver to the City a certificate or an independent real estate appraiser who is a member of the American Institute of Appraisers, or such other similar organization, reasonably satisfactory to the City, stating, in substance, that, at the time the Sublease was entered into, the rent payable by the Subtenant under its Sublease after taking into account any credits, offsets, or deductions to which the Subtenant may be entitled thereunder, constitutes not less than the then fair rental value of the space demised thereunder; provided, however, that at the time of the termination of this Lease (i) no default exists under the Subtenant's Sublease which at such time would then permit the landlord thereunder to terminate the same or to exercise any dispossess remedy provided for therein, and (ii) the Subtenant shall deliver to the City an instrument confirming the agreement of such Subtenant to attorn to the City and to recognize the City as the Subtenant's landlord under its Sublease, which instrument shall provide that neither the City, nor anyone claiming by, through or under the City shall be:

(1) liable for any act or omission of any prior landlord, (including, without limitation, the then defaulting landlord), or

(2) subject to any offsets or defenses which the Subtenant may have against any prior landlord (including, without limitation, the then defaulting landlord), or

(3) bound by any payment of rent which the Subtenant might have paid for more than the current month to any prior landlord (including, without limitation, the then defaulting landlord), or

(4) bound by any covenant to undertake or complete any of the obligations described in, and imposed upon Port Authority by, Section 14.08 hereof.

(5) bound by any financing obligation to a Subtenant, or

(6) bound by any modification of the Partnership Sublease Primary Sublease or Substantial Sublease which reduces the basic rent, additional rent, supplemental rent or other charges payable under such Sublease, or shortens the term thereof, or otherwise materially adversely affects the rights of the landlord thereunder, made without the written consent of the City if such consent is required under this Lease or the Four Party Agreement.

Section 14.10 - Leasehold and Subleasehold Mortgages.

(a) Port Authority and, with the consent of Port Authority, any Subtenant, shall have the right to mortgage their interests in this Lease or any Sublease, respectively, at any time and from time to time without the consent of the City; provided, (i) the Mortgagee is either (x) an Institutional Lender and the Mortgage is the principal security for a loan made to Port Authority or the Subtenant, as the case may be, or (y) a Person who was a tenant hereunder and the Mortgage is a purchase money mortgage given as security for the payment of all or a portion of the consideration

payable in connection with a permitted Transfer of this Lease; (ii) a conformed copy of the Mortgage, certified by Port Authority or the Subtenant, as the case may be, or the Mortgagee to be a true copy thereof, and a notice containing the name and post office address of the Mortgagee shall be delivered to the City promptly after the making of the Mortgage; and (iii) the Mortgage shall contain provisions substantially as follows:

"This mortgage is executed upon the condition (i) that no purchaser at any foreclosure sale shall acquire any right, title or interest in or to the lease hereby mortgaged, unless the said purchaser, or the person, firm or corporation to whom or to which such purchaser's right has been assigned, in the instrument transferring to such purchaser or to such assignee the interest of tenant under said lease, assumes and agrees to perform all of the terms, covenants and conditions of said lease thereafter to be observed or performed on the part of such tenant, (ii) that no further or additional mortgage or assignment of said lease shall be made except in accordance with the provisions contained in Article 14 of the lease between The City of New York and The Port Authority of New York and New Jersey, dated as of _____, 1983 (the "Lease"), and (iii) that a duplicate original of the instrument containing such assumption agreement, duly executed and acknowledged by purchaser or such assignee and in recordable form, is delivered to landlord under the Lease immediately after the consummation of such sale, or, in any event, prior to taking possession of the premises demised thereby."

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

"This mortgage and all rights of the mortgagee hereunder are, without the necessity for the execution of any further documents; subject and subordinate to the terms, covenants and conditions of the Lease as the same may be modified or amended with the consent of the holder of this mortgage if required."

(b) Nothing herein shall be construed as giving Port Authority or any Subtenant the right to mortgage the City's estate and interest in the Premises or any part thereof, and no Mortgage shall extend to or affect such estate and interest.

Section 14.11 - Leasehold Mortgagee Provisions. (a) If Port Authority or the Subtenant shall mortgage its interest in this Lease or any Sublease, respectively, in compliance with the provisions of Section 14.10 hereof, the City shall give to each Mortgagee, at the address of such Mortgagee set forth in the notice mentioned in Section 14.10(a) hereof, a copy of each notice or demand given by the City to Port Authority pursuant to any provision of this Lease at the same time as, and whenever, any such notice or demand shall thereafter be given by the City to Port Authority, and no such notice or demand by the City shall be deemed to have been duly given to Port Authority unless and until a copy thereof shall have been so given to each Mortgagee. Each Mortgagee (i) shall thereupon have a period of twenty (20) days after such notice or demand is given to it, for remedying any Default or taking such other action as may be required or causing the same to be remedied or causing action to remedy a Default mentioned in Section 25.01 to be commenced, than is given Port Authority after such notice is given to it, and (ii) shall, within such period and otherwise as herein provided, have the right to remedy such Default, cause the same to be remedied or cause action to remedy a Default mentioned in Section 25.01. The City will accept performance by a Mortgagee of any covenant, condition, or agreement on Port Authority's part to be performed hereunder with the same force and effect as though

Section 14.13 - Participation by Leasehold Mortgagees. In any circumstances where arbitration or appraisal is provided for under this Lease, the City will give any Mortgagee who shall have given the City a notice as provided in Section 14.10(a) hereof, notice of any demand by the City for any arbitration or appraisal, and the City will recognize such Mortgagee as a proper party to participate in the arbitration or appraisal, if Port Authority fails to do so, whether such failure is in the matter of designating arbitrators or appraisers or otherwise.

Section 14.14 - Specific Transactions. Any consent by the City under this Article 14 above shall apply only to the specific transaction thereby authorized and shall not relieve Port Authority from the requirement of obtaining the prior consent (whether written or otherwise) of the City to any further transaction.

Section 14.15 - Disapproval of Primary Subleases. With regard to the Primary Subleases, the City will cooperate with Port Authority in an effort to negotiate sublease terms and conditions mutually acceptable to Port Authority and the prospective Subtenants in question; provided, and notwithstanding anything to the contrary implied herein, the Mayor shall have the right to disapprove of any two (2) of the sublease agreements proposed for the Primary Subleases within thirty (30) Business Days after receiving either a draft thereof or a memorandum stating all the Material Terms with respect thereto. Such disapproval shall be without qualification or modification of the proposed Sublease. Port Authority may also disapprove of two (2) Primary Subleases and shall not enter into any

Primary Sublease which has been disapproved by the City in accordance with the terms thereof.

Section 14.16 - Veto of Substantial Subleases. With regard to any proposed Sublease which would constitute a Substantial Sublease under this Lease, Port Authority shall supply to the Mayor, or the City shall supply to Port Authority (depending on whether Port Authority or the City, respectively, is proposing the Substantial Sublease in question), written notice containing all the Material Terms for the proposed Substantial Sublease. Within thirty (30) days after receiving such notice, the recipient thereof may veto the proposed Substantial Sublease (the "Veto") by written notice to the other Party, which notice shall state the reason for the Veto. A Veto must be made without qualification or modification to the proposed Substantial Sublease, and may be exercised if the proposed Substantial Sublease either would not represent the best use of the property in question, or would adversely affect the Premises and/or the people of the City of New York economically, environmentally, architecturally or job-locationally. Failure to exercise a Veto within the aforesaid thirty (30) days shall constitute approval of the proposed Substantial Sublease. A Veto shall not include a disapproval by the City under Section 14.15 hereof, and shall be deemed exercised only if made in response to a proposed Substantial Sublease which is (i) bona fide, (ii) consistent with the terms and conditions of this Lease, and (iii) for purposes authorized by the Statutes.

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Section 14.17 - Access in Subleases. Port Authority hereby designates the City or PDC as a non-exclusive agent for purposes of exercising any right of access which Port Authority obtains for itself with regard to any portion of the Premises from a Sublessee (whether by means of a Sublease or otherwise).

ARTICLE 15

CONDEMNATION

Section 15.01 - Whole Taking. (a) If at any time during the Term, the whole or substantially all of the Premises shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement among the City, Port Authority and those authorized to exercise such right, this Lease shall terminate and expire on the date of such taking and the Rental payable by Port Authority hereunder shall be apportioned and paid to the date of such taking.

(b) The term "substantially all of the Premises" shall be deemed to mean such portion of the Premises as, when so taken, would leave remaining a balance of the Premises which, due either to the area so taken or the location of the part so taken in relation to the part not so taken, would not under economic conditions, zoning laws or building regulations then existing or prevailing, readily accommodate a new building or buildings of a nature and for a use similar to the Building and its use at the date of such taking.

(c) If the whole or substantially all of the Premises shall be taken or condemned as provided in this Article, the award is to be divided in the following manner:

(i) first, to the holders (other than Port Authority or an Affiliate) of any Mortgages, in the order of the priority of their liens, in payment of the principal amounts of, and all accrued and unpaid interest due under, and all other amounts payable pursuant to, such mortgages;

(ii) second, to Port Authority, an amount equal to Unamortized Capital Costs attributable to any Port Authority Infrastructure or any Port Authority Building, if such Port Authority Infrastructure or such Port Authority Building is condemned or taken;

(iii) third, to the City, an amount equal to the then unimproved, unrestricted and unencumbered value of the Land; and

(iv) fourth, the balance, if any, to the City and Port Authority in equal amounts.

(d) the City and Port Authority shall execute any and all documents that may be required in order to facilitate collection by them of such awards.

Section 15.02 - Date of Taking. For the purpose of this Article 15, the Premises or a part thereof, as the case may be, shall be deemed to have been taken or condemned on the date on which actual possession of the Premises or a part thereof, as the case may be, is acquired by a lawful power or authority or the date on which title vests therein, whichever is earlier.

Section 15.03 - Less Than Whole Taking. If less than substantially all of the Premises be so taken or condemned, then this

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Lease and the Term shall continue without diminution of any of Port Authority's obligations hereunder, except that this Lease shall terminate as to the portion of the Premises so taken and from and after the date of such taking a just proportion of the Rent and according to the extent and nature of such taking, shall abate for the remainder of the Term. Port Authority, in the event and to the extent that Port Authority determines that the award or awards, if any, shall be sufficient for purposes of Restoration, shall proceed diligently to Restore any remaining part of the Improvements not so taken so that the same shall be a complete, rentable, self-contained architectural unit in good condition and repair. In the event of any taking or condemnation as in this Section 15.03 provided, the award to Port Authority shall be paid to Port Authority, or, at Port Authority's Option, to such third party holder as the City and Port Authority may agree upon. In the event such third party is chosen, said party shall make available to Port Authority at any time and from time to time during the Restoration of the remaining part of the Improvements such amounts as Port Authority may requisition to pay the costs of Restoration of the remaining part of the Improvements. Any balance of the award remaining after the completion of such Restoration shall be paid as provided in Section 15.01(c) hereof. In the event Port Authority does not undertake to Restore the remaining part of the Improvements, the entire award shall be distributed as provided in Section 15.01(c) hereof. Each of the parties shall execute any and all documents that may be required in order to facilitate collection by them of their respective awards. If the portion of the award made available by the third party is

sufficient for the purpose of paying for the Restoration, Port Authority shall be required to make the Restoration.

Section 15.04 - Temporary Taking. If the temporary use of the whole or any part of the Premises shall be taken at any time during the Term for any public or quasi-public purpose by any lawful power or authority, by the exercise of the right of condemnation or eminent domain, or by agreement between Port Authority and those authorized to exercise such right, Port Authority shall give prompt notice thereof to the City and the Term shall not be reduced or affected in any way and Port Authority shall continue to pay in full the Rental payable by Port Authority hereunder without reduction or abatement, and Port Authority shall be entitled to receive for itself any award or payments for such use; provided, however, that any such awards or payments received by Port Authority shall be included in Gross Receipts, and if the taking is, or will be, for a period extending beyond the Term, the portion of such award or payment attributable to the period after the Term shall be given to the City.

Section 15.05 - Governmental Action. In case of any governmental action, not resulting in the taking or condemnation of any portion of the Premises but creating a right to compensation therefor, such as the changing of the grade of any street upon which the Premises abut, this Lease shall continue in full force and effect without reduction or abatement of Rental and the award shall be paid to the City or, if access to or use of the Premises shall be adversely affected thereby, shared by the parties on an equitable basis.

Section 15.06 - Condemnation by Port Authority. Port Authority shall not condemn or take the Premises or any part thereof without the prior written consent of the City.

Section 15.07 - Trade Fixtures. Notwithstanding anything which to the contrary may be stated in this Article 15, Subtenants and Concessionaires shall to the extent permitted by law be permitted to make a claim in any condemnation proceeding for the value of their trade fixtures, personal property and other removable equipment, and for any moving or relocation expenses then allowable under law, but in no event shall payment for such claim reduce the award otherwise payable to the City.

ARTICLE 16

COMPLIANCE WITH LAWS

Section 16.01 - Compliance. (a) Port Authority shall require in all Subleases and Concession Agreements that all Subtenants and Concessionaires shall comply with any and all present and future laws, rules, orders, ordinances, regulations, statutes, requirements, codes and executive orders (collectively called "Requirements"), which would apply to the Subtenants and Concessionaires were the Premises owned by and leased to a private corporation, irrespective of the nature of the work required to be done, extraordinary as well as ordinary, of Federal, State, City or other governmental, public or quasi-public authorities; provided, however, any Subtenant and Concessionaire shall have the right to contest in good faith the validity or applicability of any Requirements by appropriate proceedings and, if permitted by such Requirements, not to comply with such Requirements as long as same

are being contested with due diligence.

(b) In undertaking the project, Port Authority agrees for itself, as a matter of policy, to conform to the enactments, ordinances, resolutions and regulations of the City and its various departments, boards and bureaus in regard to the construction and maintenance of buildings and structures and in regard to health and fire protection, which would be applicable if Port Authority were a private corporation, to the extent that Port Authority finds it practicable to do so, without interfering with, impairing or affecting the efficiency or economy of the operation of the Premises, or Port Authority's ability to operate the Premises upon a self-supporting basis, or its obligations, duties and responsibilities to the States of New York and New Jersey, its bond holders and the general public. To that end, Port Authority shall submit to the appropriate City officials, copies of the Preliminary Plans and Specifications for buildings and structures. It is specifically understood and agreed that no local law, enactment, ordinance, rule or regulation, permit or requirement of the City, shall apply to Port Authority. This shall not be deemed to affect Port Authority's obligations under paragraph (c) (ii) of Section 8.09 hereof, or paragraph (e) of Section 8.02 hereof, or the imposition of Requirements on Subtenants and Concessionaires pursuant to paragraph (a) of this Section 16.01.

ARTICLE 17

PORT AUTHORITY INFRASTRUCTURE

Section 17.01 - Equipment. Port Authority shall have the right to remove from the Premises Port Authority Infrastructure for servicing and cleaning and otherwise to remove from the Premises and dispose of Port Authority Infrastructure, provided Port Authority replaces any Port Authority Infrastructure so removed or disposed of with other Port Authority Infrastructure of similar utility and quality; except that, if by reason of the nature of the activities to be conducted on the Premises or technological or other developments in the operation or maintenance of improvements or infrastructure of the general character of the Port Authority Infrastructure, no replacement of Port Authority Infrastructure so removed or disposed of is necessary and Port Authority shall not be required to replace the same. Any other removal of Port Authority Infrastructure shall require the prior written consent of the City, which shall not be unreasonably withheld or delayed.

ARTICLE 18

DISCHARGE OF LIENS

Section 18.01 - No Encumbrances. (a) Except for any Mortgage, Sublease or Concession Agreement, Port Authority shall not create or knowingly permit to be created any lien, encumbrance or charge upon the Premises or any part thereof, upon the income therefrom or any assets of, or funds appropriated to the City and Port Authority shall not knowingly suffer any other matter or thing whereby the estate, rights and interest of the City in the

Premises or any part thereof will be impaired and Port Authority shall not do anything whereby the estate, rights and interest of the City in the Premises or any part thereof will be impaired.

(b) Notwithstanding anything which may to the contrary be stated in this lease, the City shall consent, for financing purposes, to the granting of security interests in the trade fixtures (including antennas, cables, personal property and other removable equipment) of Subtenants and Concessionaires, and the City shall additionally grant the right to remove such fixtures for financing purposes. Such removal must be in conformity with Article 9 hereof.

Section 18.02 - Removal of Encumbrances. If any mechanic's, laborer's or materialman's lien at any time shall be filed against the Premises or any part thereof or, if any public improvement lien created or permitted to be created by Port Authority shall be filed against any asset of or fund appropriated to the City (other than liens filed as a result of work done by the City which is not an attempt by the City to cure any default hereunder by Port Authority), then Port Authority, within thirty (30) days after notice of the filing thereof, shall cause the same to be discharged or record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Port Authority shall fail to cause such lien to be discharged within the period aforesaid, and if such lien shall continue for an additional ten (10) days after notice by the City to Port Authority, then, in addition to any other right or remedy, the City may, but shall not be obliged to, discharge the same either by paying the amount

claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings, and in any such event the City shall be entitled, if the City so elects, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to pay the amount of any judgment in favor of the lienor with interest, cost and allowances. Any amount so paid by the City with all costs and expenses incurred by the City in connection therewith, together with interest thereon at the Default Interest Rate from the respective dates of the City's making of the payment or incurring of the costs and expenses, shall constitute additional rent payable by Port Authority under this Lease and shall be paid by Port Authority to the City on demand. Notwithstanding the foregoing provisions of this Section 18.02, Port Authority shall not be required to discharge any such lien if Port Authority is in good faith contesting the same. Nothing in this Section 18.02 shall be deemed to imply that any such liens may be valid or enforceable against Port Authority.

Section 18.03 - No Consent Implied. Nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the City, expressed or implied by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to or repair of the Premises or any part thereof, or as giving Port Authority any right, power or authority to contract for or permit the rendering of any services or the furnishing of materials that would give rise to the filing of any such lien against the City's interest in the

Premises or any part thereof or any asset of or fund appropriated to the City.

Notice is hereby given, and Port Authority shall cause all Subleases, Concession Agreements, and construction agreements to provide, that the City shall not be liable for any work performed or to be performed at the Premises for Port Authority any Subtenant or any Concessionaire or for any materials furnished or to be furnished at the Premises for any of the foregoing, and that, to the extent permitted by applicable law, no mechanic's or other lien for such work or materials shall attach to or affect the estate or interest of the City in and to the Premises or any part thereof, or any asset of or fund appropriated to the City.

Section 18.04 - No Liens. Port Authority shall have no power to do any act or make any contract which may create or be the foundation for any lien, mortgage or other encumbrance upon the estate or assets of or funds appropriated to the City, or of any interest of the City in the Premises.

ARTICLE 19

NO REPRESENTATIONS BY CITY

Section 19.01 - No Representations Regarding Land. Port Authority is fully familiar with the Land and the physical (including subsoil) condition thereof, and accepts the Land in its existing condition and state of repair. Except as expressly provided in this Lease, no representations, statements, or warranties, express or implied, have been made by or on behalf of the City in respect of the Land, the status of title thereof, the surface and subsoil physical conditions thereof, the tenants and

occupants thereof, the zoning or other laws, regulations, rules and orders applicable thereto, Real Property Taxes, or the use that may be made of the Land. Port Authority has relied on no such representations, statements or warranties, and the City shall in no event whatsoever be liable for any latent or patent defects in the Land.

Notwithstanding the foregoing, the City represents that it has fee title to the Land, subject to such liens, encumbrances, easements and such other record matters of title as a title search for the Premises may reveal. If any unlawful tenants or occupants are on the Land, the City shall cooperate with Port Authority to obtain their removal and to secure possession of the Land for Port Authority.

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Section 19.02 - No Representations. Except as set forth in Section 19.01, the City and Port Authority agree that no representations, statements or warranties, express or implied, have been made by or on behalf of either the City or Port Authority to the other, in respect of the transaction pursuant to which the City has leased the Land to Port Authority or the laws applicable to this transaction, the City or the Premises. Neither the City nor Port Authority shall in any event be liable to the other by reason of any such claimed misrepresentations or breach of warranties in connection with this Lease.

ARTICLE 20

CITY AND PDC NOT LIABLE FOR INJURY OR DAMAGE

Section 20.01 - No Liability for Injury, etc. Neither the City nor PDC shall in any event whatsoever be liable to Port Authority or any Person for any injury or damage to any property or to any person happening on, in or about the Premises and its appurtenances, or for any injury or damage to the Premises or to any property belonging to Port Authority or any other Person which may be caused by any casualty, or which may arise from any other cause whatsoever unless caused by the active negligence or willful misconduct of the City or PDC, their agents or employees acting in their official capacities.

Section 20.02 - No Liability for Failure of Water, etc.

Neither the City nor PDC shall be liable to Port Authority or any Person for any failure of water supply, gas or electric current, or for any injury or damage to any property or any Person

or to the Premises caused by or resulting from gasoline, oil, steam, gas, electricity, or hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain or snow which may leak or flow from the street, sewer, gas mains or subsurface area or from any part of the Premises, or leakage of gasoline or oil from pipes, appliances, sewer or plumbing works therein, or from any other place, or for interference with light or other incorporeal hereditaments by anybody, or caused by any public or quasi-public work, unless any of the foregoing results from the active negligence or willful misconduct of the City or PDC, their agents or employees acting in their official capacities.

ARTICLE 21

INDEMNIFICATION OF CITY

Section 21.01 - Indemnification. Port Authority shall not do or permit any act or thing to be done upon the Premises which subjects the City or PDC to any liability or responsibility for injury, damage to Persons or property or to any liability by reason or any violation of applicable law or of any applicable legal requirement. With respect to such acts or things, Port Authority shall indemnify and save harmless the City and PDC against and from all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including without limitation reasonable architects' and attorneys' fees and disbursements, which may be imposed upon or incurred by or asserted against the City or PDC by reason of any of the following occurring in connection with its operations or occupancy under this Lease during the Term unless

caused by the negligence or willful misconduct of the City or PDC, their agents or employees, in their official capacities:

- (i) construction pursuant to Articles 7 and 8 hereof (exclusive of any work undertaken by the City or PDC to build Off-Site Infrastructure), or any other work or thing done, in, on or about the Premises or any part thereof;
- (ii) the ownership or any use, non-use, possession, occupation, alteration, repair, condition, operation, maintenance or management of the Premises or any part thereof or of any street, alley, sidewalk, curb, vault, passageway or space comprising a part of the Premises or the sidewalks adjacent thereto;
- (iii) any act or failure to act on the part of Port Authority or any Subtenant or any of their respective agents, contractors, servants, employees, licensees or invitees acting in their official capacities;
- (iv) any accident, injury (including death) or damage to any person or property occurring on the Premises or any part thereof, including any street, alley, sidewalk, curb, vault, passageway or space constituting a part of the Premises or the sidewalks adjacent thereto;
- (v) any failure on the part of Port Authority to pay Rental or to perform or comply with any of the covenants, agreements, terms or conditions contained in this Lease on its part to be performed or complied with and the exercise

by the City of any remedy provided in this Lease with respect thereto;

- (vi) any lien or claim which may be alleged to have arisen against or on the Premises, or any lien or claim knowingly created or permitted to be created by Port Authority against any asset of or fund appropriated to the City under the laws of the State of New York or of any other governmental authority or any liability which may be asserted against the City or PDC with respect thereto;
- (vii) any failure on the part of Port Authority to keep, observe and perform any of the terms, covenants, agreements, provisions, conditions or limitations contained in the Subleases or other contracts and agreements affecting the Premises, on Port Authority's part to be kept, observed or performed;
- (viii) any tax attributable to the execution, delivery or recording of this Lease or a memorandum thereof; or
- (ix) any contest permitted pursuant to the provisions of Articles 5, 16 and 30 hereof.

Section 21.02 - Absence of Insurance. The obligations of Port Authority under this Article 21 shall not be affected in any way by the absence in any case of applicable insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under insurance policies affecting the Premises.

Section 21.03 - Defense Against Claims. If any claim,

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action or proceeding is made or brought against the City or PDC by reason of any event to which reference is made in Section 21.01 hereof, then upon demand by the City or PDC, Port Authority shall resist or defend such claim, action or proceeding in the City's and/or PDC's name by Port Authority attorneys or other attorneys of Port Authority's choosing (including those of its own insurance carrier). Notwithstanding the foregoing, the City and PDC may engage their own attorneys at their own expense to defend themselves or to assist in their own defense; provided, however, that neither the City nor PDC shall, without obtaining express advance permission from the General Counsel of Port Authority raise any defense involving the jurisdiction of the tribunal over the person of Port Authority, the immunity of Port Authority, its Commissioners, officers, agents or employees, the governmental nature of Port Authority or the provisions of any statutes respecting suits against Port Authority.

Section 21.04 - Survival. The provisions of this Article 21 shall survive the Termination Date as to matters arising during the Term.

ARTICLE 22

RIGHT OF ENTRY

Section 22.01 - Right of Entry. Port Authority shall permit the City and PDC and the agents or representatives of both to enter the Premises, after reasonable prior notice to Port Authority during usual business hours, for the purpose of (a) inspecting the same and (b) making any necessary repairs thereto and performing any work therein that may be necessary by reason of Port Authority's

failure to make any such repairs or perform any such work, which it is obligated to make under this Lease. Except in an emergency, prior to such entry, the City or PDC shall give Port Authority reasonable advance notice in the case of an inspection or a notice specifying such repairs or work and Port Authority shall have failed to make said repairs or to do such work within a reasonable time after the giving of such notice. Such right of entry shall be subject to the reasonable security requirements of Port Authority and/or Subtenants, and Port Authority or its representatives shall have the right to accompany the City's and/or PDC's agents or representatives through the Premises.

Section 22.02 - No Implied Duty, etc. Nothing in this Article or elsewhere in this Lease shall imply any duty upon the part of the City or PDC to do any work, and performance thereof by the City shall not constitute a waiver of Port Authority's failure to perform the same. The City and PDC, during the progress of any such work, may keep and store at the Premises all necessary materials, tools, supplies and equipment which can be accommodated at the Premises without interrupting normal operations conducted thereon. Neither the City nor PDC shall be liable for inconvenience, annoyance, disturbance, loss of business or other damage of Port Authority or any Subtenant by reason of making such repairs or the performance of any such work, or on account of bringing materials, tools, supplies and equipment into the Premises during the course thereof and the obligations of Port Authority under this Lease shall not be affected thereby. The City shall use reasonable

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efforts not to cause annoyance to or interference with or interruption of any of Port Authority's or Subtenants' operations or occupancy of the Premises.

ARTICLE 23

CITY'S RIGHT TO PERFORM PORT AUTHORITY COVENANTS

Section 23.01 - Right to Perform Covenants. If Port Authority at any time shall fail to take out, pay for, maintain or deliver any of the insurance policies provided for herein (unless Port Authority expressly self-insures with respect thereto or otherwise satisfies the insurance requirement), or shall fail to perform any other act on its part to be made or performed within the time prescribed therefor, then after notice to Port Authority, the City may (but shall be under no obligation to):

- (i) take out, pay for and maintain any of the insurance policies provided for herein, or
- (ii) pay any other sums, costs, expenses, charges, payments or deposits payable by Port Authority hereunder, or perform any other act on Port Authority's part to be made or performed as in this Lease provided, and may enter upon the Premises for the purpose and take all such action thereon as may be necessary therefor.

Section 23.02 - Reimbursement. All reasonable sums so paid by the City and all costs and expenses incurred by the City in connection with the performance of any such act, together with interest thereon at the Default Interest Rate from the respective dates of the City's making of each such payment or incurring of each such sum, cost, expense, charge, payment or incurring of each such

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sum, cost, expense, charge, payment or deposit, shall be paid by Port Authority to the City on demand. Any payment or performance by the City pursuant to the foregoing provisions of this Article shall not be or be deemed to be a waiver or release of the breach or default of Port Authority with respect thereto or of the right of the City to terminate this Lease, institute summary proceedings and/or take such other action as may be permissible hereunder if an Event of Default by Port Authority shall have occurred. The City shall not be limited, in the proof of any damages which the City may claim against Port Authority arising out of or by reason of Port Authority's failure to provide and keep in force insurance as aforesaid, to the amount of the insurance premium or premiums not paid, but the City also shall be entitled to recover, as damages for such breach, the uninsured amount of any loss and damages, costs and expenses of suit, including reasonable attorneys' fees, suffered or incurred by reasons of damage to or destruction of the Premises.

ARTICLE 24

NO UNLAWFUL OCCUPANCY

Section 24.01 - Section 24.01 is intentionally omitted.

Section 24.02 - No Unlawful Occupancy or Use. Port Authority shall not use or occupy, nor shall Port Authority permit or suffer the Premises or any part thereof, to be used or occupied, for any unlawful or illegal business, use or purpose, or for any business, or in such manner as to constitute a nuisance of any kind, public or private, or which will make void or voidable any insurance then in force on the Premises. Port Authority shall immediately

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upon the discovery of any such unlawful, illegal use or nuisance take such necessary steps, legal and equitable, to cause the discontinuance of such use and, if unsuccessful, to cause the removal of any Subtenants guilty of such unlawful or illegal use or nuisance.

Section 24.03 - Public Use. Port Authority shall not suffer or permit the Premises or any portion thereof to be used by the public without restriction or in such manner as might reasonably tend to impair title to the Premises or any portion thereof, or in such manner as might reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or of implied dedication of the Premises or any portion thereof.

ARTICLE 25

EVENTS OF DEFAULT; CONDITIONAL LIMITATIONS; REMEDIES

Section 25.01 - Events of Default. Each of the following events shall be an "Event of Default" hereunder:

- (i) If Port Authority shall fail to pay any installment or Rental or any part thereof when due and such failure shall continue for twenty (20) days after notice thereof from the City to Port Authority;
- (ii) If Port Authority shall fail to observe or perform any of the other material terms, conditions, covenants or agreements of this Lease and such failure shall continue for a period of forty-five (45) days after notice thereof by the City to Port Authority specifying such failure (unless such failure requires work to be performed, acts to

be done, or conditions to be removed which cannot by their nature reasonably be performed, done or removed, as the case may be, within such forty-five (45) day period, in which case no Event of Default shall be deemed to exist as long as Port Authority shall have commenced curing the same within such forty-five (45) day period and shall diligently and continuously prosecute the same to completion);

(iii) if Port Authority shall itself vacate or abandon the Premises or any substantial portion thereof;

(iv) if this Lease or the estate of Port Authority hereunder shall be assigned, subleased, transferred, mortgaged or encumbered without compliance with the provisions of this Lease applicable thereto; and

(v) if the Partnership Sublease is terminated or the Partnership vacates or abandons the Partnership Parcel and Port Authority for a period of twelve (12) months thereafter fails either (A) to find another Person to undertake the obligations of the Partnership Sublease, or (B) itself to undertake the obligations of the Partnership Sublease.

Section 25.02 - Termination. If an Event of Default shall occur and the City, at any time thereafter, gives notice to Port Authority stating that this Lease and the Term shall expire and terminate on the date specified in such notice, which date shall be not less than fifteen (15) days after the giving of such notice, and if on the date specified in such notice Port Authority shall have

failed to cure such Event of Default, then this Lease and the Term and all rights of Port Authority under this Lease shall expire and terminate as if the date specified in the notice given pursuant to this Section 25.02 hereof were the date herein definitely fixed for the expiration of the Term, and Port Authority shall quit and surrender the Premises on such date; provided, however, this Lease shall not terminate if prior to the date set forth in the above notice, and as long as, Port Authority in good faith and with due diligence contests by appropriate proceedings the existence of such Event of Default and if within ten (10) days after a final determination that such an Event of Default did occur Port Authority cures such Event of Default or, if Event of Default is not capable of being cured within ten (10) days, as long as Port Authority in good faith and with due diligence proceeds to cure such such Event of Default to completion.

Section 25.03 - Remedies. (a) If the Lease is terminated, the City may elect to declare all Averaged Rent due and payable, and, if the City so elects, the same shall be due for the remainder of the Term through the Fixed Expiration Date, and payable five (5) days after notice by the City to Port Authority of such election. Notwithstanding the above, the City shall use reasonable efforts to lessen the amounts otherwise payable by Port Authority under this paragraph (a) arising from an Event of Default and the termination of this Lease.

(b) If an Event of Default shall occur and this Lease shall be terminated as hereinbefore provided or by summary pro-

ceedings, or otherwise, the City may, following such termination, without notice re-enter and repossess the Premises using such lawful force for that purpose as may be necessary without being liable to the indictment, prosecution or damages to Port Authority therefor. If the City shall so re-enter, the City may, at its option, repair and alter the Premises in such manner as to the City may seem necessary or advisable without relieving Port Authority of any liability under this Lease or otherwise affecting any such liability, and/or let or relet the Premises or any parts thereof for the whole or any part of the remainder of the Term or for a longer period, in the City's name or as agent of Port Authority, and out of any rent and other sums collected or received as a result of such reletting the City shall: first, pay to itself the cost and expense of terminating this Lease, re-entering, retaking, repossessing, repairing and/or altering the Premises, and the cost and expense of removing all persons and property therefrom, including in such costs legal expenses and reasonable attorney's fees and disbursements; second, pay to itself the cost and expense sustained in securing any new tenants and other occupants, including in such costs, brokerage commissions, legal expenses and reasonable attorney's fees, and disbursements and other expenses of preparing the Premises for reletting and, if the City shall maintain and operate the Premises, the cost and expense of operating and maintaining the Premises; and, third, pay to itself any balance remaining on account of the liability of Port Authority to the City. No re-entry by the City whether had or taken under summary proceedings or otherwise, shall absolve or discharge Port Authority from liability hereunder. The

City in no way shall be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due on any such reletting, and no such failure to relet or to collect rent shall operate to relieve Port Authority of any liability under this Lease or to otherwise affect any such liability. Notwithstanding the above, the City shall use reasonable efforts to lessen the amounts otherwise payable by Port Authority under this paragraph (b) arising from an Event of Default and the termination of this Lease.

(c) If this Lease and the Term shall expire and come to an end as provided in Section 25.02 hereof, or by or under any summary proceeding or any other action or proceeding, or if the City shall declare all Averaged Rent due and payable as provided in Section 25.03(a) hereof, then, in any of said events:

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

(ii) If the City shall have declared all Averaged Rent due and payable as provided in Section 25.03(a) hereof, Port Authority shall pay to the City Averaged Rent in the manner and for the period provided in said section;

(iii) If the City shall not have declared all Averaged Rent due and payable, Port Authority also shall be liable for and shall pay to the City, as damages, any deficiency

(referred to as "Deficiency") between the Averaged Rent reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term and the net amount, if any, of rents collected under any reletting effected pursuant to the provisions of Section 25.03(c) hereof for any part of such period (first deducting from the rents collected under any such reletting all of the payments to the City described in Section 25.03(b) hereof; any such Deficiency shall be paid in installments by Port Authority on the days specified in this Lease for payment of installment as the same shall arise, and no suit to collect the amount of the Deficiency for any installment period shall prejudice the City's right to collect the Deficiency for any subsequent installment period by a similar proceeding; and

(iv) if the City shall not have declared all Averaged Rent due and payable, and whether or not the City shall have collected any Deficiency installments as aforesaid, the City shall be entitled to recover from Port Authority, and Port Authority shall pay to the City, on demand, in lieu of any further Deficiencies as and for liquidated and agreed final damages (it being agreed that it would be impracticable or extremely difficult to fix the actual damage), a sum equal to the amount by which the Averaged Rent reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term

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exceeds the then fair and reasonable rental value of the Premises for the same period, both discounted to present worth at the Interest Rate less the aggregate amount of Deficiencies thereto not collected by the City pursuant to the provisions of Section 25.03(b)(iii) hereof for the same period; if, before presentation of proof of such liquidated damages to any court, commission or tribunal, the Premises, or any part thereof, shall have been relet by the City for the period which otherwise would have constituted the unexpired portion of the Term, or any part thereof, the amount of rent reserved upon such reletting shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting.

Section 25.04 - Suits. Suits for the recovery of damages, or for a sum equal to any installment or installments of Rent payable hereunder or any Deficiencies or other sums payable by Port Authority to the City pursuant to this Article 25 hereof, may be brought by the City from time to time at the City's election, and nothing herein contained shall be deemed to require the City to await the date whereon this Lease or the Term would have expired by limitation had there been no Event of Default by Port Authority and termination.

Section 25.05 - Liquidated Damages. Nothing in this Article contained shall limit or prejudice the right of the City to prove and obtain as liquidated damages in any bankruptcy, in-

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solvency, receivership, reorganization or dissolution proceeding an amount equal to the maximum allowed by a statute or rule of law governing such proceeding and in effect at the time when such damages are to be proved, whether or not such amount be greater, equal to or less than the amount of the damages referred to in any of the preceding Sections.

Section 25.06 - Effect of Receipt of Money. No receipt of monies by the City from Port Authority after termination of this Lease, or after the giving of any notice of termination of this Lease (unless such receipt cures the Event of Default which was the basis for the notice), shall reinstate, continue or extend the Term or affect any notice theretofore given to Port Authority, or operate as a waiver of the right of the City to enforce the payment of Rent payable by Port Authority hereunder or thereafter falling due, or operate as a waiver of the right of the City to recover possession of the Premises by proper remedy, except as herein otherwise expressly provided, it being agreed that after the service of notice to terminate this Lease or the commencement of suit or summary proceedings, or after final order or judgment for the possession of the Premises, the City may demand, receive and collect any moneys collected being deemed payments on account of the use and occupation of the Premises or, at the election of the City, on account of Port Authority's liability hereunder.

Section 25.07 - Waiver of Notice. Except as provided herein or limited by applicable law, Port Authority hereby expressly waives the service of any notice of intention to re-enter provided

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for in any statute, or of the institution of legal proceedings to that end, and Port Authority, for and on behalf of itself and all Persons claiming through or under Port Authority, also waives any and all right of redemption provided by any law or statute now in force or hereafter enacted or otherwise, or re-entry or repossession or to restore the operation of this Lease in case Port Authority shall be dispossessed by a judgment or by warrant of any court or judge or in case of re-entry or repossession by the City or in case of any expiration or termination of this Lease. The terms "enter", "re-enter", "entry" or "re-entry", as used in this Lease are not restricted to their technical legal meaning.

Section 25.08 - No Waiver. No failure by the City to insist upon the strict performance of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof and no acceptance of full or partial Rental during the continuance of any such breach, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant, agreement or condition of this Lease to be performed or complied with by Port Authority, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by the City. No waiver of any breach shall affect or alter this Lease, but each and every covenant, agreement, term and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

Section 25.09 - Section 25.09 is intentionally omitted.

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Section 25.10 - Cumulative Remedies. Each right and remedy of the City provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the City of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the City of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

Section 25.11 - Costs. Port Authority shall pay to the City all costs and expenses, including without limitation reasonable attorney's fees and disbursements, incurred by the City in any action or proceeding to which the City may be made a party by reason of any act or omission of Port Authority, or in successfully enforcing any of the covenants and provisions of this Lease and incurred in any action brought by the City against Port Authority on account of the provisions hereof, and all such costs, expenses, and attorneys' fees and disbursements may be included in and form a part of any judgment entered in any proceeding brought by the City against Port Authority on or under this Lease. All of the sums paid by the City as aforesaid shall be repaid by Port Authority to the City on demand.

Section 25.12 - Survival. In the event of termination of this Lease pursuant to this Article 25, or in the event that the

City has re-entered, regained or resumed possession of the Premises in accordance with the provisions of this Lease, all of the obligations of the Port Authority under this Lease shall survive such termination or cancellation, re-entry, regaining or resumption of possession and shall remain in full force and effect through the Fixed Expiration Date, or the Renewal Expiration Date (if the term of this Lease has been extended pursuant to Article 27), and the amount or amounts of damages or deficiency, including all unfulfilled monetary obligations of Port Authority to the City and Subtenants, and an amount equal to the cost to and the expenses of the City in connection with the termination, cancellation, regaining possession and restoring and reletting of the Premises, the City's legal expenses and cost, and the City's costs and expenses for putting the Premises in order, including, without limitation, cleaning, decorating and restoring (on failure of the Port Authority to restore), the City's cost and expense for the care and maintenance of the Premises, and the furnishing and equipping thereof during any period of vacancy, and any brokerage fees and commissions in connection with an reletting shall become due and payable to the City to the same extent, at the same time or times and in the same manner as if no such termination, cancellation, re-entry, regaining or resumption of possession had taken place.

ARTICLE 26

NOTICES: CONSENTS AND APPROVALS

Section 26.01 - Notice. Any notice, demand, request, consent, approval or other communication (collectively, "Notice") under this Lease or with respect to this Lease given or made by

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either party to the other, must be in writing and must be given by depositing the same in the United States mail, postage prepaid and registered or certified and addressed to the party to be notified, with return receipt requested or by personal service with receipt acknowledged in writing when necessary. Notice deposited in the mail in the manner hereinabove described shall be effective, unless otherwise stated in this Lease, from and after the expiration of 5 business Days after it is so deposited. Notices shall be addressed as follows:

(i) If to the City to:

President
New York City Public Development Corporation
161 William Street
New York, New York 10038

With a copy to:

Chief, Economic Development
Division
New York City Law Department
100 Church Street
New York, New York 10007

(ii) If to Port Authority, to:

Executive Director
The Port Authority of New York
and New Jersey
1 World Trade Center
New York, New York 10048

with a copy to:

Director of World Trade
The Port Authority of New York
and New Jersey
1 World Trade Center
New York, New York 10048

or to such other addresses and Persons as the City or Port Authority from time to time may designate by Notice given to the other party in accordance herewith.

Section 26.02 - No Waiver. The granting of any consent or approval by the City to Port Authority to perform any act requiring the City's consent or approval under this Lease, or the failure on the part of the City to object to any such action taken by Port Authority without the City's consent or approval, shall not be deemed a waiver by the City of its right to require such consent or approval for any further similar act by Port Authority. Port Authority shall secure the City's consent or approval for each and every happening of any event or matter requiring the City's consent or approval under this Lease and shall not claim any waiver on the part of the City of the requirement to secure such consent or approval.

ARTICLE 27

TENANT'S OPTION TO EXTEND THE TERM

Section 27.01 - Option. Subject to Article 28 hereof and starting with the Fixed Expiration Date and at every anniversary of that date, Port Authority shall have the option to extend the term by one (1) year up to an aggregate maximum of ten (10) additional years (the aggregate of such extension is the "Renewal Term"); provided that the following conditions are satisfied: (i) no Event of Default for which notice has been given and cure has not be undertaken exists at the time when the option is sought to be exercised; (ii) each time Port Authority intends to exercise the option, it shall be by written notice delivered not less than one (1) month prior to the commencement of such extension, notifying the City and PDC of such intention; and (iii) there is any Deferred Imputed Debt Service at such time.

The day immediately preceding the anniversary of the last year of the Renewal Term shall be the "Renewal Expiration Date."

ARTICLE 28

BUY-OUT; OPTION TO BUY; CERTAIN TERMINATIONS

Section 28.01 - Right to Buy-Cut. If either Party exercises three (3) Vetoes with respect to (i) the first group of Substantial Subleases, which would collectively effect the construction of an aggregate of 500,000 square feet of office space, or (ii) any successive group of proposed Substantial Subleases, which would collectively effect the construction of an aggregate of 500,000 square feet of office space, the rights of buy-out as described and set forth in Sections 28.02 and 28.03 hereof, shall accrue.

Section 28.02 - City Veto. If the City exercises three (3) Vetoes pursuant to Section 28.01 hereof, then by a notice given to the City not later than 120 days after the third of such Vetoes is exercised, Port Authority may offer to purchase all of the City's Interests by offering to the City the Port Authority Offered Price. If the City fails to make a City Counter-Offer to the Port Authority Offered Price within 120 days after the City's receipt of the Port Authority Offered Price, the Port Authority Offered Price shall bind the Parties and the City shall sell and convey to Port Authority the City's Interests at the Port Authority Offered Price, and Port Authority shall assume and perform all of the City's monetary obligations, if any, hereunder and thereafter accruing. If the City does make a City Counter-Offer, the City Counter Offer shall bind

the Parties and Port Authority shall sell and convey to the City the Port Authority's Interests whereupon this Lease shall terminate and Port Authority shall assign and transfer all Port Authority Interests (including all Subleases and Concession Agreements) to the City, and the City shall assume and perform all Port Authority's obligations hereunder and thereunder and thereafter accruing, except that Port Authority shall continue to receive repayment from Subtenants for construction financing advanced by Port Authority to such Subtenants.

Section 28.03 - Port Authority Veto. If Port Authority exercises three (3) Vetoes pursuant to Section 28.01 hereof, then by a notice given to Port Authority not later than 120 days after the third of such Vetoes is exercised, the City may offer to purchase all of Port Authority's Interests. The City shall make such offer with a purchase price to be determined by the City in its sole discretion (the "City Offered Price"). If Port Authority fails to make a Port Authority Counter-Offer to the City's Offered Price within 120 days after Port Authority's receipt of notice of the City Offered Price, the City's Offered Price shall bind the Parties and Port Authority shall sell and convey to the City the Port Authority Interests at the City Offered Price whereupon this Lease shall terminate and Subtenants shall attorn to the City (or enter into direct leases with the City) and the City shall assume and perform all obligations hereunder and thereunder and thereafter accruing. If Port Authority does make a Port Authority Counter-Offer, said offer shall bind the Parties and the City shall sell and convey to Port Authority the City's Interests, and Port Authority shall assume

and perform all of the City's monetary obligations, if any, hereunder and thereafter accruing.

Section 28.04 - Option to Buy. If the City receives during the last two (2) years of the Term a bona fide offer to buy or lease all or part of the Premises, the City shall give Port Authority notice of such offer and the terms therein proposed prior to acceptance thereof. If within sixty (60) days of receiving such notice, Port Authority provides notice to the City of its intention to buy all or part of or lease the Premises (as the case maybe) on the terms offered to the City (and set forth in the City's original notice to Port Authority), receipt of such notice from the Port Authority shall constitute a binding agreement between the Parties, pursuant to which Port Authority shall purchase or lease, and the City shall sell or let, all or part of the Premises, as the case may be.

ARTICLE 29

OTHER AGREEMENTS

Section 29.01 - Four Party Agreement. No amendments to the Four Party Agreement shall be made which materially and adversely affect the rights of Port Authority without the consent of Port Authority, which consent shall not be unreasonably withheld.

Section 29.02 - Partnership Sublease and Participation Agreement. No amendments to the Partnership Sublease or the Participation Agreement shall be made which materially and adversely affect the rights of the City without the consent of the City, which consent shall not be unreasonably withheld.

statement in writing certifying that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the same, as modified, is in full force and effect and stating the modifications) and the date to which the Rental payable by Port Authority hereunder has been paid, and stating whether or not to the best knowledge of the signer of such certificate the City is in default in performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which the signer may have knowledge. The City shall also provide comparable certificates to Port Authority upon its request from time to time.

Section 32.02 - Certificates (Termination). Upon the termination of this Lease, the City and Port Authority, at the request of either, will execute and deliver a certificate, in recordable form, to the effect that this Lease has been terminated.

ARTICLE 33

SURRENDER AT END OF TERM

Section 33.01 - Surrender. Upon the termination of this Lease, or upon a re-entry by the City upon the Premises pursuant to Article 25 hereof, or upon termination pursuant to Article 28 hereof, Port Authority shall well and truly surrender and deliver up the Premises or part thereof to the City in good order, condition and repair, reasonable wear and tear excepted, free and clear of all lettings and occupancies, except for subleases which survive termination pursuant to the provisions of Sections 14.03 and 14.09 hereof, and free from all liens or encumbrances other than those existing at the Commencement Date or created or consented to by the

ARTICLE 30

SUBORDINATION

Section 30.01 - No Subordination. The City's interest in this Lease shall not be subject or subordinate (i) to any Mortgage now or hereafter placed upon any interest in this Lease, any Sublease, or Concession Agreement, or (ii) to any other lien or encumbrance hereafter affecting Port Authority's interest in this Lease.

Section 30.02 - Present and Future Superiority. Port Authority's interest in this Lease and the leasehold estate created hereby shall not be subordinate to any mortgages or other liens (other than with regard to Real Property Taxes, Port Authority Impositions or Subtenant Impositions) hereafter made affecting the City's fee title to the Land. Any such mortgage or other lien hereafter made shall contain an express provision that it is subject and subordinate to this Lease (and any new lease made pursuant to Section 14.12 hereof) pursuant to paragraph (a) of Section 14.10 hereof, and the rights of Port Authority hereunder (and the rights of the tenant under such new lease).

ARTICLE 31

Article 31 is intentionally omitted.

ARTICLE 32

CERTIFICATES

Section 32.01 - Certificate (Port Authority). Port Authority, at any time and from time to time upon not less than ten (10) days' prior notice by the City, shall execute, acknowledge and deliver to the City or any other Person specified by the City a

City. Port Authority hereby waives any notice now or hereafter required by law with respect to vacating the Premises on any such termination date.

Section 33.02 - Requirements Upon Termination. Upon the Termination Date, or upon re-entry by the City upon the Premises pursuant to Article 25 hereof, Port Authority shall deliver to the City, (i) Port Authority's executed counterparts of all Subleases and Concession Agreements, (ii) any service and maintenance contracts then affecting the Premises, (iii) all maintenance records for the Premises, (iv) all original licenses and permits then pertaining to the Premises, (v) permanent certificates of occupancy issued by The New York City Department of Buildings for each building on the Land, (vi) all assignable warranties and guarantees then in effect which Port Authority has received in connection with any work or services performed or Equipment installed in any improvements, together with a duly executed assignment thereof to the City, without representation or warranty, and (vii) income and expense statements with respect to the Premises during the preceding five (5) years.

ARTICLE 34

QUIET ENJOYMENT

Section 34.01 - Quiet Enjoyment. Port Authority, upon paying Rent and observing and performing all of the agreements and provisions on its part hereunder to be observed and kept, shall quietly have, hold and enjoy the Premises for the Term without hindrance or molestation by anyone claiming by, through or under the City, except those encumbrances created or suffered by Port Authority and those as to which this Lease is subject and subordinate.

ARTICLE 35

APPRAISAL

Section 35.01 - Appraisal. In each instance under this Lease where it shall become necessary to resort to appraisal, such appraisal shall be conducted as follows: the Party desiring such appraisal shall give notice to that effect to the other Party, specifying therein the name and address of the Person designated to act as appraiser on its behalf. Within thirty (30) days after the service of such notice, the other Party shall give notice to the first Party specifying the name and address of the Person designated to act as appraiser on its behalf. The appraisers so chosen shall meet within ten (10) days after the second appraiser is appointed and if, within sixty (60) days after such first meeting, the said two appraisers shall be unable to agree upon the valuation being determined, said two appraisers shall appoint a third appraiser, who shall be a competent and impartial person. If the Parties can not so agree upon a third appraiser, then either Party, on behalf of both, may request that such appointment be made by the President of The Real Estate Board of New York, Inc. (or any successor thereto) or, in his absence or failure, refusal or inability to act within thirty (30) days, then either Party, on behalf of both, may apply to the American Arbitration Association, for the appointment of such third appraiser. In the event of the failure, refusal or inability of any appraiser to act, his successor shall be appointed within ten (10) days by the Party who originally appointed him or in the event such Party shall fail so to appoint such successor or in case of the third appraiser, his successor shall be appointed as hereinbefore

provided. Any appraiser selected or appointed pursuant to this Section shall be a member of the American Institute of Real Estate Appraisers (or a successor organization), shall be an appraiser, and shall have been doing business as such in The City of New York for at least fifteen (15) years before the date of his appointment. Each appraiser chosen or appointed pursuant to this Article shall be sworn to perform their duties as such appraiser fairly and impartially. The decision in which any two appraisers so appointed and acting hereunder concur shall in all cases be binding and conclusive upon the Parties. The appraisal(s) shall be in writing and shall be given within a period of sixty (60) days after the appointment of such third appraiser.

ARTICLE 36

EXCULPATIONS

Section 36.01 - Exculpations. (a) The liability of the City hereunder for damages or otherwise shall be limited to its proprietary interest in the Land and to its interests under this Lease. Neither the City nor PDC shall have any personal liability beyond the aforesaid interests and no other property or assets of the City or PDC shall be subject to levy, execution or other enforcement procedure for the satisfaction of Port Authority's remedies.

(b) Neither the Commissioners of Port Authority, nor any officer, agent or employee thereof, nor any Commissioner acting for the City, nor any of the City's or PDC's directors, officers, servants, agents or employees, as individuals, shall be charged personally by the City or Port Authority (as the case may be) with

any liability, or be held liable to the City or to Port Authority (as the case may be) under any term or provisions of this Lease or in connection therewith.

ARTICLE 37

RECORDING OF MEMORANDUM

Section 37.01 - Recording. The City and Port Authority, upon request of the other, shall join in the execution and delivery of a memorandum of lease in proper form for recordation. The requesting party shall bear the cost of such preparation and filing.

ARTICLE 38

NO BROKER

Section 38.01 - No Broker. The City and Port Authority each warrant and represent to the other that they dealt with no broker in connection with this transaction.

ARTICLE 39

WAIVER OF TRIAL BY JURY

Section 39.01 - Waiver. The Parties do hereby waive and will waive all rights to trial by jury on any cause of action, proceeding or counterclaim directly or indirectly involving the terms, covenants or conditions of this Lease or the Premises or any matters whatsoever arising out of or in any way connected with this Lease. The provisions of this Lease relating to waiver of a jury trial and the right of re-entry shall survive the expiration of the Term.

ARTICLE 40

NO DISCRIMINATION

Section 40.01 - No Discrimination. Port Authority agrees with regard to its operations at the Premises, and agrees to require in all Subleases and Concession Agreements with regard to the operations on the Premises of (respectively) all Subtenants and Concessionaires, that it and they shall treat all employees and applicants for employment without unlawful discrimination as to race, creed, color, national origin, sex, age, handicap, marital status, sexual orientation or affectional preference in all employment divisions, including but not limited to recruitment, hiring, compensation, training and apprenticeship, promotion, upgrading, demotion, downgrading, transfer, lay-off and termination, and all other terms and conditions of employment except as provided by law, and shall state in all solicitations for employment that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, sex, sexual orientation or affectional preference.

ARTICLE 41

MISCELLANEOUS

Section 41.01 - Captions. The captions and table of contents of this Lease are for convenience of reference only and in no way define limit or describe the scope or intent of this Lease or in any way shall affect this Lease or the construction hereof.

Section 41.02 - Successors. The use herein of the words .

"successors and assigns" or "successors or assigns" of the City or Port Authority shall be deemed to include the heirs, legal representatives and assigns of the City or Port Authority.

Section 41.03 - Section 41.03 is intentionally omitted.

Section 41.04 - No Merger. Except as otherwise expressly provided in this Lease, there shall be no merger of this Lease or the leasehold estate created hereby with the fee estate in the Land or any part thereof by reason of the same Person acquiring or holding, directly or indirectly, this Lease or the leasehold estate created hereby or any interest in this Lease or in such leasehold estate as well as the fee estate in the Land.

Section 41.05 - Independent Covenants. Every provision of this Lease which provides for matters to be performed by Port Authority or the City or which requires Port Authority or the City to refrain from doing any act shall be deemed to be independent covenants and agreements by Port Authority or the City, respectively.

Section 41.06 - Invalidity. If any term or provision of this Lease or the application thereof to any Person or circumstances shall, to any extent, be invalid or unenforceable, then the remainder of this Lease, or the application of such term or provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 41.07 - All Agreements. Subject to Section 31.01 hereof, this Lease contains all the promises, agreements, con-

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ditions, inducements and understanding between the City and Port Authority relative to the Premises, this Lease and the undertakings contemplated hereby, and there are no promises, agreements, conditions, understandings, inducements, warranties or representations, oral or written, expressed or implied, between them other than as herein set forth.

Section 41.08 - All Chances. This Lease cannot be changed or terminated orally, but only by a written instrument of change, modification, waiver or termination.

Section 41.09 - Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of New York.

Section 41.10 - Successors and Assigns. The agreements, terms, covenants and conditions in this Lease shall bind and inure to the benefit of the City and Port Authority and their respective successors and (except as otherwise provided herein) assigns.

Section 41.11 - Survival. In addition to any other terms and conditions of this Lease which, as elsewhere provided in this Lease, shall survive the Termination Date, the following shall also survive the Termination Date (other than pursuant to Article 28): paragraph (b) of Section 8.02 hereof; Sections 14.08 and 14.09 hereof; and Articles 9, 13, 25 and 42.

ARTICLE 42

RIGHT OF AUDIT AND FINANCIAL REPORTS

Section 42.01 - Audit. The statements to be provided in accordance with this Lease and the books, records and accounts upon

which said statements are based are subject to audit by the Comptroller of The City of New York (the "Comptroller").

(a) Upon reasonable notice, Port Authority shall submit or cause to be submitted any and all documentation and justification in support of said statements as may be reasonably required by the City or the Comptroller so that they may evaluate said statements and shall make its records available for inspection to the City and to the Comptroller as they consider necessary.

(b) The City and PDC have the right from time to time during regular business hours, upon twenty-four (24) hours' notice, to inspect, audit and, at their option, duplicate, all of Port Authority's books and records and all other papers and files of Port Authority relating in any manner to the Premises or this Lease. Port Authority shall produce same upon request of either the City or PDC.

Section 42.02 - Financial Statements. Port Authority shall furnish to the City quarterly and, as soon as practical after the end of each calendar year (and in any event within one hundred and twenty (120) days after the end of each calendar year), financial statements of the operations of the Premises, including statements as to Basic Rent and Additional Rent and the components thereof, and setting forth in comparative form the corresponding figures for the previous calendar year (if any) all in reasonable detail, which statements shall be prepared in accordance with Accounting Principles. The yearly financial statements submitted by Port Authority pursuant to this Section 42.02 shall be certified by Port

Authority's comptroller, and shall contain, for the relevant Year or as of the end of the relevant Year, a statement of Capital Costs and a statement of Deferred Imputed Debt Service, respectively.

Section 42.03 - Reports to Mortgagees. Port Authority also promptly shall furnish to the City copies of all operating statements and financial reports from time to time furnished to each Mortgagee, if any.

Section 42.04 - Books and Records. Port Authority shall keep and maintain or cause to be kept and maintained at all times full and correct records and books of account of the operations of the Premises and Port Authority's activities conducted thereat in accordance with Accounting Principles consistently applied throughout the periods involved and otherwise in accordance with any applicable provisions of each Mortgage, if any, and accurately shall record and preserve for a period of six (6) years the records of its operations of the Premises and Port Authority's activities conducted thereat. Upon written request by the City, Port Authority shall make said records and books of account available from time to time for inspection by the City or the City's designee during reasonable business hours. It is expressly agreed that such inspection and examination is in addition to any other right of inspection and examination, including without limitation, rights under Articles 4 and 31 of the CPLR.

Section 42.05 - Information from Sublessees. Upon the City's request, Port Authority shall provide to the City any reports, statements, data, information or materials of any sort

provided to Port Authority by a Sublessee pursuant to its sublease, and which pertains to either the operation of any part of the Premises or to the obligations (financial or otherwise) of any Sublessee pursuant to a Sublease.

IN WITNESS WHEREOF, the City and Port Authority have executed this lease as of the day and year first above written.

THE CITY OF NEW YORK

By *Gerritt Lippner*
Deputy Mayor

ATTEST:

[Signature]
City Clerk

APPROVED AS TO FORM:

Walter P. DeLo
Acting Corporation Counsel

THE PORT AUTHORITY OF
NEW YORK AND NEW JERSEY

By *[Signature]*
Executive Director

ATTEST:

Doris E. Luedin
Secretary

APPROVED AS TO FORM:

Patrick J. Galmy
General Counsel

04512

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

On this 8th day of JUNE, 1984, before me personally came KENNETH LIPPER, to me known and known to me to be a Deputy Mayor of The City of New York and the same person who executed the foregoing instrument, and he acknowledged that he executed the foregoing instrument on behalf of The City of New York as a Deputy Mayor and pursuant to the authority vested in him by resolution of the Board of Estimate adopted April 28, 1983, (Cal. No. 391).

Joyce Helfand
Notary Public

JOYCE HELFAND
Notary Public, State of New York
No. 24-6840150
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1986

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

On this 8th day of JUNE, 1984, before me personally came DAVID N. DINKINS, with whom I am personally acquainted and known to me to be the City Clerk of The City of New York, the corporation described in and which executed the foregoing instrument, and who being by me duly sworn, deposes and says that he resides at

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.

Joyce Helfand
Notary Public

JOYCE HELFAND
Notary Public, State of New York
No. 24-6840150
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1984

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

On the 17th day of June, 1984, before me personally came Peter C. Saldanski to me known, who, being by me duly sworn, did depose and say that he resides at

that he is the Executive Director of The Port Authority of New York and New Jersey, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Commissioners of the said corporation; and that he signed his name thereto by like order.



(notarial seal and stamp)

KAREN E. EASTMAN
NOTARY PUBLIC, State of New York
No. 31-4768214
Qualified in New York County
Commission Expires March 30, 1985

LEASE BETWEEN THE CITY AND PORT AUTHORITY

EXHIBIT A

Board of Estimate Resolution

Dated April 28, 1985

(Cal. No. 391)

WHEREAS, the City is the owner of undeveloped land within the Staten Island Industrial Park Phase II Urban Renewal Area and desires that such land be developed for job and revenue producing purposes; and

WHEREAS, it is proposed that the City enter into a memorandum of agreement (the "Port Authority Memorandum of Agreement," the form of which is submitted herewith) with The Port Authority of New York and New Jersey (the "Port Authority") under which, among other things, the Port Authority would lease from the City certain land within such urban renewal area for development as, and the Port Authority and the City would each make certain infrastructure improvements towards, a telecommunications center and office park known as "Teleport," and

WHEREAS, Merrill Lynch Telecommunications Incorporated, ("MLT") has been selected as the telecommunications developer for Teleport, and it is proposed that the City enter into a memorandum of agreement (the "Three Party Memorandum of Agreement", the form of which is submitted herewith) with MLT and Western Union Communications Systems, Incorporated (collectively, the "Partnership") which, among other things, provides that the City confer upon the Partnership certain rights, that the Partnership establish telecommunications facilities at the Staten Island Industrial Park, with fiber optic connections to locations in Brooklyn and Queens, and that the Partnership pay to the City certain sums.

NOW THEREFORE, be it

1. RESOLVED, that pursuant to Section 7178 and 6608 of the Unconsolidated Laws, Section 1411(d) of the Not-for-Profit Corporation Law, and other applicable provisions of law, the Mayor or his designee, on behalf of the City, after approval as to form by Corporation Counsel, is authorized to enter into the Port Authority Memorandum of Agreement, substantially in the form submitted herewith, and the Three Party Memorandum of Agreement, substantially in the form submitted herewith, and to enter into such leases, agreements or legal instruments, after approval as to form by the Corporation Counsel, as contemplated therein or necessary or appropriate to effect the provisions thereof or hereof; and be it further

2. RESOLVED, that the Board of Estimate, for purposes of Sections 7178 and 6608 of the Unconsolidated Laws, hereby consents to the leasing of the land provided in the Port Authority Memorandum of Agreement; and be it further

3. RESOLVED, that for purposes of Section 1411(d) of the Not-for-Profit Corporation Law, the Board of Estimate finds that the land described in the Three Party Memorandum of Agreement is not required for City use by the City and authorizes the leasing of such land to New York City Public Development Corporation for subsequent development by the Partnership in accordance with the Three Party Memorandum of Agreement.

LEASE BETWEEN THE CITY AND PORT AUTHORITY

EXHIBIT B

Port Authority Board of Commissioners Resolution

Dated May 12, 1983

RESOLVED, that the Executive Director be and he hereby is authorized to enter into a preliminary memorandum agreement and a long-term lease agreement with The City of New York or its designated agency covering the letting to the Port Authority of approximately 100 acres in the Staten Island Industrial Park site for a 40-term at a basic rental of 8% of annual gross receipts from ground rentals and specified payments received by the Port Authority from its sublessees plus additional rental of 50% of net operating revenue based on an agreed upon formula; the Port Authority to make additional payments of supplemental rental representing payments in-lieu-of taxes to the City on buildings constructed by or for subtenants, based on formula reflecting abatement of normal New York City real estate tax rates; the Port Authority to pay the City \$5 million toward its costs for off-site improvements for roadways sewerage and utility construction; the Port Authority also to undertake the maintenance and security patrol of certain wetlands proximate to the Port Authority premises; the lease to contain provisions for the establishment of an advisory joint Teleport review board with representatives of the City, the Port Authority and Merrill Lynch, with the City and the Port Authority to have a limited right to disapprove or veto a specific number of proposed sublessees; the lease to contain a further provision to cover a buy/sell arrangement between the Port Authority and the City activated after vetoes of three sublessees by the City, under which the Port Authority would purchase, at a price determined by the Port Authority, the City's rights under the lease to receive basic and additional rents and to veto proposed sublessees with an option in the City to purchase the Port Authority's interest in The Teleport site for an amount equal to the Port Authority's proposed purchase price offer multiplied by 5.67 or, at the City's option for an amount equal to the proposed Port Authority purchase price with the City to assign to the Port Authority payments in-lieu-of taxes due to the City; with a comparable right by the City to purchase, at a price determined by the City, the Port Authority's leasehold interest after vetoes by the Port Authority of three City proposed sublessees at a price determined by the City with an option in the Port Authority to purchase the City's interest as aforesaid at the price determined by the City divided by 5.67; the City to be required by December 31, 1984, to build off-site infrastructure improvements including South Avenue and expressway modifications based on the approved final environmental impact statement for the site, and it is further

RESOLVED, that the Executive Director be and he hereby is authorized to enter into agreements with The City of New York including those previously authorized by the Board at its June 10, 1982 meeting, consistent with the terms of the proposed long-term lease agreement, for the use of all or part of the site for the installation of on-site infrastructure, including fencing, site preparation, electric, water, sewerage, other utility and communications installation and duct work, prior to the signing of the long-term lease under which the Port Authority would spend up to a total of \$5 million and it is further

LEASE BETWEEN THE CITY AND PORT AUTHORITY

EXHIBIT C

Off-Site Infrastructure

The Off-Site Infrastructure which the City shall construct pursuant to Section 7.01 hereof shall be constructed by means of the undertakings listed herein and below:

1. Reconstruction of South Avenue from Fish Avenue in the north to the West Shore Expressway service road in the south, including its associated underground infrastructure (water, storm and sanitary sewers, electrical and gas, street lighting, telephone and other communications services, traffic signals and other necessary improvements).

2. Construction of the jughandle turn south of Vernon Avenue.

3. Reconstruction of approximately 400 feet of Travis Avenue including the installation of a water main on Travis Avenue.

4. Construction of improvements to the West Shore and Staten Island Expressway connector ramp and the construction of an additional travel lane on the east bound Staten Island Expressway.

5. Relocation of the Buckeye Pipeline and the Trans-continental Gas Pipeline.

6. Installation of a water line in Bengal Avenue.

7. Installation of a conduit for the fibre optic route and for the emergency, hook-up power system which will be tied into the PSE&G net work in New Jersey.

LEASE BETWEEN THE CITY AND PORT AUTHORITY

EXHIBIT D-1

Tax Exemption

(a) From the Substantial Commencement Date to and including the Exemption Date, the Partnership Sublease Improvements shall be exempt from Taxes:

(b) From the Exemption Date to the twentieth anniversary of the Exemption Date, the Partnership Sublease Improvements shall be exempt from Taxes to the following extent: (i) from the Exemption Date until the first anniversary of the Exemption Date, 95% of the Exemption Base applicable to the Partnership Sublease Improvements shall be exempt; and (ii) from the first anniversary of the Exemption Date to the second anniversary of the Exemption Date, 90% of the Exemption Base applicable to the Partnership Sublease Improvements shall be exempt, and on each anniversary of the Exemption Date thereafter, the exempt per centum of the Exemption Base shall be successively reduced by 5% until the twentieth anniversary of the Exemption Date, at which time such per centum shall equal 0% and shall remain constant thereafter at 0%. The foregoing is illustrated in the following schedule:

<u>Years Commencing with the Exemption Date</u>	<u>Per Centum of Exemption Base</u>
1	95
2	90
3	85
4	80
5	75
6	70
7	65
8	60
9	55

10	50
11	45
12	40
13	35
14	30
15	25
16	20
17	15
18	10
19	5
20	0

(c) Notwithstanding paragraphs (a) and (b) of this Exhibit D-1, if Substantial Completion of the Partnership Sublease Improvements fails to occur within forty-eight (48) months of the Substantial Commencement Date therefor, Taxes with respect to such Improvements for said forty-eight (48) months shall be due and payable retroactively.

(c) For the purposes of this Exhibit D-1 only, Partnership Sublease Improvements shall include, to the extent subject to Taxes, a berm or other artificial shielding, the Telecenter Space, other buildings and structures located on the Partnership Parcel and physical improvements thereto, antenna pads, conduit located anywhere on the Premises (whether inside or outside of the berm/shielding area), antennas (whether installed or operated by the Partnership or its customers), and all other telecommunications equipment and facilities located on the Premises, including without limitation, interrace equipment and all cables (fiber optic or otherwise), whether installed or operated by the Partnership or its customers.

LEASE BETWEEN THE CITY AND PORT AUTHORITY

EXHIBIT D-2

Tax Exemption

(a) From the Substantial Commencement Date to and including the Exemption Date, the Primary Sublease Improvements shall be exempt from Taxes.

(b) After the Exemption Date, the Primary Sublease Improvements shall be exempt from Taxes to the extent described and set forth either in Exhibit D-1 hereto, or in Exhibit D-3 hereto, or to any extent within the range of exemption created by the aforesaid exhibits; provided, however, that Port Authority certifies to the Mayor that the amount of exemption chosen (within the aforesaid range) is necessary to induce prospective lessees to execute the Primary Subleases and to construct the Primary Sublease Improvements; and provided further, that if said prospective Sublessees require an exemption which is more generous than that which is set forth in Exhibit D-3 hereto, the approval of the Mayor for such exemption must be obtained.

(c) Notwithstanding paragraphs (a) and (b) of this Exhibit D-2, if Substantial Completion of the Premises Improvements fails to occur within forth-eight (48) months of the Substantial Commencement Date therefor, Taxes with respect to such Improvements for said forty-eight (48) months shall be due and payable retroactively.

LEASE BETWEEN THE CITY AND PORT AUTHORITY

EXHIBIT D-3

Tax Exemption

(a) From the Substantial Commencement Date to and including the Exemption Date, any Premises Improvements shall be exempt from Taxes.

(b) From the Exemption Date to the eleventh anniversary of the Exemption Date, any Premises Improvements shall be exempt from Taxes to the following extent: (i) from the Exemption Date until the first anniversary of the Exemption Date, 50% of the Exemption Base applicable to the Premises Improvements in question shall be exempt; and (ii) from the first anniversary of the Exemption Date to the second anniversary of the Exemption Date, 45% of the Exemption Base applicable to the Premises Improvements in question shall be exempt, and on each anniversary of the Exemption Date thereafter, the exempt per centum of the Exemption Base shall be successively reduced by 5% until the eleventh anniversary of the Exemption Date, at which time such per centum shall equal 0% and shall remain constant thereafter at 0%. The foregoing is illustrated in the following schedule:

<u>Years Commencing with the Exemption Date</u>	<u>Per Centum of Exemption Base</u>
1	50
2	45
3	40
4	35
5	30
6	25
7	20
8	15
9	10
10	5
11	0

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(c) Notwithstanding paragraphs (a) and (b) of this Exhibit D-3, if Substantial Completion of any Premises Improvements fails to occur within forty-eight (48) months of the Substantial Commencement Date therefor, Taxes with respect to such Improvements for said forty-eight (48) months shall be due and payable retroactively.

LEASE BETWEEN THE CITY AND PORT AUTHORITY

SCHEDULE A

Description of Land

The premises described herein includes all that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Staten Island, County of Richmond, City and State of New York, bounded and described as follows:

Beginning at a point in the easterly line of South Avenue which is $N38^{\circ}-34'-51.5''E$ 620.16 feet from the corner formed by the said easterly line of South Avenue and the northerly line of Travis Avenue and running thence (1) $N38^{\circ}-34'-51.5''E$ 652.38 feet along the easterly line of South Avenue; thence (2) $N37^{\circ}-47'-02.9''E$ 355.00 feet still along the easterly line of South Avenue; thence (3) $N29^{\circ}-47'-02.9''E$ 845.76 feet still along the easterly line of South Avenue; thence (4) $S26^{\circ}-56'-35.6''E$ 303.99 feet to a point of curvature; thence (5) along the arc of a circle concave to the north having a radius of 308.42 feet, a central angle of $120^{\circ}-00'-00''$ and an arc length of 645.95 feet to a point of reverse curvature; thence (6) along the arc of a circle concave to the southeast having a radius of 750.00 feet, a central angle of $68^{\circ}-54'-45''$ and an arc length of 902.06 feet to a point of tangency; thence (7) along the tangent to the preceding arc $S78^{\circ}-01'-51.0''E$ 726.29 feet, thence (8) $S11^{\circ}-45'-44''W$ 326.28 feet to a point of curvature; thence (9) along the arc of a circle concave to the east having a radius of

460.00 feet, a central angle of $45^{\circ}-40'-29''$ and an arc length of 366.70 feet to a point of tangency; then (10) along the tangent to the preceding arc $S33^{\circ}-54'-45''E$ 200.00 feet, thence (11) $S56^{\circ}-05'-15''W$ 279.27 feet; thence (12) $S66^{\circ}-00'-00''W$ 492.72 feet; thence (13) $S41^{\circ}-23'-00''W$ 371.57 feet; thence (14) $N45^{\circ}-21'-58''W$ 829.73 feet; thence (15) $S29^{\circ}-11'-08''W$ 332.98 feet; thence (16) $S38^{\circ}-50'-40''E$ 526.06 feet; thence (17) $S47^{\circ}-07'-24.1''W$ 1119.90 feet; thence (18) $N50^{\circ}-50'-08.6''W$ 1173.49 feet; thence (19) $N48^{\circ}-09'-41.6''W$ 327.02 feet to the point and place of beginning.

LEASE BETWEEN THE CITY AND PORT AUTHORITY

SCHEDULE B

[Intentionally Omitted]

LEASE BETWEEN THE CITY AND PORT AUTHORITY

SCHEDULE C

Description Of Partnership Parcel

The premises described herein includes all that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Staten Island, County of Richmond, City and State of New York, bounded and described as follows:

To locate the point of beginning:

Commencing at a point in the easterly line of South Avenue which is $N38^{\circ}-34'51.5''E$ 620.16 feet from the corner formed by the said easterly line of South Avenue and the northerly line of Travis Avenue and running the following two courses and distances (1) $S48^{\circ}-09'-41.6''E$ 327.02 feet; thence (2) $S50^{\circ}-50'-09.6''E$ 396.00 feet to the true point and place of beginning. Thence from said true point and place of beginning (1) $S50^{\circ}-50'-06.6''E$ 777.49 feet; thence (2) $N47^{\circ}-07'-24.1''E$ 1119.90 feet; thence (3) $N38^{\circ}-50'-40.0''W$ 788.23 feet; thence (4) southerly and along the arc of a circle concave to the west having a radius of 348.00 feet, a central angle of $17^{\circ}-35'-13.7''$ and an arc length of 106.82 feet to a point of tangency; thence (5) along the tangent to the preceding arc $S47^{\circ}-07'-24.1''W$ 1177.84 feet to the true point and place of beginning.

Excepting therefrom the following described parcel of land:

Beginning at the above established true point and place of beginning and running (1) S50°-50'-08.6"E 73.21 feet; thence (2) N47°-07'-24.1"E 472.86 feet; thence (3) S42°-52'-35.9"E 32.50 feet; thence (4) N47°-07'-24.1"E 45.00 feet; thence (5) S42°-52'-35.9"E 50.00 feet; thence (6) N47°-07'-24.1"E 332.00 feet; thence (7) N42°-52'-35.9"W 66.50 feet; thence (8) N47°-07'-24.1"E 415.59 feet; thence (9) N38°-50'-40.0"W 105.04 feet; thence (10) southerly and along the arc of the circle concave to the west having a radius of 346.00 feet, a central angle of 17°-35'-13.7" and an arc length of 106.82 feet to a point of tangency; thence (11) along the tangent to the preceding arc S47°-07'-24.1"W 1177.84 feet to the true point and place of beginning.

LEASE BETWEEN THE CITY AND PORT AUTHORITY

SCHEDULE D-1

Description of Wetlands Abutting the Land

The premises described herein includes all that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Staten Island, County of Richmond, City and State of New York, bounded and described as follows:

Beginning at a point formed by the intersection of the courses numbered 3 and 4 in the technical description of the Teleport site and running thence (1) $N33^{\circ}-02'-47.6''E$ 890.340 feet along the easterly line of South Avenue; thence (2) $N50^{\circ}-58'-06.0''E$ 2,020.00 feet still along the easterly line of South Avenue; thence (3) $N32^{\circ}-31'-00.6''E$ 719.66 feet still along the easterly line of South Avenue; thence (4) $S57^{\circ}-28'-57.0''E$ 338.43 feet; thence (5) $S33^{\circ}-41'-15.7''E$ 654.10 feet; thence (6) $S9^{\circ}-32'-56.06''W$ 117.12 feet; thence (7) $N78^{\circ}-46'-00''W$ 262.25 feet; thence (8) $S9^{\circ}-19'-23.0''W$ 1,126.79 feet; thence (9) $S78^{\circ}-14'-16.0''E$ 133.48 feet; thence (10) $S11^{\circ}-45'-44.0''W$ 1,270.67 feet; thence (11) $N78^{\circ}-01'-51.0''W$ 526.29 feet to a point of curvature; thence (12) along the arc of a circle concave to the southeast having a radius of 750.00 feet, a central angle of $68^{\circ}-54'-45.0''$ and an arc length of 902.06 feet to a point of reverse curvature; thence (13) along

7

the arc of a circle concave to the north having a radius of 308.42 feet, a central angle of $120^{\circ}-00'-00''$ and an arc length of 645.95 feet to a point of tangency; thence (14) along the tangent to the preceding arc $N25^{\circ}-56'-35.6''W$ 309.00 feet to the point and place of beginning.

LEASE BETWEEN THE CITY AND PORT AUTHORITY

SCHEDULE D-2

Description of Other Wetlands

The premises described herein includes all that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Staten Island, County of Richmond, City and State of New York, bounded and described as follows:

To locate the point of beginning; commence at a point formed by the intersection of the southerly line of Vernon Avenue with the westerly line of South Avenue and running the following four (4) courses and distances along the westerly line of South Avenue (1) $S35^{\circ}-02'-48.0''E$ 340.00 feet; thence (2) $S44^{\circ}-57'-22.3''E$ 136.90 feet; thence (3) $S29^{\circ}-47'-02.9''W$ 657.28 feet; thence (4) $S37^{\circ}-47'-02.9''W$ 124.22 feet to the true point and place of beginning.

Thence, from the true point and place of beginning, the following twelve (12) courses and distances: (1) $S37^{\circ}-47'-02.9''W$ 220.48 feet along the westerly line of South Avenue; thence (2) $S38^{\circ}-34'-51.5''W$ 1419.52 feet still along the westerly line of South Avenue to a point of curvature; thence (3) along the arc of a circle concave to the northwest having a radius of 270.85 feet, a central angle of $37^{\circ}-13'-05.5''$ and an arc length of 175.94 feet to a point of tangency; thence (4) along the tangent to the preceding arc $S75^{\circ}-47'-57.0''W$ 188.64 feet; thence (5) $N29^{\circ}-46'-43.0''W$ 113.90 feet to a point in the easterly line of the East Service Road

to a point of curvature; thence (7) along the arc of a circle concave to the southeast having a radius of 1,472.00 feet, a central angle of $13^{\circ}-12'-17.0''$ and an arc length of 339.25 feet and still along the easterly line of the East Service Road to a point of reverse curvature; thence (8) along the arc of a circle concave to northwest having a radius of 5,100.00 feet, a central angle of $7^{\circ}-00'-56.8''$ and an arc length of 624.49 feet and still along the easterly line of the East Service Road to a point of tangency; thence (9) along the tangent to the preceding arc $N29^{\circ}-29'-19''E$ 99.89 feet and still along the easterly line of the East Service Road to a point of curvature; thence (10) along the arc of a circle concave to the southeast having a radius of 1,472.00 feet, a central angle of $14^{\circ}-13'-41''$ and an arc length of 365.54 feet and still along the easterly line of the East Service Road to a point of tangency; thence (11) along the tangent to the preceding arc $N43^{\circ}-43'-00.0''E$ 99.99 feet and still along the easterly line of the East Service Road; thence (12) $S51^{\circ}-45'-31.1''E$ 510.03 to the point and place of beginning.

LEASE BETWEEN THE CITY AND PORT AUTHORITY

SCHEDULE E

Description of Buffer Strip

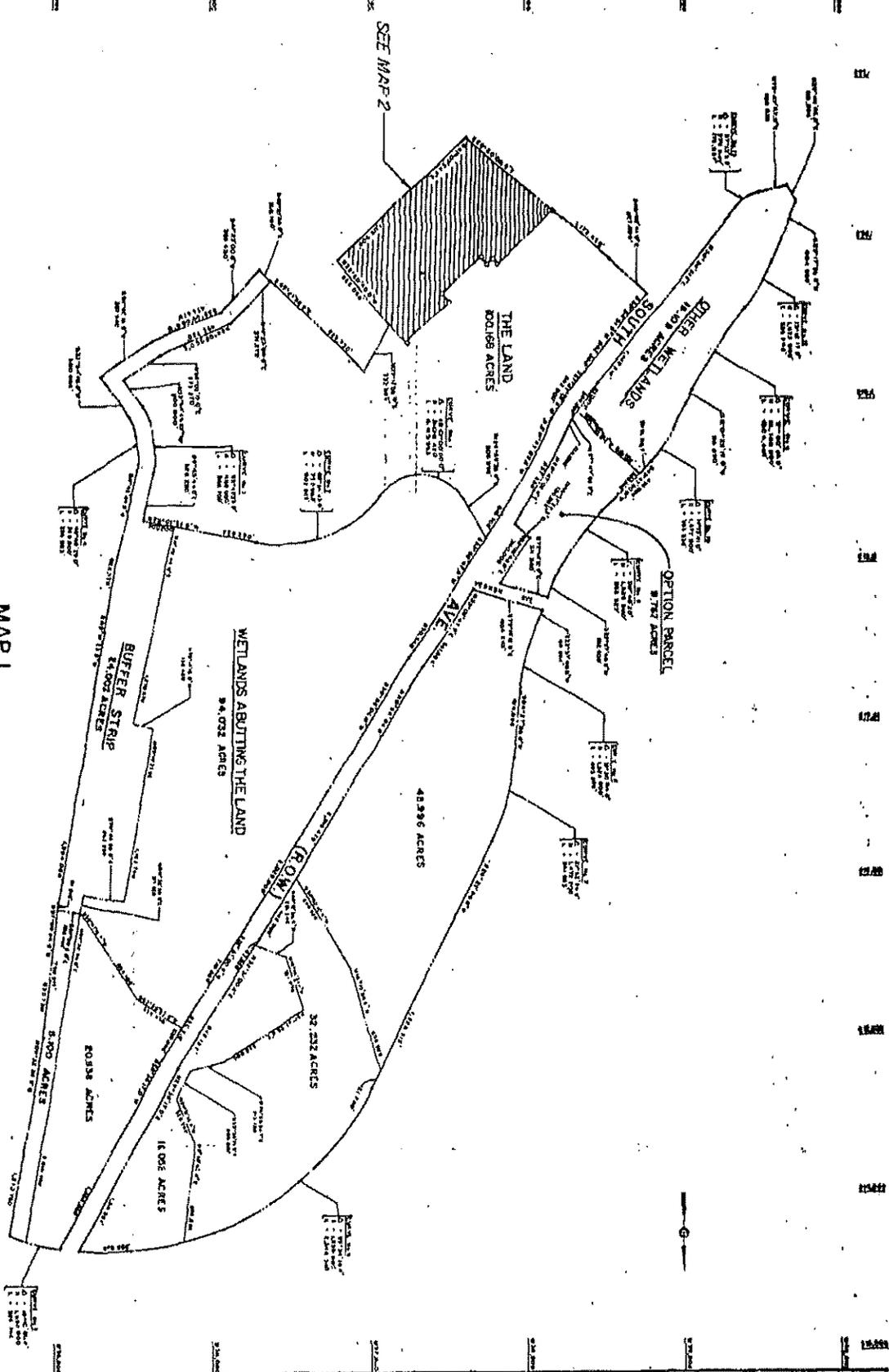
Beginning at a point formed by intersection of the courses numbered 13 and 14 in the technical description of the Teleport site and running thence:

- (1) N41⁰-23'-00.0"E 372.57 feet;
- (2) N66⁰-00'-00.0"E 492.72 feet;
- (3) N56⁰-05'-15.0"E 279.27 feet;
- (4) N33⁰-54'-45.0"W 200.00 feet; to a point of curvature;
- (5) along the arc of a circle concave to the east having a radius of 460.00 feet, a central angle of 43⁰-40'-29.0" and an arc length of 366.70 feet at a point of tangency;
- (6) along the tangent to the preceding arc N11⁰-45'-44.0"E 328.28 feet;
- (7) N78⁰-01'-51.0"W 200.00 feet;
- (8) N11⁰-45'-44.0"E 1,270.67 feet;
- (9) N78⁰-14'-16.0"W 133.48 feet;
- (10) N9⁰-19'-23.0"E 1,126.79 feet;
- (11) S78⁰-46'-00.0"E 262.25 feet;
- (12) N9⁰-32'-56.0"E 117.12 feet;
- (13) S82⁰-59'-06.0"E 135.44 feet to a point in the westerly line of Graham Avenue;
- (14) S7⁰-00'-54.0"W 51.91 feet along the westerly line of Graham Avenue;
- (15) S9⁰-19'-23.0"W 1,984.00 feet along the westerly line of Graham Avenue;

- (16) S11⁰-45'-44.0"W 822.17 feet still along the westerly line of Graham Avenue to a point of curvature;
- (17) along the arc of a circle concave to the east having a radius of 360.00 feet, a central angle of 45⁰-40'-29.0" and an arc length of 286.98 feet and along the westerly line of Graham Avenue to a point of tangency;
- (18) along the tangent to the preceding arc S33⁰-54'-45.0"E 300.00 feet; to a point formed by intersection of the southwesterly line of Granam Avnue with the northwesterly line of Victory Boulevard;
- (19) S56⁰-05'-15.0"W 387.94 feet along the northwesterly line of Victory Boulevard;
- (20) S66⁰-00'-00.0"W 479.57 feet still along the northwesterly line of Victory Boulevard;
- (21) S41⁰-23'-00.0"W 355.43 feet still along the northwesterly line of Victory Boulevard;
- (22) N45⁰-21'-58.0"W 100.16 feet to the point and place of beginning.

Excluding from the Buffer Strip the following parcels of land: Sommer Avenue and Lots 1, 6 and 15 in Block 2218.

MAP I
LAND, WETLANDS ABUTTING LAND, OTHER WETLANDS, BUFFER STRIP



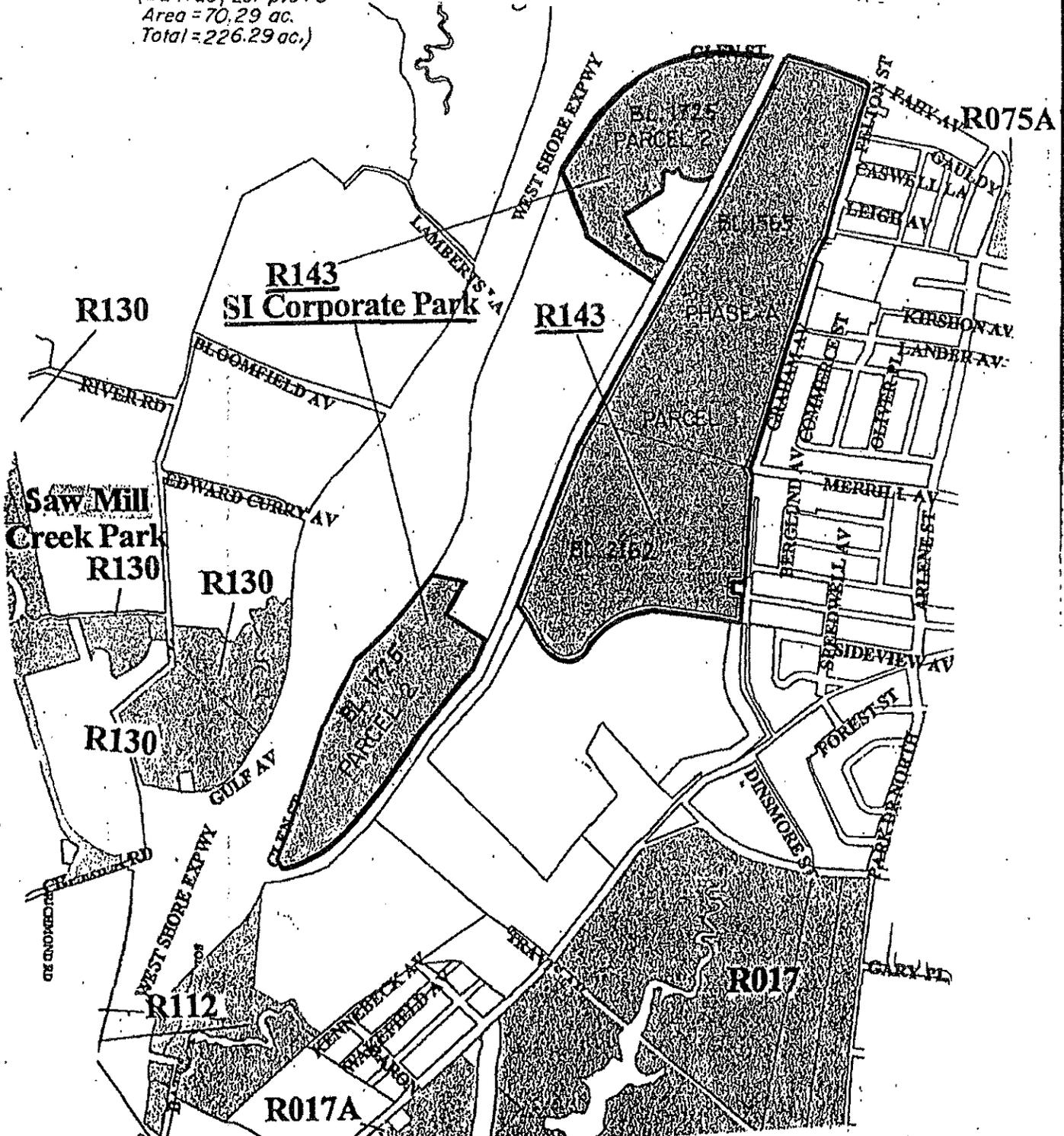
Borough of Staten Island

R-143

AREA = 226.29 ac.

PARCEL 1 Denotes area assigned to Parks by HPD on August 20, 1997. (BL 1565-1, BL 2162-1. Area = 156.00 ac.)

PARCEL 2 Denotes Park addition assigned to Parks by HPD on September 10, 1998. (BL 1725, Lot p. 75 Area = 70.29 ac. Total = 226.29 ac.)

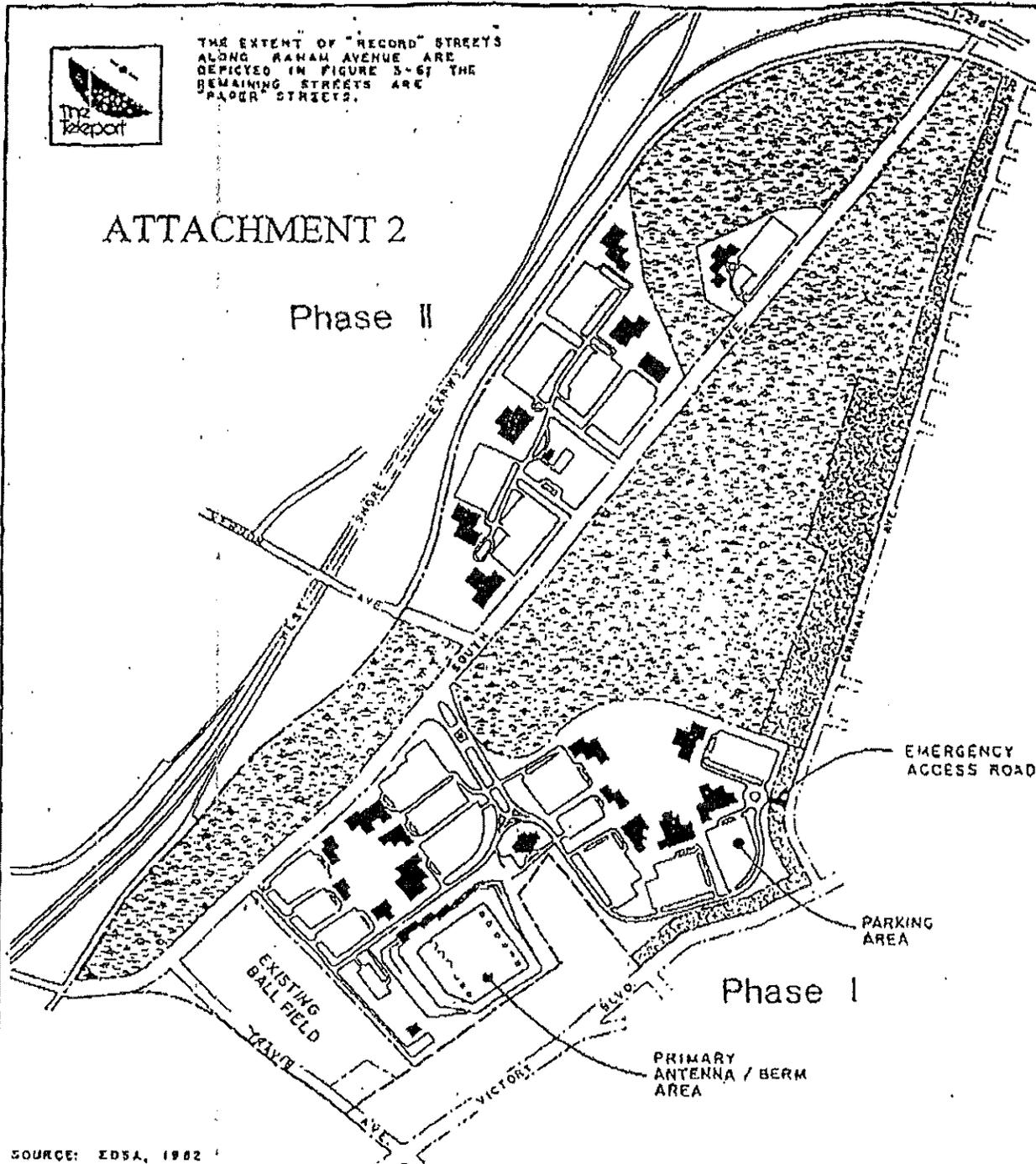




THE EXTENT OF "RECORD" STREETS ALONG RAHAM AVENUE ARE DEPICTED IN FIGURE 3-6; THE REMAINING STREETS ARE "PAPER" STREETS.

ATTACHMENT 2

Phase II



SOURCE: ED5A, 1982

EAST SIDE PROJECT

Staten Island Industrial Park

Environmental Impact Statement

— AREA AVAILABLE FOR DEVELOPMENT

PRESERVED WETLANDS

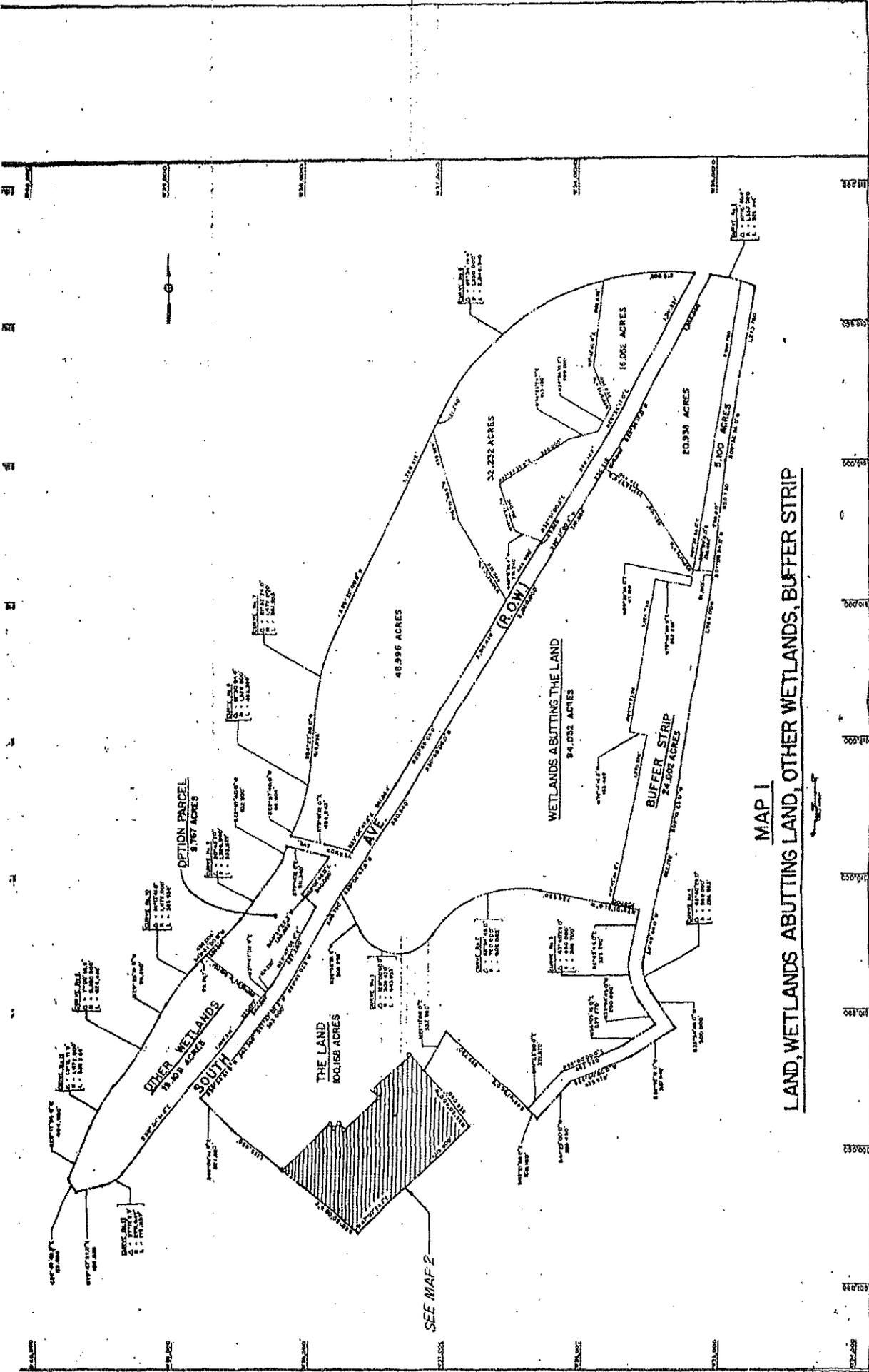
BUFFER STRIP



0 800 FEET

THE TELEPORT SITE PLAN

FIGURE 3-1



MAP 1
LAND, WETLANDS ABUTTING LAND, OTHER WETLANDS, BUFFER STRIP

SEE MAP 2

393-A

AMENDMENT OF LEASE, dated as of July 2, 1987, to a lease dated as of May 15, 1984 (the "Lease") between THE CITY OF NEW YORK (the "City"), as landlord, a municipal corporation, acting by its Deputy Mayor for Finance and Economic Development, having an office at City Hall, New York, New York 10007, and THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY ("PA"), as tenant, a body corporate and politic created by compact between the States of New York and New Jersey with the consent of the United States of America, and having its principal office at 1 World Trade Center, New York, New York 10048, for premises located within the Staten Island Industrial Park, Staten Island, New York, identified as The Teleport and described in Exhibit A annexed hereto.

WHEREAS, a memorandum of the Lease was recorded in the Staten Island Office of the City Register of New York in Reel 46, page 7713 on August 6, 1985;

WHEREAS, the City and PA desire to amend certain portions of the Lease.

The parties hereto hereby amend the Lease as follows:

1. Sections 3.04(d) and (e) are deleted and replaced with the following:

"(d) If Substantial Completion with respect to any Premises Improvements occurs on a date prior to July 1, 1987, such Premises Improvements shall be exempt from Taxes to the extent provided in Exhibit D-3.

(a) Any Improvements which do not satisfy the conditions set forth in paragraphs (b), (c) and (d) of this Section 3.04, shall be exempt from Taxes to the extent of the then-current, most advantageous, applicable, as-of-right exemption being offered by the City (or its successor entity), pursuant to Chapter 56-A of the New York City Administrative Code, as amended (or its successor statute), for the type of construction and construction location proposed and for which the Subtenant in question would qualify were it the owner of the real property on which the Improvements in question are to be situated. The City shall make the determination, whether or not the Improvements made by the Subtenant qualify for the aforesaid exemption from Taxes, which determination shall not be made unreasonably. The Subtenant shall supply to the City such information as the City requires to make such determination. Further, in making such determination, the City may impose upon the Subtenant the requirement to comply with the regulations relating to the program of real property tax exemption created by Chapter 56-A of the New York City Administrative Code, as amended (or its successor statute). For pur-

poses herein, "then-current" means (i) as of the date of execution of the Sublease, with respect to initial improvements and (ii) the Substantial Commencement Date, as reasonably determined by the City, with respect to subsequent improvements."

2. The first sentence of Section 3.04(h) is deleted and replaced with the following:

"(h) Port Authority or a Subtenant shall have the right, each at its own expense, to contest in whole or in part the Assessed Amount of any Exemption Premises by appropriate proceedings diligently conducted in good faith, but only after payment of the Supplemental Rent, when due, based upon such contested Assessed Amount."

3. Section 3.11 is deleted and replaced with the following:

"In the event that by operation of law the Port Authority or a Subtenant is required to pay Taxes (in addition to Supplemental Rent hereunder) while the City is Landlord, then the Port Authority or such Subtenant shall pay

02/25/99

14:58

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OCT 30 1998

9:02AM

MURRAY CONSTRUCTION

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OCT-30-1998

08:53

TETEPORT

P. 205-010

the amount of any such legally imposed Taxes, provided, however, that in such event neither the Port Authority nor such Subtenant shall be required to pay Supplemental Rent under this Agreement with respect to itself in any amount which together with the amount of such Taxes would be in excess of such Taxes. Nothing herein is intended to affect or detract from Port Authority's immunity from such Real Property Taxes or Taxes."

4. Section 5.01(b)(x) is deleted and replaced with the following:

"(x) any other governmental levies, fees, rents, assessments or taxes and charges, general and special, ordinary and extraordinary, foreseen or unforeseen of any kind whatsoever, together with any fines and penalties and any interest or costs with respect thereto, but not including (aa) Real Property Taxes, and (bb) so long as Port Authority owns the Improvements in question, sales taxes with respect to such Improvements."

5. The following is added as the last sentence of Section 5.01(b):

"Nothing contained in this Lease shall require the Subtenant to pay to the City in the City's proprietary capacity, as Landlord, any Subtenant Imposition paid directly by the Subtenant to the imposing entity."

6. Section 5.04 is amended by adding the following sentence:

"Notwithstanding the above to the contrary, if a Subtenant pays a Subtenant Imposition, then the Subtenant shall have the right, at its own expense, to contest the amount or validity of such imposition, provided the Subtenant complies with all the terms of this Section 5.04."

7. Section 8.10(a) is deleted and replaced with the following:

"(a) After satisfying the requirements of paragraph(a) of Section 8.09 hereof, the Port Authority shall, at least ten (10) business days before any Construction is commenced,

provide copies of certificates reasonably satisfactory to the City, evidencing the insurance coverage in this Section 8.10."

8. Section 8.10(d) is amended by deleting the citation "Section 8.08(a)(iii) and (iv)" and replacing it with "Section 8.10(a)(iii) and (iv)".

9. The word "Agreements" in the sixth line on page 55 is deleted and replaced with "agreements".

10. The word "Documents" in the last line on page 56 is deleted and replaced with "documents".

11. The phrase "thirty (30)" on the last line on page 69 is deleted and replaced with "ten (10) business".

Lessor and Lessee agree that neither the Commissioners, officers, employees or agents of the Port Authority nor the officials, employees, agents or representatives of the City shall be charged personally with any liability, or be held liable under any term or provision of this Amendment of Lease.

Except as provided herein, in all other respects the terms of this Lease are in full force and effect.

Attest:

[Signature]
Deputy City Clerk

THE CITY OF NEW YORK

By: *[Signature]*
Deputy Mayor

Approved as to Form:

[Signature]
Acting Corporation Counsel

02/25/99 14:58 SKADDEN ARPS + 19739661550
OCT 30 1998 9:23AM MURRAY CONSTRUCTION
OCT-30-1998 08:54 TETEPORT

NO. 257 NO. 263 008
P. 002/010

THE PORT AUTHORITY OF
NEW YORK AND NEW JERSEY

ATTEST:

Doris E. ...
Secretary

By: *[Signature]*
Title: *Director World Trade and
Economic Development*

APPROVED AS TO FORM:

General Counsel APPROVED!
Form Terms
[Signature] REC

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

On this 6th day of July, 1987, before me personally came ALAIN A. TROUSSEAU, known and known to me to be a Deputy Mayor of the City of New York and the same person who executed the foregoing instrument, and she acknowledged that she executed the foregoing instrument on behalf of The City of New York as a Deputy Mayor and pursuant to the authority vested in her by resolution of the Board of Estimate adopted April 28, 1985, (Cal. No. 291).

LORRAINE SPINA
NOTARY PUBLIC, NYS
Qualified in Kings City
Reg # 9253510. Comm. April 9/20/88
STATE OF NEW YORK)

Lorraine Spina
NOTARY PUBLIC
April 9/20/88

COUNTY OF NEW YORK) ss.

On this 6th day of July, 1987, before me personally came Raymond C. Tatum, to me known and known to me to be the First Deputy City Clerk of the City of New York, being by me duly sworn, did depose and say, that he resides at _____, that he is the First Deputy City Clerk of the City of New York, the municipal corporation described in and which executed the foregoing deed; that he knows the seal of said corporation, that the seal affixed to said deed is such corporate seal; that it was so affixed as provided by law; and that he signed his name thereto as First Deputy City Clerk by like authority.

NORMA LOPEZ
Commissioner of Deeds
City of New York - No. 2-1194
Certificate filed in New York County
Commission Expires February 1, 1989

Norma Lopez

NOV.12.1999 3:29PM MURRAY CONSTRUCTION

NO.622

P.2/11
P.082/011



LAW DEPARTMENT
100 CHURCH STREET
NEW YORK, N.Y. 10007

PAUL A. GROTTY
Corporation Counsel

Sidney D. Lipsztein
c/o Abe Friedman
The Port Authority of New York and New Jersey
One World Trade Center
New York NY

July 10, 1997

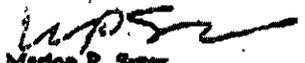
Dear Mr. Lipsztein:

Enclosed please find for your files a fully executed Second Amendment to Lease dated as of July 9, 1997 amending the existing Teleport master lease between the City and the Port Authority.

Also enclosed is a copy of a letter delivered as closing to WorldCom/LDDS clarifying the intention of the amendment.

Thank you for your assistance in this matter.

Very truly yours,


Martin P. Suter
Assistant Corporation Counsel

NOV. 12. 1998 3:28PM MURRAY CONSTRUCTION

NO. 622

P. 3/11
P. 203/011



LAW DEPARTMENT
100 CHURCH STREET
NEW YORK, N.Y. 10007

6-167

PALL A. CROTTY
Corporation Counsel

788-1339

June 24, 1997

Sidney D. Lipstein
The Port Authority of New York
& New Jersey
Commercial Lease Division
1 World Trade Center - Room 66 West
New York, New York 10048

Re: 2nd Amendment to Transport Lease

Dear Mr. Lipstein:

Per your request, this letter will confirm that no further City approvals are required, other than a Deputy Mayor's authorization, for the execution and delivery of the referenced Second Amendment of Lease.

Very truly yours,

Marian Suar
Assistant Corporation Counsel

NOV 12 1998

3:28PM

MURRAY CONSTRUCTION

NO. 622

P. 4/11
P. 884/011



LAW DEPARTMENT
100 CHURCH STREET
NEW YORK, N.Y. 10007

PAUL A. CROTTY
Corporation Counsel

David P. Myer
Vice President
WorldCom/LEDS
515 East Amite Street, 4th floor
Jackson MS 39201-2708
July 10, 1997

Dear Mr. Myer:

This letter relates to that certain Second Amendment to Lease dated as of July 9, 1987 (the "Amendment") amending the Teleport lease between The City of New York (the "City") and The Port Authority of New York and New Jersey (the "Port Authority") dated as of May 15, 1984. The purpose of this letter is to confirm that by the terms of that Amendment both your company ("WorldCom") and Keytone Communications, Inc. ("Keytone") are Beneficial Subtenants (as defined therein) and therefore a sale of any improvements (as identified in the Amendment) by your company to Keytone would not disturb the Supplemental Rent statement conferred on said improvements by the Amendment, as such a sale would not constitute a sale to a third party.

This letter will also confirm that WorldCom and Keytone are the intended third party beneficiaries of the Amendment and that it is the City's intention to extend to them the benefits conferred by the Amendment for as long as either or both of them remain in occupancy at the Teleport pursuant to the sublease identified in Schedule 2 annexed to the Amendment.

Very truly yours,

Marion P. Suter
Assistant Corporation Counsel

cc: James P. Sweeney, Esq., Doherty Price & Rhoads
Sidney Lipsitz, Esq., The Port Authority of New York and New Jersey

NOV. 12, 1998

3:28PM

MURRAY CONSTRUCTION

NO. 622

P. 5/11

P. 025/011

SECOND AMENDMENT OF LEASE ("this Amendment"), dated as of ~~June~~
July 9, 1997, to a lease dated as of May 15, 1984 recorded in the Staten Island Office
of the City Register of New York in Real 46, page 7713 on August 6, 1985 between THE CITY
OF NEW YORK (the "City"), as landlord, a municipal corporation, acting by its Deputy Mayor
for Finance and Economic Development, having an office at City Hall, New York 10007, and
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY ("PA"), as tenant, a body
corporata and politic created by compact between the States of New York and New Jersey with
the consent of the United States of America, and having its principal office at 1 World Trade
Center, New York, New York 10048, for premises located within the Staten Island Industrial
Park, Staten Island, New York, identified as The Teleport and described in Exhibit A annexed
hereto, as amended by Amendment of Lease dated as of July 2, 1987 (as so amended, the
"Lease").

WHEREAS, the City and PA desire to amend certain portions of the Lease.

The parties hereto hereby amend the Lease as follows:

- Section 3.04(a) is amended by the addition of the following:

"Notwithstanding anything to the contrary in this Section 3.04, Supplemental Rent with respect to the Improvements owned by WorldCom/LDDS or Kaycees Communications (or their present affiliates) (collectively, "Benefited Subtenants") and identified in Schedule 1 annexed hereto, to the extent otherwise subject to Taxes, shall be shared (a) to the extent approved and not paid as of the date hereof, and (b) 100% during the term, and any renewals thereof, of the subleases described more fully on Schedule 2 annexed hereto between Teleport Communications Group, Inc. and the Benefited Subtenants (the "Benefited Subleases"), but only for so long as one or both of the Benefited Subtenants (or their affiliates, successors and assigns which take possession by operation of law or pursuant to a reorganization, and not by a transfer for value to a third party) remains a subtenant in occupancy and not in default thereunder. The benefits of this Amendment to Lease shall not apply to any third party taking occupancy of part or all of the premises devised under the Benefited Subleases.

NOV. 12. 1998 3:29PM

MURRAY CONSTRUCTION

NO. 622

P. 6/11
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whether by assignment for value or by entering into a new lease; such Subtenant shall pay Supplemental Rent as provided in the Lease as if this amendment had never been executed; provided that such Subtenants shall not thereby become liable for Supplemental Rent previously stated pursuant to this Amendment.

3. The City and the PA agree that neither the Commissioners, officers, employees or agents of the PA nor the officials, employees, agents or representatives of the City shall be charged personally with any liability, or be held liable under any term or provision of this Amendment of Lease.

NOV 12 1999

3:23PM

MURRAY CONSTRUCTION

NO. 622

P. 7/11
P. 007/011

3. Except as provided herein, in all other respects the terms of the Lease are in full force and effect.

Attest:

First Deputy Acting City Clerk

THE CITY OF NEW YORK

By: [Signature]
Deputy Mayor

Approved as to Form:

[Signature]
Acting Corporation Counsel

Attest:

Secretary

THE PORT AUTHORITY OF
NEW YORK AND NEW JERSEY

By: [Signature]
Title: Deputy Director

Approved as to Form:

General Counsel

APPROVED
FOR: [Signature] RE: [Signature]

NOV 12 1998

3:29PM

MURRAY CONSTRUCTION

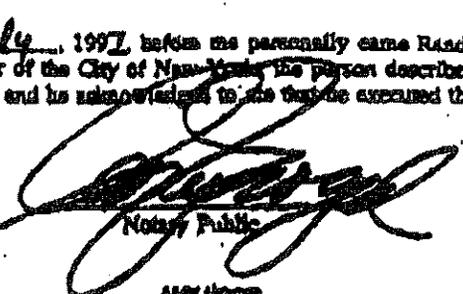
NO.622

P.8/11

P.009/011

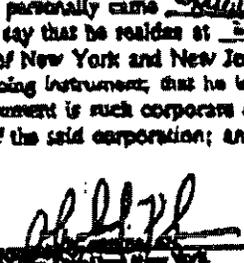
STATE OF NEW YORK)
) SS.:
COUNTY OF New York)

On this 9th day of July, 1997, before me personally came Randy Levine, to me known to be the Deputy Mayor of the City of New York, the person described in and who executed the foregoing instrument and he acknowledged to me that he executed the same.


Notary Public
AMY THOMAS
Notary Public State of New York
No. 41-248882
Qualified in Orange County
Commission Expires 12/31/99
July 10, 1997

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

On this 9 day of July, 1997, before me personally came Charles J. ... to me know, who, being by me duly sworn, did depose and say that he resides at 20 W. 47th St. N.Y.; that he is the Intendant of the Port Authority of New York and New Jersey, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Commissioners of the said corporation; and that he signed his name thereto by like order.


Notary Public
AMY THOMAS
Notary Public State of New York
No. 41-248882
Qualified in Orange County
Commission Expires 12/31/99
100

NOV. 12, 1998

3:29PM

MURRAY CONSTRUCTION

NO. 622

P. 9/11
P. 009/811

Schedule 1
Attached to and made a part of
Second Amendment of Lease dated as of July 9, 1997

List of Improvements created hereunder

- Satellite Antenna Dishes
- Antenna Dish Pedestals, Supporting Structures and Pads
- Telecommunication Equipment Shelters
- Heating, Ventilating and Air Conditioning Equipment
- Conduit and Cable
- Transportable Equipment and Equipment Stored

owned by WorldCom or Kaystone (or their affiliates) as of the date hereof and located at
Teleport pursuant to a lease listed on Schedule 2.

02/25/99

14:58

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NO. 263

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NOV. 12. 1998 3:30PM MURRAY CONSTRUCTION

NO. 622

P. 10/11
P. 012/011

Schedule 2

Attached to and made
a Part of Second Amendment of Lease
dated as of July 9, 1997

States 1/3rd Teleport Sublease Granted Abatement

Lease Agreement dated April 14, 1986 between Teleport
Communications Group, Inc. and WorldCom/LDDS or Keytone Communications
and their affiliates, including all written and oral amendments and subsequent
agreements for Slips one (1) through twenty four (24), entered into as of June 11, 1997,
as evidenced by the New York Site Plan map prepared by Hechtman North
America dated June 2, 1997 and attached to this schedule.

NOV 6 1998 10:39AM

MURRAY CONSTRUCTION

NO. 456

P. 5/24/007

THIRD AMENDMENT OF LEASE ("this Agreement"), dated as of the 26th day of June, 1998, to a lease (the "Original Lease") dated as of May 15, 1984, a memorandum of which was recorded in the Staten Island Office of the City Register of New York, in Book 48, page 7713 on August 6, 1983 between THE CITY OF NEW YORK (the "City"), as landlord, a municipal corporation, acting by its Deputy Mayor for Finance and Economic Development, having an office at City Hall, New York, 10007 and THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, as tenant, hereinafter called "the Port Authority"), a body corporate and politic created by Compact between the States of New Jersey and New York, with the consent of the Congress of the United States of America, having its principal office at One World Trade Center, New York, New York, 10048 for premises located within the Staten Island Industrial Park, Staten Island, New York, identified as the Teleport and described in the Original Lease as the "Premises", as amended by Amendment of Lease dated as of July 2, 1987 and Second Amendment of Lease dated as of July 9, 1997 (as so amended the "Lease");

WITNESSETH, That

WHEREAS, to further economic development of the Premises the City and the Port Authority desire to amend the Lease in certain respects;

NOW, THEREFORE, for and in consideration of the covenants and mutual agreements herein contained, the City and the Port Authority hereby agree as follows:

1. Notwithstanding anything to the contrary set forth in the Lease, including, without limitation, Section 3.01, 3.04, and 3.09 thereof, Supplemental Rent with respect to all improvements as defined in the Lease, including, without limitation, (i) the Port Authority Infrastructure, (ii) the Telecommunications Facilities, (iii) Port Authority Buildings, (iv) Partnership Sublease Improvements described in paragraph (b) of Section 3.04 of the Lease, (v) any Primary Sublease Improvements described in paragraph (c) of Section 3.04 of the Lease, (vi) any Premises Improvements described in paragraph (d) of Section 3.04 of the Lease, (vii) any Improvements described in paragraph (e) of Section 3.04 of the Lease, (viii) improvements owned by any third party taking occupancy of part or all of the premises described in the benefited Subleases described in paragraph (e) of Section 3.04 of the Lease, and (ix) any other office buildings, improvements, or appurtenances of every kind and description whether already owned, constructed, or placed on the Land, as defined in the Lease, or which may hereafter be owned, constructed, or placed on the Land, and any alterations and replacements thereof, additions thereto, and substitutions thereof, to the extent subject to Supplemental Rent, shall be abated one hundred percent (100%) during the balance of the Term, including any renewal thereof, of the Lease.

2. The provisions of Sections 3.01 and 3.09 of the Lease shall not be deemed to require the Port Authority pay Supplemental Rental or to cause Sublease Supplemental Rental to be paid with respect to any improvements described in paragraph 1 of this Agreement or to obligate the Port Authority to require any of its Sublessees to pay Sublease Supplemental Rent to the City. The City hereby consents to the modification of any Sublease currently in effect to the

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extent that such modification relates solely to the full abatement of the obligation of the Sublessee under such Sublease to pay Supplemental Rental under such Sublease during the balance of the term, including any renewal, thereof.

3. The definition of the term "Default Interest Rate" appearing in Section 1.01 of Article 1 of the Lease is hereby deleted and the following is substituted in lieu thereof:

"The Default Interest Rate applied to Supplemental Rent for the period from July 1, 1986 to June 30, 1991 shall be a rate of 7% assessed semi-annually every July 1st and January 1st. The Default Interest Rate applied to Supplemental Rent for the period from July 1, 1991 to June 30, 1997 shall be a rate of 7% assessed semi-annually every July 1st and January 1st and a rate of 4.035% applied to the total of the outstanding balance of Supplemental Rent due to the City for such period plus interest thereon at the Default Interest Rate assessed semi-annually every July 1st and January 1st." From and after July 1, 1997 for all purposes under this Agreement Default Interest Rate shall mean, at the time of application, the annual rate of interest applied to non-payment of real estate taxes in New York City."

Application of the amended definition of Default Interest Rate set forth above in this paragraph would produce a late charge pursuant to the provisions of the Lease, (including, without limitation, the provisions of Section 6.01, thereof) with respect to the Port Authority's obligation to pay Supplemental Rent under the Lease through the period ending June 30, 1996 (which payments of Supplemental Rent the City acknowledges have been made in full by the Port Authority) in the sum of Two Million Eleven Dollars and No Cents (\$2,000,011.00) which sum the Port Authority shall pay to the City, or, at the written direction of the City to the New York City Economic Development Corporation, within thirty (30) days after this Agreement is executed by the parties hereto. Payment of such amount by the Port Authority shall discharge in full the obligation of the Port Authority under the Lease or otherwise, if any, for late charges or other penalties with respect to the payment of Supplemental Rent under the Lease for the period ending June 30, 1996, and the City, upon receipt of such sum, shall and does hereby acknowledge such discharge. The making of the payment by the Port Authority hereunder shall in no way be construed to imply that the Port Authority agrees, concedes or has concluded that any late charges or interest amounts are actually due and owing by the Port Authority under Article 6 of the Lease or otherwise with respect to Supplemental Rent owing through June 30, 1996, and the parties hereby agree that the fact that the Port Authority has made the payment to the City described in this paragraph shall not be a basis for any other claim for interest or late charges with respect to Supplemental Rental that the City may make in the future, whether pursuant to Article 6 or otherwise.

4. As hereby amended all the terms, provisions, covenants, agreements and conditions of the Lease shall be and remain in full force and effect.

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5. The City and the Port Authority agree that neither the Commissioners, officers, employees, agents, or representatives of the Port Authority nor the officials, officers, employees, or agents of the City shall be charged personally with any liability, or held liable under any term or provision of this Third Amendment of Lease, or because of its execution or attempted execution or because of any breach, or attempted or alleged breach thereof.

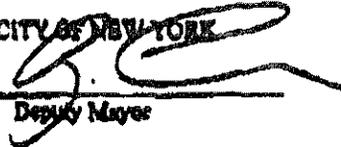
6. This Third Amendment of Lease, together with the Lease (to which it is supplementary) constitutes the entire agreement between the City and the Port Authority on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of the City and the Port Authority. The parties hereto agree that no representations or warranties shall be binding upon either of them unless expressed in writing in the Lease or in this Third Amendment to Lease.

IN WITNESS WHEREOF, the Port Authority and the City have executed these presents as of the date first above written.

ATTEST:

City Clerk

THE CITY OF NEW YORK

By 
Deputy Mayor

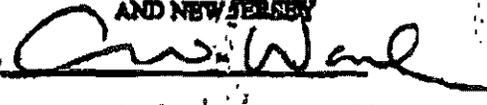
APPROVED AS TO FORM:


Compensation Council

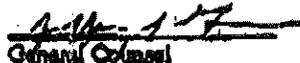
ATTEST:


Secretary

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

By 
(Title) CHIEF, POLICY & CONTRACT AFFAIRS

APPROVED AS TO FORM:


General Counsel

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STATE OF NEW YORK)

COUNTY OF NEW YORK)

On the 9th day of July, 1998, before me personally came Christopher Ciccol who, being by me duly sworn, did depose and say that he resides in

that he is the Chief, Policy & External Affairs of the Port Authority of New York and New Jersey, one of the corporations described in 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 Commissioners of said corporation; and that he signed his name thereto by like order.

of the Port Authority of New York and New Jersey, one of the corporations described in 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 Commissioners of said corporation; and that he signed his name thereto by like order.

Karen Eastman
Notary Public

STATE OF New York)

COUNTY OF New York)

KAREN E. EASTMAN
Notary Public, State of New York
No. 025216
Qualified in New York County
Commission Expires Feb. 04, 1999

On the 8th day of July, 1998, before me personally came Randy L. Levine who, being by me duly sworn, did depose and say, that he resides at

that he is the Deputy Mayor of The City of New York, the municipal corporation described in 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 Commissioners of said municipal corporation; and that he signed his name thereto by like authority.

Judith A. Carolongo
Notary Public
Commissioner of Deeds

JUDITH A. CAROLONGO
Commissioner of Deeds, City of New York
No. 3-1424
Qual. Filed in New York County
Commission Expires October 21, 1997

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