
NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
New York, New York

SMALL INDUSTRIAL INCENTIVE PROGRAM
(STRAIGHT-LEASE TRANSACTION)

(2006 Meurice Garment Care of Manhasset Inc., Project)

RECORD OF PROCEEDINGS

Delivered September 6, 2006

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(STRAIGHT-LEASE TRANSACTION)

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**Document
Number**

Basic Documents

1. Lease Agreement, dated as of September 1, 2006, between the New York City Industrial Development Agency (the "Agency") and MGC Realty, Inc., as lessee (the "Lessee").
2. Company Lease Agreement, dated as of September 1, 2006, between the Lessee and the Agency, as tenant.
3. Sublease Agreement, dated as of September 1, 2006, between the Lessee and Meurice Garment Care of Manhasset, Inc., as sublessee (the "Sublessee").
4. Guaranty Agreement, dated as of September 1, 2006, from the Lessee; the Sublessee; Magoo's Crew, Inc. and Natsac, Inc., as corporate guarantors (together, the "Corporate Guarantors"); and Wayne Edelman, as individual guarantor (the "Individual Guarantor"), to the Agency.

Closing Documents Delivered by the Agency

5. Copies of Chapter 1030 of the 1969 Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended.
6. Certificate as to establishment of the Agency and as to appointment of the members thereof.
7. Agency General Certificate.
8. Approving Opinion of Hawkins Delafield & Wood LLP.
9. Directive to the Tax Assessor regarding payments in lieu of taxes.
10. Tax Continuation Letter.

11. Affidavit as to taxation.
12. Opinion of the Vice President for Legal Affairs of the Agency.

Documents Delivered by the Lessee, the Sublessee, the Corporate Guarantors and the Individual Guarantor

13. Letter of Representation, dated September 6, 2006, from the Lessee, the Sublessee, the Corporate Guarantors and the Individual Guarantor to the Agency.
14. Certificate of the Lessee as to Compliance with Insurance Requirements.
15. Secretary's Certificate of the Lessee.
 - Exhibit A - Certificate of Incorporation for Lessee
 - Exhibit B - By-laws of Lessee
 - Exhibit C - Authorizing Resolutions of Lessee
16. Certificate of Good Standing of Lessee.
17. Tax Status Certificate of Lessee.
18. Secretary's Certificate of Sublessee.
 - Exhibit A - Certificate of Incorporation of Sublessee
 - Exhibit B - By-laws of Sublessee
 - Exhibit C - Authorizing Resolutions of Sublessee
19. Certificate of Good Standing of Sublessee.
20. Tax Status Certificate of Sublessee.
21. Secretary's Certificate of Magoo's Crew, Inc. ("Magoo").
 - Exhibit A - Certificate of Incorporation of Magoo
 - Exhibit B - By-laws of Magoo
 - Exhibit C - Authorizing Resolutions of Magoo
22. Certificate of Good Standing of Magoo.
23. Tax Status Certificate of Magoo.
24. Secretary's Certificate of Natsac, Inc. ("Natsac")
 - Exhibit A - Certificate of Incorporation of Natsac
 - Exhibit B - By-laws of Natsac
 - Exhibit C - Authorizing Resolutions of Natsac
25. Certificate of Good Standing of Natsac.

26. Tax Status Certificate of Natsac.
27. Copies of leasehold title insurance policy with respect to the Facility Realty.
28. Copy of survey.
29. Certificate of Architect.
30. Opinion of Nicholas Ferrar, Esq., Counsel to the Lessee, the Sublessee, the Individual Guarantor and the Corporate Guarantors.

Miscellaneous

31. First Mortgage, dated September 6, 2006, from the Lessee, as Mortgagor, and the Agency, to HSBC Bank USA, National Association (“HSBC”) and copy of corresponding promissory note from the Lessee to HSBC.
32. Bridge Mortgage, dated September 6, 2006, from the Lessee, as Mortgagor, and the Agency, to HSBC and copy of corresponding promissory note from the Lessee to HSBC
33. Copy of Sales Tax Letter.
34. Memorandum of Closing.

LEASE AGREEMENT

Dated as of September 1, 2006

by and between

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

and

MGC REALTY, INC.

2006 Meurice Garment Care of Manhasset, Inc. Project

Affecting the Land generally known by the street address
535 Manida Street, Bronx, New York 10474
Section 10, Block 2768 and Lot 253

in the County of Bronx,
City and State of New York
as more particularly described in
Exhibit A to this Lease Agreement
on the Official Tax Map of Bronx County

Record and Return to:
Hawkins Delafield & Wood LLP
One Chase Manhattan Plaza
New York, New York 10005
Attention: Arthur M. Cohen, Esq.

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LEASE AGREEMENT

This **LEASE AGREEMENT**, made and entered into as of September 1, 2006 (this "**Agreement**"), by and between **NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY**, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, duly organized and existing under the laws of the State of New York (the "**Agency**"), having its principal office at 110 William Street, New York, New York 10038, party of the first part, and **MGC REALTY, INC.**, a corporation organized and existing under the laws of the State of New York (the "**Lessee**"), having its principal office at 535 Manida Street, Bronx, New York 10474, party of the second part;

WITNESSETH:

WHEREAS, the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "**Enabling Act**"), authorizes and provides for the creation of industrial development agencies in the several counties, cities, villages and towns in the State of New York (the "**State**") and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and furnish land, any building or other improvement, and all real and personal properties, including but not limited to machinery and equipment, deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, industrial or civic purposes, to the end that such agencies may be able to promote, develop, encourage, assist and advance the job opportunities, health, general prosperity and economic welfare of the people of the State and to improve their prosperity and standard of living; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act, the Agency was established by Chapter 1082 of the 1974 Laws of New York, as amended (together with the Enabling Act, the "**Act**"), for the benefit of The City of New York (the "**City**") and the inhabitants thereof; and

WHEREAS, to accomplish the purposes of the Act, the Agency has entered into negotiations with the Lessee and Meurice Garment Care of Manhasset, Inc., a New York corporation (the "**Sublessee**"), for a commercial "project" within the meaning of the Act within the territorial boundaries of the City and located on those certain lots, pieces or parcels of land in Section 10, Block 2768 and Lot 253, generally known as and by the street address 535 Manida Street, Bronx, New York 10474 (the "**Land**") and otherwise described in Exhibit A — "Description of Land" — attached hereto and made a part hereof; and

WHEREAS, the project will consist of the acquisition, construction and equipping of a commercial facility (the "**Facility**"), consisting of the acquisition of an approximately 12,500 square foot parcel of land located at 535 Manida Street, Bronx, New York and the construction and equipping of an approximately 12,500 square foot building thereon, all for use as a dry cleaning processing plant (the "**Project**"); and

WHEREAS, to facilitate the Project, the Agency, the Lessee and the Sublessee have entered into negotiations to enter into a "straight-lease transaction" within the meaning of the Act pursuant to the Agency's Small Industry Incentive Program in which (i) the Lessee will lease the Facility Realty to the Agency pursuant to a certain Company Lease Agreement, dated as of even date herewith, between the Lessee and the Agency (the "**Company Lease**"), (ii) the Agency shall sublease its interest in the Facility Realty to the Lessee pursuant to this Agreement, and (iii) the Lessee will sub-sublease its interest in the Facility Realty to the Sublessee pursuant to a certain Sublease Agreement, dated as of even date herewith, between the Lessee and the Sublessee (the "**Sublease Agreement**"), and, in furtherance of such purposes, the Agency adopted resolutions on December 13, 2005 and on March 14, 2006 (collectively, the "**Authorizing Resolution**"), authorizing the undertaking of the Project, the acquisition, construction and equipping of the Facility, the lease of the Facility Realty by the Lessee to the Agency, the sublease of the Facility Realty by the Agency to the Lessee, and the sub-sublease of the Facility Realty by the Lessee to the Sublessee; and

WHEREAS, the provision by the Agency of financial assistance to the Lessee and the Sublessee through a straight-lease transaction has been determined to be necessary to induce the Sublessee to remain and expand its operations within the City and not otherwise relocate the same outside of the City; and if the Agency does not provide such financial assistance, the Sublessee could not feasibly proceed with the Project; and

WHEREAS, the cost of the Project is being financed in part through (i) a loan in the principal amount of \$1,075,000 to be made by HSBC Bank USA, National Association (the "**First Mortgagee**") to the Lessee (the "**First Mortgage Loan**"), (ii) a loan in the principal amount of up to \$866,000 to be made by Empire State Certified Development Corporation (the "**Second Mortgagee**") to the Lessee (the "**Second Mortgage Loan**"), (iii) a loan in the principal amount of \$300,000 to be made by the First Mortgagee to the Sublessee (the "**Bank Loan**") for equipment, (iv) a loan in the principal amount of \$150,000 to be made by Statewide Zone Capital Corporation ("**SZCC**") to the Sublessee (the "**Statewide Loan**"), and (v) equity furnished by the Lessee and/or the Sublessee and/or the proceeds of additional lending; and

WHEREAS, in order to evidence its obligation to repay the First Mortgage Loan, the Lessee will issue to the First Mortgagee a certain mortgage note (the "**First Mortgage Note**"), dated September 6, 2006 (the "**Commencement Date**"), in the principal amount of the First Mortgage Loan; and

WHEREAS, in order to secure the obligations of the Lessee to the First Mortgagee under the First Mortgage Note, the Lessee and the Agency will grant a first mortgage on the Facility to the First Mortgagee, subject to permitted encumbrances thereon, pursuant to a certain mortgage and security agreement, dated the Commencement Date (the "**First Mortgage**"), from the Lessee and the Agency to the First Mortgagee; and

WHEREAS, in order to evidence its obligation to repay the Second Mortgage Loan, the Lessee will issue to the Second Mortgagee a certain mortgage note, dated the Commencement Date (the "**Second Mortgage Note**") in the principal amount of the Second Mortgage Loan; and

WHEREAS, in order to secure the obligations of the Lessee to the Second Mortgagee under the Second Mortgage Note, Lessee will grant a second mortgage on the Facility to the Second Mortgagee, subject to permitted encumbrances thereon, pursuant to a mortgage and security agreement, dated the Commencement Date (the "**Second Mortgage**"), from the Lessee to the Second Mortgagee; and

WHEREAS, the proceeds of the Second Mortgage Loan will not be available to the Lessee on the Commencement Date; and

WHEREAS, in order to provide bridge financing for a portion of the anticipated proceeds of the Second Mortgage Loan, the First Mortgagee has agreed to make an advance to the Lessee in the amount of \$866,000 on the Commencement Date (the "**Bridge Loan**"); and

WHEREAS, the Bridge Loan is to be evidenced by a certain mortgage note, dated the Commencement Date (the "**Bridge Loan Mortgage Note**"), and secured by a certain mortgage and security agreement, dated the Commencement Date (the "**Bridge Loan Mortgage**"), from the Agency and the Lessee to the First Mortgagee; and

WHEREAS, the Second Mortgage Loan will be made for the benefit of the Lessee, and the Lessee will pay to the First Mortgagee from the proceeds of the Second Mortgage Loan all amounts owing under the Bridge Loan, and the Bridge Loan Mortgage will be satisfied in full; and

WHEREAS, simultaneously with the execution and delivery of this Agreement, the Lessee will lease the Facility Realty to the Agency pursuant to the Company Lease, subject to Permitted Encumbrances, and all rights or interests therein or appertaining thereto, together with all structures, buildings, foundations, related facilities, fixtures and other improvements existing thereon or therein; and

WHEREAS, pursuant to this Agreement, the Agency will sublease the Facility Realty to the Lessee; and

WHEREAS, pursuant to Section 4.3 of this Agreement, the Lessee has agreed to make certain payments in lieu of real estate taxes with respect to the Land and the Improvements;

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided that in the performance of the agreements of the Agency herein contained, any obligation it may incur for the payment of money shall not subject the Agency to any pecuniary or other liability or create a debt of the State or of the City, and neither the State nor the City shall be liable on any obligation so incurred, but any such obligation shall be payable solely out of the lease rentals, revenues and receipts derived from or in connection with the Facility, including moneys received under this Agreement):

ARTICLE I

DEFINITIONS AND REPRESENTATIONS

Section 1.1. Definitions. The following terms shall have the following meanings in this Agreement:

Act shall mean, collectively, the New York State Industrial Development Agency Act (constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York), as amended, and Chapter 1082 of the 1974 Laws of New York, as amended.

Additional Rent shall mean any additional rental payments described in Section 3.3(b) of this Agreement.

An **Affiliate** of a Person shall mean a Person that directly or indirectly through one or more intermediaries controls, or is under common control with, or is controlled by, such Person. The term "control" (including the related terms "controlled by" and "under common control with") means (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and (ii) the ownership, either directly or indirectly, of at least 51% of the voting stock or other equity interest of such Person.

Agency shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

Agreement shall mean this Lease Agreement, dated as of September 1, 2006, between the Agency and the Lessee, and shall include any and all amendments hereof and supplements hereto hereafter made in conformity herewith.

Approved Facility shall mean the commercial facility located at 535 Manida Street, Bronx, New York 10474, for use as a dry cleaning processing plant.

Authorized Representative shall mean, (i) in the case of the Agency, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs of the Agency, or any other officer or employee of the Agency who is authorized to perform specific acts or to discharge specific duties, (ii) in the case of the Lessee, the President or Officer or any member or any other employee who is authorized to perform specific duties hereunder and of whom another Authorized Representative of the Lessee has given written notice to the Agency, (iii) in the case of the Sublessee, the Chairperson, Vice Chairperson, President, Treasurer and any Vice President or any other employee of the Sublessee who is authorized to perform specific duties hereunder and of whom another Authorized Representative of the Sublessee has given written notice to the Agency, (iv) in the case of either Corporate Guarantor, the Chairperson, Vice Chairperson, President, Treasurer and any Vice President or

any other employee of such Corporate Guarantor who is authorized to perform specific duties hereunder and of whom another Authorized Representative of the Corporate Guarantor has given written notice to the Agency and (v) in the case of the Individual Guarantor, the Individual Guarantor; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of this Agreement or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Bank Loan shall mean the loan by the First Mortgagee to the Lessee in the amount of \$150,000, in connection with the Project.

Base Rent shall mean the rental payment described in Section 3.3(a) of this Agreement.

Bridge Loan shall mean the loan by the First Mortgagee to the Lessee in the amount of \$866,000, representing the principal amount of the Bridge Loan Mortgage, in connection with the Project.

Bridge Loan Mortgage shall mean the Bridge Loan Mortgage referred to in the recitals to this Agreement and shall include any and all amendments, modifications and extensions thereof and supplements thereto hereafter made in conformity therewith.

Bridge Loan Mortgage Note shall mean the Bridge Loan Mortgage Note referred to in the recitals to this Agreement and shall include any and all amendments thereof and supplements thereto hereafter made in conformity with the Bridge Loan Mortgage.

Business Day shall mean any day that shall not be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close.

City shall mean The City of New York, New York.

Commencement Date shall mean September 6, 2006, on which date this Agreement was delivered.

Company Lease shall mean that certain Company Lease Agreement, dated as of even date herewith, between the Lessee, as landlord, and the Agency, as tenant, as the same may be amended and supplemented in accordance with its terms and as permitted by the terms thereof.

Completion Date shall mean August 31, 2007.

Corporate Guarantors shall mean, collectively, Magoo's Crew, Inc. a corporation organized and existing under the laws of the State of New York and Natsac, Inc. a corporation organized and existing under the laws of the State of New York and their permitted successors and assigns.

Event of Default shall have the meaning specified in Section 7.1 hereof.

Exempt Property shall mean only the materials to be used with respect to the acquisition of a leasehold interest in the Facility and the renovation and equipping of the Facility in connection with the Project, on or before the date of completion of the Project (as evidenced in accordance with Section 2.2 hereof) for incorporation in the Facility or for use in connection with the Facility.

Expiration Date shall mean June 30, 2032.

Facility shall mean, collectively, the Facility Realty and the Facility Equipment.

Facility Equipment shall mean those items of equipment the title to which shall be acquired by or on behalf of the Agency for installation or use at the Facility Realty as part of the Project pursuant to Section 2.2 of this Agreement and described in the Description of Facility Equipment and otherwise described in Exhibit B in the Appendices attached hereto and made a part hereof, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Equipment shall, in accordance with the provisions of Sections 4.2 and 5.1 hereof, include all property substituted for or replacing items of Facility Equipment and exclude all items of Facility Equipment so substituted for or replaced, and further exclude all items of Facility Equipment removed as provided in Section 4.2 hereof.

Facility Realty shall mean, collectively, the Land and the Improvements.

Final Project Cost Budget shall mean that certain budget of costs paid or incurred for the Project to be submitted by the Lessee pursuant to Section 2.2 hereof upon completion of the Project, which budget will include a comparison with the Project Cost Budget, and indicate the source of funds (i.e., borrowed funds, equity, etc.) for each cost item.

First Mortgage shall mean the First Mortgage referred to in the recitals to this Agreement and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith.

First Mortgagee shall mean HSBC Bank USA, National Association, a national banking association organized and existing under the laws of the United States, and its successors and assigns under the First Mortgage.

First Mortgage Loan shall mean the loan by the First Mortgagee to the Lessee in the amount of \$1,075,000, representing the principal amount of the First Mortgage, in connection with the Project.

First Mortgage Note shall mean the First Mortgage Note referred to in the recitals to this Agreement and shall include any and all amendments thereof and supplements thereto hereafter made in conformity with the First Mortgage.

Fiscal Year of the Lessee shall mean a year of 365 or 366 days, as the case may be, commencing on January 1 and ending on December 31 of each calendar year, or such other

fiscal year of similar length used by the Lessee for accounting purposes as to which the Lessee shall have given prior written notice thereof to the Agency at least ninety (90) days prior to the commencement thereof.

Guarantors shall mean, collectively, the Lessee, the Sublessee, the Corporate Guarantors and the Individual Guarantor, and their respective permitted estates, successors and assigns.

Guaranty Agreement shall mean the Guaranty Agreement, dated as of even date herewith, from the Guarantors to the Agency, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith.

Improvements shall mean all buildings, structures, foundations, related facilities, fixtures and other improvements existing on the Commencement Date or at any time made, erected or situated on the Land (including any improvements made as part of the Project pursuant to Section 2.2 hereof) and all replacements, improvements, extensions, substitutions, restorations, repairs or additions thereto.

Individual Guarantor shall mean, Wayne Edelman and his estate, administrators, successors and assigns.

Independent Accountant shall mean an independent certified public accountant or firm of independent certified public accountants selected by the Lessee and approved by the Agency (such approval not to be unreasonably withheld or delayed).

Land shall mean those certain lots, pieces or parcels of land in Section 10, Block 2768 and Lot 253, generally known by the street address 535 Manida Street, Bronx, New York 10474, all as more particularly described in Exhibit A - "Description of the Land" hereto, which is made a part hereof, together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 6.4 hereof.

Legal Requirements shall mean the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including but not limited to zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wages, and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Lessee or the Sublessee, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

Lessee shall mean MGC Realty, Inc., a New York corporation, and its permitted successors and assigns pursuant to Section 6.1 or 9.3 hereof.

Lessee's Property shall have the meaning specified in Section 4.1(c) hereof.

Liens shall have the meaning specified in Section 6.5(a) hereof.

Loss Event shall have the meaning specified in Section 5.1(a) hereof.

Loans shall mean, collectively, the First Mortgage Loan, the Bridge Loan, the Second Mortgage Loan, the Statewide Loan and the Bank Loan.

Loss Event shall have the meaning specified in Section 5.1(a) hereof.

Mortgagees shall mean, collectively, the First Mortgagee and the Second Mortgagee and their respective successors and assigns pursuant to their respective Mortgages.

Mortgage Notes shall mean, collectively, the First Mortgage Note, the Bridge Mortgage Note and the Second Mortgage Note and shall include any and all amendments thereof and supplements thereto hereafter made in conformity with the respective Loans.

Mortgages shall mean, collectively, the First Mortgage, the Bridge Loan Mortgage and the Second Mortgage and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith.

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Agency or the Mortgagees) incurred in the collection thereof.

Notes shall mean, collectively, the First Mortgage Note, the Bridge Mortgage Note and the Second Mortgage Note and shall include any and all amendments thereof and supplements thereto hereafter made in conformity with the respective Loans.

Opinion of Counsel shall mean a written opinion of counsel for the Lessee who shall be reasonably acceptable to the Agency.

Permitted Encumbrances shall mean:

(i) this Agreement, the Company Lease, the Sublease Agreement, and if delivered, the Mortgages;

(ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', carriers', suppliers' or vendors' Lien or right in respect thereof if payment is not yet due and payable, all if and to the extent permitted by Section 6.5 hereof;

(iv) any lien, security interest, encumbrance or charge, or any conditional sale or other title retention agreement, that any vendor of Facility property or any contractor hired to perform Project work may place on or with respect to the Facility or any part thereof;

(v) utility, access and other easements and rights-of-way, restrictions and exceptions that an Authorized Representative of the Lessee certifies to the Agency will not materially interfere with or impair the Sublessee' use and enjoyment of the Facility as herein provided;

(vi) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to property similar in character to the Facility as do not, as set forth in a certificate of an Authorized Representative of the Lessee delivered to the Agency, either singly or in the aggregate, render title to the Facility unmarketable or materially impair the property affected thereby for the purpose for which it was acquired and held by the Agency hereunder or purport to impose liabilities or obligations on the Agency; and

(vii) those exceptions to title to the Facility Realty enumerated in the title insurance policy delivered pursuant to Section 2.3 hereof insuring the leasehold interest of the Agency in the Facility Realty, a copy of which is on file at the offices of the Agency.

Person shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, general partnership, limited liability company or government or any agency or political subdivision thereof or other entity.

PILOT Commencement Date shall mean July 1, 2007.

PILOT Depository shall mean The Bank of New York, a banking corporation organized and existing under the laws of the State of New York, or its successors.

Prohibited Person shall mean (i) any Person (A) that is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Agency or the City, or (B) that directly or indirectly controls, is controlled by, or is under common control with a Person that is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Agency or the City, unless such default or breach has been waived in writing by the Agency or the City, as the case may be, and (ii) any Person (A) that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or (B) that directly or indirectly controls, is controlled by, or is under common control with a Person that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure.

Project shall have the meaning ascribed thereto in the recitals hereto.

Project Cost Budget shall mean that certain budget for costs of the Project as set forth by the Lessee in Exhibit C — "Project Cost Budget" — attached to this Agreement.

Project Counsel shall mean Hawkins Delafield & Wood LLP or such other attorneys that are recognized for their expertise in municipal finance law and are selected by the

Agency to render legal advice to the Agency in connection with the transactions contemplated by this Agreement.

Project Documents shall mean the Company Lease, this Agreement, the Sales Tax Letter, the Sublease Agreement, the Guaranty Agreement, the Mortgages and the Mortgage Notes.

Rental Payments shall mean, collectively, Base Rent and Additional Rent.

Sales Taxes shall mean City and State sales and/or compensating use taxes imposed pursuant to Sections 1105, 1107, 1109, and 1110 of the New York State Tax Law, as each of the same may be from time to time (including any successor provisions to such statutory sections).

Sales Tax Letter shall mean the Letter of Authorization for Sales Tax Exemption, substantially in the form set forth in the appendices to this Agreement and to be delivered pursuant to Section 2.4(c) of this Agreement on the Commencement Date.

Second Mortgage shall mean the Second Mortgage referred to in the recitals to this Agreement and shall include any and all amendments, modifications and extensions thereof and supplements thereto hereafter made in conformity therewith.

Second Mortgagee shall mean Empire State Certified Development Corporation, a corporation organized and existing under the laws of the State of New York, and its successors and assigns under the Second Mortgage.

Second Mortgage Loan shall mean the loan by the Second Mortgagee to the Lessee in the amount of up to \$866,000, representing the principal amount of the Second Mortgage, in connection with the Project.

Second Mortgage Note shall mean the Second Mortgage Note referred to in the recitals to this Agreement and shall include any and all amendments thereof and supplements thereto hereafter made in conformity with the Second Mortgage.

State shall mean the State of New York.

Sublease Agreement shall mean that certain Sublease Agreement, dated as of even date herewith, between the Lessee, as sublessor, and the Sublessee, as Sublessee, as the same may be amended and supplemented in accordance with its terms and as permitted by the terms thereof.

Sublessee shall mean Meurice Garment Care of Manhasset, Inc., a corporation organized and existing under the laws of the State of New York, and its respective permitted successors and assigns under the Sublease Agreement.

SZCC shall mean Statewide Zone Capital Corporation, a corporation organized and existing under the laws of the State of New York, and its successors and assigns under the Security Agreement.

Termination Date shall mean such date on which this Agreement may terminate pursuant to its terms and conditions prior to the Expiration Date.

Section 1.2. Construction. In this Agreement, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the Commencement Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

Section 1.3. Representations and Warranties by Agency. The Agency represents and warrants that the Agency (i) is a corporate governmental agency constituting a body corporate and politic and a public benefit corporation duly organized and existing under the laws of the State, (ii) assuming the accuracy of the representations made by the Lessee and by the Sublessee, is authorized and empowered to enter into the transactions contemplated by this Agreement and any other Project Documents to which the Agency is a party and to carry out its obligations hereunder and thereunder and (iii) by proper action of its board of directors, has duly authorized the execution and delivery of this Agreement and such other Project Documents to which the Agency is a party.

Section 1.4. Findings by Agency. The Agency, based upon the representations and warranties of the Lessee contained in this Agreement and the information contained in the application and other materials heretofore submitted by or on behalf of the Lessee or by or on behalf of the Sublessee to the Agency, hereby affirms its findings and determinations set forth in the Authorizing Resolution, and further finds and determines, that:

(i) the providing of financial assistance (within the meaning of the Act) through the straight-lease transaction (within the meaning of the Act) contemplated by this Agreement is necessary to induce the Lessee and the Sublessee to proceed with the Project;

(ii) the Project is reasonably necessary to induce the Sublessee to remain and expand its operations within the City;

(iii) the Project is reasonably necessary to encourage the Sublessee to remain in the State and to preserve its competitive position in the industry;

(iv) the transactions contemplated by this Agreement shall not provide financial assistance in respect of any project where facilities or property that are primarily used in making retail sales (within the meaning of the Act) of goods or services to customers who personally visit such facilities constitute more than one-third of the total project costs.

Section 1.5. Representations and Warranties by the Lessee. The Lessee makes the following representations and warranties:

(a) The Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State, is not in violation of any provision of its bylaws or its certificate of incorporation, has the power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is or shall be a party

(b) The execution, delivery and performance of this Agreement and each other Project Document to which the Lessee is or shall be a party and the consummation of the transactions herein and therein contemplated will not violate any provision of law, any order of any court or agency of government, or the certificate of incorporation or by-laws of the Lessee, or any indenture, agreement or other instrument to which the Lessee is a party or by which it or any of its property is subject to or bound, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances

(c) There is no action or proceeding pending or, to the best of the Lessee's knowledge, after diligent inquiry, threatened by or against the Lessee by or before any court or administrative agency that would adversely affect the ability of the Lessee to perform its obligations under this Agreement and each other Project Document to which it is or shall be a party, and all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Lessee as of the date hereof in connection with the execution and delivery of this Agreement and each other Project Document to which the Lessee shall be a party or in connection with the performance of the obligations of the Lessee hereunder and under each of the Project Documents have been obtained.

(d) The Facility will constitute a "project" under the Act, and the Lessee intends to operate the Facility, or cause the Facility to be operated, in accordance with this Agreement and as an Approved Facility and a qualified "project" in accordance with and as defined under the Act.

(e) The financial assistance (within the meaning of the Act) provided by the Agency to the Lessee and the Sublessee through the straight-lease transaction (within the meaning of the Act) as contemplated by this Agreement is necessary to induce the Lessee to proceed with the Project.

(f) Subject to Sections 4.2 and 5.1 hereof, no property constituting part of the Facility shall be located at any site other than at the Facility Realty.

(g) The transactions contemplated by this Agreement are necessary for the Lessee and the Sublessee to remain in the State and to preserve its competitive position in the industry.

(h) The transactions contemplated by this Agreement shall not provide financial assistance in respect of any project where facilities or property that are primarily used in making retail sales (within the meaning of the Act) of goods or services to customers who personally visit such facilities constitute more than one-third of the total project costs.

(i) Undertaking the Project is anticipated to serve the public purposes of the Act by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State.

(j) No funds of the Agency shall be used in connection with the transactions contemplated by this Agreement for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promoting materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given hereunder to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State.

(k) This Agreement and the other Project Documents constitute the legal, valid and binding obligations of the Lessee enforceable against the Lessee in accordance with their respective terms.

(l) The Lessee and the Sublessee are in compliance, and will continue to comply, with all Federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality applicable to the Project and the operation of the Facility.

(m) The Notes evidence the obligation of the Lessee to repay the Loans made by the First Mortgagee and the Second Mortgagee, to the Lessee pursuant to the respective Loans for purposes of financing a portion of the cost of the Project.

(n) The Project Cost Budget attached as Exhibit C to this Agreement represents a true, correct and complete budget as of the Commencement Date of the proposed costs of the Project, and the Lessee represents and warrants that the total estimated cost of the Project is \$2,600,000 of which it is anticipated that approximately \$2,411,000 will be provided from Loans and the balance of which shall be provided from equity on the part of the Lessee and/or the Sublessee. The Lessee has no reason to believe that funds or financing sufficient to complete the Project will not be obtainable.

(o) The amounts provided to the Lessee pursuant to the Loans, together with other moneys available to the Lessee and/or the Sublessee is sufficient to pay all costs in connection with the completion of the Project.

(p) Except as permitted by Section 9.3 hereof, no Person other than the Lessee and/or the Sublessee is or will be in use, occupancy or possession of any portion of the Facility.

(q) The Project will be designed, and the operation of the Facility will be, in compliance with all applicable Federal, State and local laws or ordinances (including rules and regulations) relating to safety and environmental quality.

(r) Neither the Lessee nor any Affiliate thereof is a Prohibited Person.

(s) The rentable square footage of the Improvements constituting part of the Facility Realty is approximately 12,500 rentable square feet.

(t) The aggregate square footage of the Land is approximately 12,500 square feet.

(u) The fiscal year of the Lessee is the 365 or 366 day period, as the case may be, commencing on January 1, and ending on December 31 of each calendar year.

(v) Pursuant to the Company Lease, the Lessee has vested the Agency with a valid leasehold estate in the Facility Realty.

(w) All of the Land comprises one or more whole tax lots and no portion of any single tax lot.

ARTICLE II

CONVEYANCE TO THE AGENCY; THE PROJECT; AND TITLE INSURANCE

Section 2.1. The Company Lease. Pursuant to the Company Lease, the Lessee has leased to the Agency the Land, and all rights or interests therein or appertaining thereto, together with all structures, buildings, foundations, related facilities, fixtures and other improvements existing thereon or therein as of the date thereof, free and clear of all liens, claims, charges, encumbrances, security interests and servitudes other than Permitted Encumbrances. It is understood that (i) a valid leasehold interest in all Improvements intended to be incorporated or installed in the Facility Realty as part of the Project, also as part of the Project, shall vest, in each case, in the Agency immediately upon delivery to or installation or incorporation into the Facility Realty or payment therefor, whichever shall occur first, and (ii) the Lessee shall take all action necessary to so vest a valid leasehold interest in such Improvements in the Agency and to protect such leasehold interest and title claims against claims of any third parties.

Section 2.2. The Project. (a) The Agency hereby appoints the Lessee its true and lawful agent, and the Lessee hereby accepts such agency for purposes of undertaking the Project, including, without limitation, (i) constructing and installing the Improvements on the Land, (ii) making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other Persons (subject in each case to Section 2.4 hereof), and in general doing all things which may be requisite or proper, all for the purposes of undertaking the Project with the same powers and with the same validity and effect as the Agency could do if acting in its own behalf, (iii) paying all fees, costs and expenses incurred in the acquisition, construction, improvement and equipping of the Facility from funds made available therefor in accordance with or as contemplated by this Agreement and the Loans, and (iv) asking, demanding, suing for, levying, recovering and receiving all such sums of money, debts due and other demands whatsoever that may be due, owing and payable to the Agency under the terms of any contract, order, receipt or writing in connection with the Project and to enforce the provisions of any contract, agreement, obligation, bond or other performance security entered into or obtained in connection with the Project. The Lessee unconditionally represents, warrants, covenants and agrees that it will complete the Project, or cause the Project to be completed, by the Completion Date, in a first class workerlike manner, free of defects in materials and workmanship (including latent defects); **provided, however**, the Lessee may revise the scope of the Project, subject to the prior written consent of the Agency (which consent shall not be unreasonably withheld, delayed or conditioned). In undertaking the Project, the Lessee, as agent of the Agency, shall take such action and institute such proceedings as shall be necessary to cause and require all contractors, manufacturers and suppliers to complete their agreements relating to the Project in accordance with the terms of the contracts therefor including, without limitation, the correction of any defective work. The cost of the Project shall be financed from (i) the Loans, and (ii) equity furnished by the Lessee and/or the Sublessee to the extent such funds shall be necessary to cover costs of the Project that exceed such other sources of funds. In the event moneys derived from such other sources are not sufficient to pay the costs necessary to complete the Project in full, the Lessee shall pay or cause to be paid that portion of such costs of the Project as may be in excess of the moneys derived from such sources and shall not be entitled

to any reimbursement therefor from the Agency, nor shall the Lessee be entitled to any diminution of the Rental Payments to be made under this Agreement.

(b) The Lessee shall pay (i) all of the costs and expenses in connection with the preparation of any instruments of conveyance, the delivery thereof and of any instruments and documents relating thereto and the filing and recording of any such instruments of conveyance or other instruments or documents, if required, (ii) all taxes and charges payable in connection with the vesting with the Agency of a leasehold estate in the Facility Realty or attributable to periods prior to such vesting, as set forth in Section 2.1 hereof, and (iii) all shipping and delivery charges and other expenses or claims incurred in connection with the Project.

(c) The Lessee unconditionally represents, warrants, covenants and agrees that it will obtain or cause to be obtained all necessary approvals from any and all governmental agencies requisite to the Project and operation of the Facility, all of which will be done in compliance with all Federal, State and local laws, ordinances and regulations applicable thereto, and with the conditions and requirements of all policies of insurance with respect to the Facility and this Agreement. Promptly upon completion of the Project, the Lessee will obtain or cause to be obtained all required occupancy permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility for the purposes contemplated by this Agreement and shall furnish copies of same to the Agency immediately upon receipt thereof.

(d) Upon completion of the Project, the Lessee shall evidence completion of the Project by delivering to the Agency a certificate of an Authorized Representative of the Lessee in substantially the form set forth in Schedule A attached hereto, together with all attachments required thereunder.

Upon request by the Agency, the Lessee shall make available to the Agency copies of any bills, invoices or other evidences of costs as shall have been incurred in the effectuation of the Project.

In the event that the aggregate costs of the Project upon the completion thereof shall be significantly different from the estimated costs thereof set forth in the Project Cost Budget (i.e., more than a ten percent (10%) difference in either total Project costs or in major categories of Project cost), on request of the Agency, the Lessee shall provide evidence to the reasonable satisfaction of the Agency as to the reason for such discrepancy, and that the scope of the Project as originally approved by the Agency has not been modified in a material manner without the prior written consent of the Agency.

Section 2.3. Leasehold Title Insurance. On or prior to the Commencement Date, the Lessee will obtain and deliver to the Agency (a) a leasehold title insurance policy in an amount not less than \$500,000 insuring the Agency's leasehold interest under the Company Lease in each of the Land and the Improvements against loss as a result of defects in title, subject only to Permitted Encumbrances, and (b) a current survey of each of the Land and the Improvements certified to the Lessee, the title company issuing such title insurance policy and the Agency. Any proceeds of such leasehold title insurance shall be paid to the Lessee and

applied by the Lessee to remedy the applicable defect in title in respect of which such proceeds shall be derived. If not so capable of being applied or if a balance remains after such application, the proceeds or the remaining balance of proceeds, as the case may be, derived from any such title insurance policy insuring the Agency's leasehold interest shall be applied to the payment of any Rental Payments due hereunder; and any balance thereafter may be used by the Lessee for its authorized purpose.

Section 2.4. Limitation on Sales Tax Exemption. (a) Any exemption from Sales Taxes resulting from or occasioned by the Agency's involvement with the Project shall be limited to purchases of Exempt Property effected by the Lessee as agent for the Agency, it being the intent of the parties hereto that no operating expenses of the Lessee and no purchases of other personal property (other than Exempt Property) shall be subject to an exemption from Sales Taxes because of the Agency's involvement with the Project.

(b) The Lessee covenants and agrees that it shall include the following language (through an attached rider or otherwise) in and as part of each contract, agreement, invoice, bill or purchase order entered into by the Lessee as agent for the Agency in connection with the Project:

"This [contract, agreement, invoice, bill or purchase order] is being entered into by MGC Realty, Inc., a New York corporation (the "Agent"), as agent for and on behalf of the New York City Industrial Development Agency (the "Agency") in connection with a certain project of the Agency for the Agent being the acquisition, construction and equipping of a commercial facility (the "Facility"), consisting of the acquisition of an approximately 12,500 square foot parcel of land located at 535 Manida Street, Bronx, New York and the construction and equipping of an approximately 12,500 square foot building thereon, all for use as a dry cleaning processing plant (the "Project"). The building materials and fixtures (excluding trade fixtures), capital improvements, equipment and other personal property to be used for the Project which are the subject of this [contract, agreement, invoice, bill or purchase order] shall be exempt from the sales and use tax levied by the State of New York and The City of New York if purchased and used in accordance with the terms and conditions set forth in the attached Sales Tax Letter of the Agency, and the Agent hereby represents that this [contract, agreement, invoice, bill or purchase order] is in compliance with the terms of the Sales Tax Letter. This [contract, agreement, invoice, bill or purchase order] is nonrecourse to the Agency, and the Agency shall not be directly or indirectly or contingently liable or obligated hereunder in any manner or to any extent whatsoever, and the Agent shall be the sole party liable hereunder. By execution or acceptance of this [contract, agreement, invoice, bill or purchase order], the [vendor or contractor] hereby acknowledges and agrees to the terms and conditions set forth in this paragraph."

If the Lessee shall fail to include, incorporate by reference or otherwise cause the contract, agreement, invoice, bill or purchase order to be, together with the vendor or contractor, subject to the above applicable language in substantially the above form, such contract, agreement, invoice, bill or purchase order shall not be an undertaking on behalf of the Agency and shall not be entitled to any of the Benefits (as defined in Section 8.5 hereof) that the Agency can confer, and the Lessee shall not claim any sales or use tax benefits or exemptions with respect to any such contract, agreement, invoice, bill or purchase order and the Lessee shall return to the Agency any such benefits or exemptions so taken, together with interest on such amount at the rate of eighteen percent (18%) per annum, from the date of such taking.

(c) On the Commencement Date, the Agency shall make the Sales Tax Letter available to the Lessee. The Agency, at the sole cost and expense of the Lessee, shall also execute such other authorizations, letters and documents (and such amendments to the Sales Tax Letter) as may be reasonably necessary to permit the Lessee to obtain the intended benefits hereunder. Subject to the terms of this Agreement, it is intended that the aggregate scope of the sales and use tax benefits received by the Lessee pursuant to this Agreement and the Sales Tax Letter shall be limited in both duration and amount as follows:

(i) The Sales Tax Letter shall be dated the Commencement Date and shall be effective for a term commencing on its date and expiring upon the earliest of (1) the termination of this Agreement, (2) the Completion Date, (3) the completion of the Project as provided in Section 2.2 hereof, or (4) the termination of the Sales Tax Letter pursuant to Section 7.2 hereof.

(ii) The authorizations set forth in the Sales Tax Letter shall automatically be suspended twenty (20) days after notice to the Lessee that the Lessee shall be in default under this Agreement until the Lessee shall pay any amounts due, and perform all of its obligations, with respect to any such default.

(iii) The sales and use tax exemption to be provided pursuant to the Sales Tax Letter

(A) shall not be available for any items of personalty or payment of any costs other than the costs of the Exempt Property,

(B) shall only be utilized for items of Exempt Property which shall be purchased, completed or installed for use only by the Lessee and the Sublessee at the Facility Realty (and not with any intention to sell, transfer or otherwise dispose of any such items of Exempt Property to a Person as shall not constitute the Lessee or the Sublessee), it being the intention of the Agency and the Lessee that the sales and use tax exemption shall not be made available with respect to any item of Exempt Property unless such item is used solely by the Lessee and by the Sublessee at the Facility Realty,

(C) shall not be available for any date after the Sales Tax Letter shall have been suspended as provided in Section 2.4(c)(ii) hereof; provided, however, that in the event the Lessee shall thereafter cure any defaults under this

Agreement, or the Agency shall thereafter waive such suspension, as applicable, the sales and use tax exemption shall again continue from the date of such cure or such waiver,

(D) shall not be available for or with respect to any item of rolling stock or water craft, or tangible personal property having a useful life of less than one year, and shall be available only if purchased by the Lessee as agent for the Agency for use by the Lessee or the Sublessee at the Facility,

(E) shall not be available for any item the acquisition or leasing of which would otherwise be exempt from Sales Taxes absent the involvement by the Agency,

(F) shall not be available for any cost of utilities, cleaning service or supplies,

(G) shall not be available subsequent to the termination of this Agreement or of the Agency's interest in the Facility, and

(H) shall only be available for those costs set forth in the Sales Tax Letter.

(iv) In the event that the Lessee shall utilize the sales or use tax exemption authorization provided pursuant to the Sales Tax Letter in violation of the provisions of Section 2.4(c)(iii) hereof, the Lessee shall promptly deliver notice of same to the Agency, and the Lessee shall, upon demand by the Agency, pay to the Agency a return of sales or use tax exemptions in an amount equal to all such unauthorized sales or use tax exemptions together with interest at the rate of eighteen percent (18%) per annum from the date and with respect to the dollar amount for which each such unauthorized sales or use tax exemption was availed of by the Lessee.

(v) Upon request by the Agency with reasonable notice to the Lessee, the Lessee shall make available at reasonable times to the Agency and the Independent Accountant all such books and records of the Lessee and require all appropriate officers and employees of the Lessee to respond to reasonable inquiries by the Agency and the Independent Accountant, as shall be necessary to indicate in reasonable detail those costs for which the Lessee shall have utilized the Sales Tax Letter and the dates and amounts so utilized.

(d) The Lessee shall observe and comply with the terms and conditions of the Sales Tax Letter, and upon the termination, expiration or cancellation of the Sales Tax Letter, the Lessee shall promptly surrender the same to the Agency.

(e) If and for so long as the same shall be required by law, the Lessee shall annually (currently, by each February 28 with respect to the prior calendar year) file a statement (Form ST-340 attached hereto as Exhibit E or any successor or additional mandated form) with the New York State Department of Taxation and Finance, on a form and in a manner and consistent with such regulations as is or may be prescribed by the Commissioner of the New

York State Department of Taxation and Finance, of the value of all sales and use tax exemptions claimed by the Lessee or agents of the Lessee in connection with the Project and the Facility as required by Section 874(8) of the New York State General Municipal Law (as the same may be amended from time to time), including, but not limited to, consultants or subcontractors of such agents, under the authority granted pursuant to this Agreement. The Lessee shall furnish a copy of such annual statement to the Agency at the time of filing with the Department of Taxation and Finance. Should the Lessee fail to comply with the foregoing requirement, the Lessee shall immediately cease to be the agent for the Agency in connection with the Project (such agency relationship being deemed to be immediately revoked) without any further action of the parties, the Lessee shall be deemed to have automatically lost its authority as agent of the Agency to purchase and/or lease Exempt Property in the Agency's behalf, and shall desist immediately from all such activity, and shall immediately and without demand return to the Agency the Sales Tax Letter issued to the Lessee by the Agency that is in the Lessee's possession or in the possession of any agent of the Lessee. Nothing herein shall be construed as a representation by the Agency that any property acquired as part of the Project is or shall be exempt from sales taxes or use taxes under the laws of the State.

(f) The Lessee agrees to submit to the Agency on August 1 of each year, commencing August 1, 2007, a completed Benefits Report in the form of Schedule B attached hereto to the extent that the Lessee shall have received Sales Tax Savings during the twelve-month period ending on the June 30 immediately preceding such August 1.

ARTICLE III

LEASE OF FACILITY AND RENTAL PROVISIONS

Section 3.1. Lease of the Facility. (a) The Agency hereby subleases the Facility Realty to the Lessee, and the Lessee hereby subleases the Facility Realty from the Agency, for and during the term herein and subject to the terms and conditions herein set forth. The Agency hereby delivers to the Lessee, and the Lessee hereby accepts sole and exclusive possession of the Facility (it being understood by the parties hereto that delivery of possession to the Lessee of the Facility as the same is acquired, improved, constructed and equipped shall take no further act or deed by the parties hereto).

(b) The Lessee hereby unconditionally represents, warrants, covenants and agrees that throughout the term of this Agreement (i) the Facility will be an Approved Facility and a “project” within the meaning of the Act; (ii) the Lessee will not take any action, or suffer or permit any action, if such action would cause the Facility not to be an Approved Facility or a “project” within the meaning of the Act; and (iii) the Lessee will not fail to take any action, or suffer or permit the failure to take any action, if such failure would cause the Facility not to be an Approved Facility or a “project” within the meaning of the Act. The Lessee shall not occupy, use or operate the Facility, or allow the Facility or any part thereof to be occupied, used or operated, for any unlawful purpose or in violation of any certificate of occupancy affecting the Facility or for any use which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto.

Section 3.2. Duration of Term. The term of this Agreement shall commence on the Commencement Date and shall expire at 11:58 p.m. (New York City time) on June 30, 2032, or upon such earlier date as this Agreement may be terminated by the Agency or the Lessee as hereinafter provided.

Section 3.3. Rental Provisions. (a) Base Rent. The Lessee shall pay Base Rent to the Agency, without demand or notice, on the Commencement Date in the amount of \$1.00, which shall constitute the entire amount of Base Rent payable hereunder.

(b) Additional Rent. Throughout the term of this Agreement, the Lessee shall pay to the Agency (except as otherwise provided in Section 4.3 hereof) any additional amounts required to be paid by the Lessee to or for the account of the Agency hereunder, and any such additional amounts shall be paid as, and shall represent payment of, Additional Rent.

(c) Missed Payments. In the event the Lessee should fail to make or cause to be made any of the Rental Payments required under the foregoing provisions of this Section, the item or installment not so paid shall continue as an obligation of the Lessee until the amount not so paid has been paid in full, together with interest thereon from the date due at the applicable interest rate stated in this Agreement where so provided, or if not so provided, at eighteen percent (18%) per annum.

Section 3.4. Rental Payments Payable Absolutely Net. The obligation of the Lessee to pay Rental Payments provided for in this Agreement shall be absolutely net to the

Agency without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this Agreement shall yield, net, to the Agency, the Rental Payments provided for herein, and all costs, expenses and charges of any kind and nature relating to the Facility, arising or becoming due and payable during or after the term of this Agreement, shall be paid by the Lessee and the Agency shall be indemnified by the Lessee for, and the Lessee shall hold the Agency harmless from, any such costs, expenses and charges.

Section 3.5. Nature of Lessee's Obligation Unconditional. The Lessee's obligations under this Agreement to pay Rental Payments shall be absolute, unconditional and general obligations, and irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Agency or any other Person and the obligation of the Lessee shall arise whether or not the Project has been completed as provided in this Agreement. The Lessee will not suspend or discontinue payment of any Rental Payment due and payable hereunder or performance or observance of any covenant or agreement required on the part of the Lessee hereunder for any cause whatsoever, and the Lessee waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction in the Rental Payments hereunder.

Section 3.6. Assignment of Sublease Agreement. In order to secure the payment and performance of obligations of the Lessee under this Agreement, the Lessee does hereby assign, transfer and set over to the Agency all of the Lessee's right, title and interest in and to the Sublease Agreement, including all sublease rentals, revenues and receipts therefrom (except for those rentals payable under Section 5(d) of the Sublease Agreement), and the right to enforce all of the Lessee's rights and remedies thereunder.

The Lessee agrees not to terminate, modify or amend the Sublease Agreement or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, or to accept a surrender thereof, without the prior written consent of the Agency and any attempted termination, modification or amendment of the Sublease Agreement without such written consent shall be null and void.

In the exercise of the powers herein granted, no liability shall be asserted or enforced against the Agency, all such liability being hereby expressly waived and released by the Lessee. The Agency shall not be obligated to perform or discharge any obligation, duty or liability under the Sublease Agreement, or under or by reason of this assignment.

ARTICLE IV**MAINTENANCE, TAXES, PAYMENTS IN LIEU OF TAXES
AND INSURANCE**

Section 4.1. Maintenance, Alterations and Improvements. (a) During the term of this Agreement, the Lessee will keep the Facility in good and safe operating order and condition, ordinary wear and tear excepted, will occupy, use and operate the Facility in the manner for which it was intended and contemplated by this Agreement, and will make all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that the operations of the Lessee and the Sublessee at the Facility shall not be materially impaired or diminished in any way. All replacements, renewals and repairs shall be similar in quality, class and value to the original work and be made and installed in compliance with the requirements of all governmental bodies. The Agency shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility, to effect the replacement of any inadequate, obsolete, worn-out or unsuitable parts of the Facility, or to furnish any utilities or services for the Facility, and the Lessee hereby agrees to assume full responsibility therefor.

(b) The Lessee shall have the privilege of making such alterations of or additions to the Facility Realty or any part thereof from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that

(i) as a result of such alterations or additions, the fair market value of the Facility is not reduced below its value immediately before such alteration or addition and the usefulness, the structural integrity or operating efficiency of the Facility is not materially impaired,

(ii) such additions or alterations are effected with due diligence, in a good and workmanlike manner and in compliance with all applicable Legal Requirements,

(iii) such additions or alterations are promptly and fully paid for by the Lessee in accordance with the terms of the applicable contract(s) therefor, and in order that the Facility shall at all times be free of any mortgage, lien, charge, encumbrance, security interest or claim other than Permitted Encumbrances,

(iv) [Reserved]

(v) such additions or alterations do not change the nature of the Facility so that it would not constitute an Approved Facility and a "project" within the meaning of the Act.

All alterations of and additions to the Facility shall constitute a part of the Facility, subject to the Company Lease, this Agreement and the Sublease Agreement, and the Lessee shall deliver or cause to be delivered to the Agency appropriate documents as may be necessary to convey a leasehold interest to such property to the Agency and to subject such property to the Company

Lease, this Agreement and the Sublease Agreement, free and clear of all liens, charges, encumbrances, security interests or claims other than Permitted Encumbrances.

(c) The Lessee shall have the right to install or permit to be installed at the Facility Realty, machinery, equipment and other personal property not constituting part of the Project at the Lessee's own cost and expense (the "**Lessee's Property**") without subjecting such Lessee's Property to the Company Lease, this Agreement and the Sublease Agreement. The Lessee's Property shall not constitute part of the Facility subleased hereunder. The Agency shall not be responsible for any loss of or damage to the Lessee's Property. The Lessee shall have the right to create or permit to be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, the Lessee's Property, without the consent of or notice to the Agency.

(d) The Lessee shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against the Facility or any part thereof, or the interest of the Agency, the Lessee or the Sublessee in the Facility or the Company Lease, this Agreement or the Sublease Agreement except for Permitted Encumbrances.

(e) To the extent required by the New York State Finance Law Section 137, prior to executing any contract with any party for any improvement (as such term is defined in the New York Lien Law) in connection with the Project or the Facility or the provision of any goods or services in connection therewith, and prior to authorizing any party to undertake such improvement (or the provision of such goods and services) without an executed contract, the Lessee shall deliver to the Agency a copy of the proposed contract therefor along with a bond if any is required under this Agreement, in compliance with New York State Finance Law Section 137 and otherwise satisfactory to the Agency, guaranteeing prompt payment of monies due all persons furnishing labor or materials for the contractor or his subcontractor in the prosecution of his work provided for in such contract. The Agency shall have no liability or responsibility for the cost of such bond(s). Should the Lessee fail to comply with the foregoing requirement, the Lessee shall immediately cease to be the agent for the Agency in connection with the Project (such agency relationship being deemed to be immediately revoked).

Section 4.2. Removal of Property of the Facility. (a) The Lessee shall have the privilege from time to time of removing from the Facility any fixture constituting part of the Facility Realty or any machinery, equipment or other property (the "**Existing Facility Property**") and thereby removing such Existing Facility Property from the leasehold estate of the Company Lease, this Agreement and the Sublease Agreement, **provided, however**, such Existing Facility Property is substituted or replaced by property (t) having equal or greater fair market value, operating efficiency and utility and (u) free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances, and no such removal shall be effected if (v) such removal is to another location other than the Facility, (w) such removal would change the nature of the Facility as an Approved Facility and a "project" within the meaning of the Act, (x) such removal would impair the usefulness, structural integrity or operating efficiency of the Facility, or (y) such removal would materially reduce the fair market value of the Facility below its value immediately before such removal.

(b) The Lessee shall deliver or cause to be delivered to the Agency any necessary documents conveying to the Agency a leasehold estate in any property installed or placed upon the Facility pursuant to Section 4.2(a) hereof and subjecting such substitute or replacement property to the Company Lease, this Agreement and the Sublease Agreement, and within thirty (30) days after receipt of written request of the Lessee, the Agency shall deliver to the Lessee appropriate documents conveying to the Lessee all of the Agency's right, title and interest in any property removed from the Facility pursuant to Section 4.2(a) hereof. The Lessee agrees to pay all costs and expenses (including reasonable counsel fees) incurred by the Agency in subjecting to the Company Lease, this Agreement and the Sublease Agreement any property installed or placed on the Facility as part of the Facility pursuant to this Section 4.2 or Section 4.1 hereof.

(c) The removal from the Facility of any Existing Facility Property pursuant to the provisions of Section 4.2(a) hereof shall not entitle the Lessee to any abatement or reduction in the Rental Payments payable by the Lessee under this Agreement.

(d) Within 120 days after the close of each Fiscal Year of the Lessee during which (i) action was taken by the Lessee pursuant to Section 4.1(b) hereof or action involving property having a value in the aggregate exceeding \$250,000 was taken by the Lessee pursuant to Section 4.2(a) hereof, the Lessee shall, upon request of the Agency, furnish to the Agency a written report of an Authorized Representative of the Lessee summarizing the action taken by the Lessee, during such preceding Fiscal Year and stating that, in its opinion, such action complied with the applicable provisions of Section 4.1(b) or 4.2(a) hereof, as the case may be; or (ii) no action was taken by the Lessee pursuant to Section 4.1(b) or no action involving property having a value in the aggregate exceeding \$250,000 was taken by the Lessee pursuant to Section 4.2(a) hereof, the Lessee shall, upon request of the Agency, furnish to the Agency a certificate of an Authorized Representative of the Lessee certifying to the fact that no such action was taken by the Lessee pursuant to such Section 4.1(b) or 4.2(a) during such preceding Fiscal Year.

Section 4.3. Payment in Lieu of Real Estate Taxes.

(a) *Description and Address of Project:*

The Project consists of the acquisition, construction and equipping of a commercial facility, consisting of the acquisition of an approximately 12,500 square foot parcel of land located at 535 Manida Street, Bronx, New York and the construction and equipping of an approximately 12,500 square foot building thereon, all for use as a dry cleaning processing plant (the "Project"). The Facility is located at 535 Manida Street, Bronx, New York 10474, being Section 10, Block 2768 and Lot 253.

(b) *Payments Prior to PILOT Commencement Date:*

Until the PILOT Commencement Date, or such later date as the Facility Realty is determined to be exempt from real estate taxes, the Lessee shall pay to the City all real estate taxes with respect to the Facility Realty at such times, in such manner and in such amounts as would be applicable if the Facility Realty were owned by the Lessee and not subleased by the Agency.

(c) *Payments in Lieu of Real Estate Taxes, Generally:*

It is recognized that under the provisions of the Act the Agency is required to pay no real estate taxes upon any of the property acquired by it or under its jurisdiction or control or supervision or upon its activities. The Agency and the Lessee agree, however, that the Lessee shall be required to make payments in lieu of real estate taxes with respect to the Facility Realty in accordance with the provisions of Section 4.3(g) hereof, as follows: (i) with respect to the Land, payments in lieu of real estate taxes shall be in the amounts determined pursuant to subsection (d) below; and (ii) with respect to the Improvements, payments in lieu of real estate taxes shall be in the amounts determined pursuant to subsections (e) and (f) below.

The Agency makes no representation as to the availability of an exemption from real estate taxes for the Facility Realty in the event that the Department of Finance, Assessors' Office of the City, the City Surveyor, or any other relevant official of the City fails to recognize the Agency's exemption from real estate taxes on the basis of a discrepancy existing between the Facility Realty and the tax map of the City or the existence of another impediment to implementation of the Agency's exemption contemplated hereunder.

The Lessee shall take such action as is reasonably necessary to correct any defect or deficiency that may prevent the Facility Realty from being recognized as exempt by the City. The Lessee acknowledges that the Agency has not represented the availability of any such exemption for the Facility Realty, and the Lessee hereby releases the Agency from any claim arising from any loss of the benefits that were contemplated hereunder.

The Lessee acknowledges that the PILOT Commencement Date will not be deferred notwithstanding any loss of benefits contemplated hereunder in the event that the City does not recognize the Agency's exemption from real estate taxes on the PILOT Commencement Date.

(d) *Payments in Lieu of Taxes on the Land:*

For the period commencing on the PILOT Commencement Date and ending on the earliest to occur of (i) the Expiration Date, or (ii) the date on which the Agency no longer has a leasehold interest in the Facility, or (iii) the Termination Date, the Lessee shall make no payments in lieu of real estate taxes with respect to the Land (subject to Section 4.3(i)) except as follows with respect to the below-stated Tax Fiscal Years: for July 1, 2028 to June 30, 2029, a payment equal to 20% of Full Land Taxes (as defined below) for that year; for July 1, 2029 to June 30, 2030, a payment equal to 40% of Full Land Taxes for that year; for July 1, 2030 to June 30, 2031, a payment equal to 60% of Full Land Taxes for that year; and for July 1, 2031 to June 30, 2032, a payment equal to 80% of Full Land Taxes for that year.

Certain terms used in the above formula are defined below:

"City Tax Fiscal Year" shall mean each annual period commencing on July 1, and ending on the immediately succeeding June 30, or such other annual period as shall be established by lawful authority as the City's "tax fiscal year" or its equivalent.

“**Full Land Taxes**” shall mean that amount of taxes with respect to the Land as the Lessee would otherwise be required to pay from time to time if it were the owner of the Land and the Agency had no leasehold interest in the Land.

For the period commencing on the Expiration Date and ending on the date on which the Agency no longer has a leasehold estate in the Facility Realty, the Lessee shall make payments in lieu of real estate taxes equal to Full Land Taxes with respect to the Land.

If the Termination Date has occurred for reasons other than the Agency no longer having a leasehold estate in the Facility Realty, for the period commencing on such Termination Date until the date on which the Agency no longer has a leasehold estate in the Facility Realty, the Lessee shall make payments in lieu of real estate taxes on the Land equal to Full Land Taxes.

(e) *Payments in Lieu of Taxes on the Improvements:*

(i) For the period commencing on the PILOT Commencement Date and ending on the PILOT Termination Date, the Lessee shall make, in accordance with Section 4.3(g) hereof, and subject to Section 4.3(i) hereof, the following payments in lieu of real estate taxes on the Improvements:

- A. from the PILOT Commencement Date through June 30, 2028, an amount, as determined for each City Tax Fiscal Year, equal to the lesser of Adjusted CRET and STRET; and
- B. from July 1, 2028, through the Termination Date, the following amounts as respectively calculated for the following City Tax Fiscal Years:

YEAR	LESSEE PAYS:
July 1, 2028- June 30, 2029	STRET + [(CRET less STRET) x 0.2]
July 1, 2029 - June 30, 2030	STRET + [(CRET less STRET) x 0.4]
July 1, 2030 - June 30, 2031	STRET + [(CRET less STRET) x 0.6]
July 1, 2031 - June 30, 2032	STRET + [(CRET less STRET) x 0.8]

provided, however, with respect to this subsection “B,” if for any City Tax Fiscal Year CRET is equal to or less than STRET, then the payment in lieu of real estate taxes on the Improvements for such year shall be an amount equal to CRET.

Certain terms used in this Section 4.3 with respect to the Improvements shall be defined as follows:

CRET or “**Current Real Estate Taxes**” shall mean, for any City Tax Fiscal Year, an amount equal to the product of:

- (I) the then current assessed value of Improvements, and

(II) the City's then current real estate tax rate;

provided, however, that as defined herein, CRET shall not take into account, or in any way be reduced by, any tax exemption and/or abatement program of whatever nature, including but not limited to ICIP.

STRET or "**Stabilized Real Estate Taxes**" shall mean the CRET applicable on the Closing Date.

ICIP or the "**Industrial and Commercial Incentive Program**" is the program, including any successor program, administered by the New York City Department of Finance (or successor agency) for the exemption from New York City real property taxes of eligible industrial or commercial improvements to real property.

ICIP Exemption shall mean the exemption, from New York City real property taxes, of assessed valuation of industrial or commercial improvements that are eligible under ICIP.

ICIP Abatement shall mean the abatement of New York City real property taxes with respect to eligible industrial or commercial improvements under ICIP.

If the PILOT Termination Date has occurred for reasons other than the Agency no longer owning a leasehold or other controlling interest in the Facility Realty, for the period commencing on such PILOT Termination Date until the date on which the Agency no longer owns a leasehold estate or other controlling interest in the Facility Realty, the Lessee shall make payments in lieu of real estate taxes on the Improvements equal to CRET.

(f) *Subsequent Alterations and Improvements:*

If, at any time after the Operations Commencement Date (as such term is defined in Section 8.5(ii) hereof), the Lessee shall make any alterations of or additions to the Improvements ("**Additional Improvements**"), the Lessee shall: (i) notify an Authorized Representative of the Agency of such Additional Improvements by (y) delivering written notice thereof within thirty (30) days after the completion of the Additional Improvements, and (z) providing requested information about such Additional Improvements on the Employment and Benefits Report (see Schedule C); and (ii) request that the Improvements (including any such Additional Improvements) be reassessed by the appropriate officer or officers of the City; and (iii) make additional payments in lieu of real estate taxes in accordance with Section 4.3(g) hereof in an amount which shall equal the product of:

- A. the increase in the assessed value of the Improvements as first assessed upon completion of the Additional Improvements and which are attributable to such Additional Improvements, less such portion of that incremental assessed value that may be exempt by operation of an ICIP Exemption (if any), and
- B. the City's real property tax rate prevailing at the time of such first assessment.

The product of "A" and "B" immediately hereinabove shall be added to STRET and the resulting sum shall be deemed the new STRET for purposes of subsection (e) of this Section 4.3; provided, however, that if a reduction in the incremental assessed value corresponding to an ICIP Exemption is applicable, then, as the amount of that reduction diminishes over time (in accordance with the schedule of the applicable ICIP Exemption), the new STRET will correspondingly increase. In no event shall the new STRET in any way take into account or be reduced by any tax exemption and/or abatement program of whatever nature, including but not limited to ICIP.

(g) *General Payment Provisions:*

In order to provide for payments in lieu of real estate taxes payable pursuant to subsections (d), (e) and (f) above, the Lessee agrees to pay on a date which is seven (7) Business Days before January 1 and on a date which is seven (7) Business Days before July 1 of every year to the PILOT Depository, or to such other representative of the Agency, or at such other times, in either case as the Agency may designate from time to time by written notice to the Lessee, by certified check or bank draft payable at a bank in New York, New York, an installment payment equal to one-half of the payment in lieu of real estate taxes due for such year. The PILOT Depository shall deposit such installment payment to a special trust fund.

It is agreed that the Agency shall request the appropriate officer or officers of the City charged with the duty of levying and collecting real estate taxes, to submit to the Lessee at the times the levies for such real estate taxes are made, a statement specifying the amounts and due dates for the payments in lieu thereof, so that the Lessee may make such payments in the correct amounts and on a timely basis.

If the Lessee shall fail to make any such installment payments, the amount or amounts so in default shall continue as an obligation of the Lessee until fully paid. The Lessee shall pay a late payment penalty of five percent (5%) of any amount that is not paid when due under this Section 4.3. In addition, for each month or part thereof that a payment under this Section 4.3 is delinquent beyond the first month, interest shall accrue and be payable by the Lessee on the total amount due as provided above, plus a late payment penalty in an amount equal to one percent (1%) per month for each month or part thereof until the payment is made.

Nothing contained herein shall limit or impair the Lessee's right, to the extent permitted by law, to obtain reductions in the valuation of the Facility Realty or the right to obtain exemptions (and discounts, if any) therefrom and to seek to obtain a refund of any such payments made.

(h) *Apportionment of Payments after Transfer:*

The Agency shall cause the Collector of the City to return the Facility Realty to the tax rolls as of the date the Agency shall no longer have a leasehold estate in the Facility Realty. Subject to the paragraph immediately succeeding, the Lessee and/or other subsequent owner of the Facility Realty during the City Tax Fiscal Year in which such cessation of the Agency's leasehold estate occurs, shall be responsible for paying the real estate taxes due for the portion of such City Tax Fiscal Year that remains after such cessation.

With respect to the semi-annual period of the City Tax Fiscal Year in which the Agency has ceased to have a leasehold estate in the Facility Realty, the Agency shall cause the Collector of the City to apportion that part of the installment of the payment in lieu of real estate taxes previously remitted for such semi-annual period (if any), which is attributable to the period commencing on the date of such cessation and ending on the June 30 or December 31 following (as the case may be), as a credit against the real estate taxes owed for such semi-annual period.

(i) *Withdrawal of Real Estate Tax Abatements:*

The Lessee understands and agrees that the Lessee is required, and shall be required throughout the term of this Agreement, to pay or cause to be paid, as additional payments in lieu of real estate taxes, an additional amount (the "Additional Amount") with respect to that portion of the Facility Realty, if any (expressed as a percentage, the "Unqualified Portion"), utilized or occupied by any Person other than the Lessee or the Sublessee but including any sublessee that is pre-approved pursuant to Section 9.3 hereof, if any) for so long as such utilization and/or occupation shall continue. The Additional Amount shall be equal to the Unqualified Portion multiplied by the excess of (1) the amount of taxes that the Lessee would have been required to pay if the Agency did not have a leasehold estate in the Improvements over (2) the amount of payments in lieu of real estate taxes payable pursuant to Section 4.3(e). The Lessee hereby represents to the Agency that no portion of the Facility Realty is utilized and/or occupied or is intended to be utilized and/or occupied by Persons other than the Lessee, the Sublessee or a sublessee that is pre-approved pursuant to Section 9.3 hereof, if any. The Lessee agrees that if ever during the term of this Agreement the Lessee intends to permit any Person (other than itself, the Sublessee or any sublessee that is pre-approved pursuant to Section 9.3 hereof, if any) to use and/or occupy a part of the Facility Realty, then, in such event, the Lessee shall provide to the Agency's Authorized Representative, written notice of such intended use and/or occupancy before such use and/or occupancy actually occur, and shall also obtain from the Agency prior written consent therefor in accordance with the requirements of Section 9.3 hereof.

Commencing as of the date on which the Facility Realty is not used in accordance with the Act and/or this Agreement or upon the occurrence of an Event of Default under this Agreement, the Lessee shall be required to make payments in lieu of real estate taxes on the Facility Realty in such amounts as would result from taxes levied on the Facility Realty if the Facility Realty were owned by the Lessee and the Agency had no leasehold estate in the Facility Realty.

Whenever in this Section 4.3 the Lessee is required to make additional payments in lieu of real estate taxes as if the Facility Realty were owned by the Lessee and the Agency had no leasehold estate in the Facility Realty or specified portions thereof, the applicable tax rate shall be the rate then in effect as shown on the records of the proper City department.

(j) *QEZE Tax Credits:*

Notwithstanding the provisions of subsections "d" and "e" and "f" of this Section 4.3, if at any time during the term of this Agreement (x) the Facility Realty is located in an Empire Zone, and (y) the Lessee is or has taken affirmative steps to become a Qualified Empire

Zone Enterprise ("QEZE"), and (z) the Lessee has qualified or expects to qualify for QEZE tax credits, *then*, the Lessee shall make payments in lieu of real estate taxes for the current and successive year equal to the following amounts: (i) with respect to the Land, Full Land Taxes; and (ii) with respect to the Improvements, Adjusted CRET. In the event the State repeals the Empire Zone program, or that part of it providing for QEZE tax credits, and as a result of such repeal or as a result of the expiration of the period of the Lessee's entitlement to QEZE benefits, the Lessee is no longer eligible to claim the QEZE tax credits as they are available under current law, the Lessee shall then make payments in lieu of real estate taxes in accordance with the aforesaid subsections "d" and "e" and "f"; *provided, however*, that for any period during which the Lessee receives QEZE tax credits, such period shall not be deemed to extend the term during which payments in lieu of real estate taxes, as provided for in the aforesaid subsections "d" and "e" and "f"; shall apply.

(k) *Survival of Obligations:*

The obligations of the Lessee under this Section 4.3 shall survive the termination or expiration of this Agreement for any reason whatsoever. The Agency, in its sole discretion and in furtherance of the purposes of the Act, may waive, in whole or in part, payments in lieu of taxes set forth in this Section 4.3, for good cause shown.

Section 4.4. Taxes, Assessments and Charges. The Lessee shall pay when the same shall become due all taxes (other than those taxes for which payments in lieu thereof are being paid pursuant to Section 4.3 hereof) and assessments, general and specific, if any, levied and assessed upon or against the Facility, the Company Lease, this Agreement, the Sublease Agreement, any ownership estate or interest of the Agency or the Lessee or the Sublessee in the Facility, or the Rental Payments or other amounts payable under the Company Lease, hereunder or under the Sublease Agreement during the term of this Agreement, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility, all of which are herein called "**Impositions**". The Agency shall forward, as soon as practicable, to the Lessee any notice, bill or other statement received by the Agency concerning any Imposition. The Lessee may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

In the event the Facility Realty is exempt from Impositions (other than real estate taxes in respect of which amounts are payable under Section 4.3 hereof) solely due to the Agency's leasehold estate in the Facility Realty, the Lessee shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions that would have been imposed on the Facility Realty if the Lessee were the owner of record of the Facility Realty and the Agency had no leasehold estate in the Facility Realty.

Section 4.5. Insurance. (a) At all times throughout the term of this Agreement, including without limitation during any period of construction or reconstruction of the Facility, the Lessee shall maintain insurance, with insurance companies licensed to do business in the State, against such risks, loss, damage and liability (including liability to third

parties) and for such amounts as are customarily insured against by other enterprises of like size and type as that of the Lessee and the Sublessee. In addition to this general requirement, such insurance shall, for purposes of subsection (b) through (g) of this Section 4.5, include, without limitation (hereinafter "Specific Coverage"):

(i) During any period of construction, renovation, improvement or reconstruction of the Facility Realty, to the extent not covered by the General Liability insurance referred to below, Owners & Contractors Protective Liability Insurance for the benefit of the Lessee, the Sublessee and the Agency in a minimum amount of \$5,000,000 aggregate coverage for bodily and personal injury and property damage;

(ii) General Liability insurance and/or Umbrella Liability insurance, including contractual liability coverage, naming the Lessee and the Sublessee as primary insureds, in accordance with customary insurance practices for similar operations with respect to the Facility and the business thereby conducted in a minimum amount of \$5,000,000 per occurrence per location aggregate, which insurance (A) will also provide coverage of the Lessee's obligations of indemnity under Section 6.2 hereof (excluding, however, those obligations of the Lessee (1) requiring payment of taxes, (2) set forth in Section 6.2(a)(i) or (iv) hereof, and (3) under Section 6.2(a)(viii) hereof to the extent not available to the Lessee at commercially reasonable rates), and (B) may be effected under overall blanket or excess coverage policies of the Lessee or any Affiliate thereof, provided, however, that at least \$500,000 is effected by a General Liability insurance policy, and (C) shall not contain any provisions for a self-insured retention or deductible amount, except as may be otherwise approved by the Agency in its sole discretion;

(iii) Workers' compensation insurance, disability benefits insurance and such other forms of insurance that the Lessee, the Sublessee or the Agency is required by law to provide covering loss resulting from injury, sickness, disability or death of the employees of the Lessee or the Sublessee or any Affiliate thereof, or any contractor or subcontractor performing work with respect to the Facility; the Lessee shall require that all said contractors and subcontractors shall maintain all forms or types of insurance with respect to their employees required by law;

(iv) Automobile liability insurance, to the extent not covered by General Liability insurance, in the amount of \$5,000,000 covering the Lessee and/or the Sublessee, as applicable, for all owned, non-owned and/or hired automobiles, forklifts and other drivable machinery and/or vehicles used in connection with the Facility; and

(v) Such other insurance, including revision of the insurance requirements set forth above, in such amounts and against such insurable hazards as the Agency from time to time may reasonably require.

(b) Specific Coverage required by Section 4.5(a) above shall be procured and maintained in financially sound and generally recognized responsible insurance companies authorized and admitted to write such insurance in the State.

(c) Each of the policies evidencing the Specific Coverage required above to be obtained shall

(i) designate the Lessee, the Sublessee and the Agency as additional insureds as their respective interests may appear;

(ii) provide that there shall be no recourse against the Agency for the payment of premiums or commissions or (if such policies provide for the payment thereof) additional premiums or assessments;

(iii) provide that in respect of the interest of the Agency in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee or the Sublessee or any other Person and shall insure the Agency regardless of, and any losses shall be payable notwithstanding, any such action or inaction;

(iv) provide that such insurance shall be primary insurance without any right of contribution from any other insurance carried by the Agency to the extent that such other insurance provides the Agency with contingent and/or excess liability insurance with respect to its interest in the Facility;

(v) provide that if the insurers cancel such insurance for any reason whatsoever, including the insured's failure to pay any accrued premium, or the same is allowed to lapse or expire, or there be any reduction in amount, or any material change is made in the coverage, such cancellation, lapse, expiration, reduction or change shall not be effective as to the Agency until at least thirty (30) days, or ten (10) days if due to nonpayment of premium, after receipt by the Agency of written notice by such insurers of such cancellation, lapse, expiration or change;

(vi) waive any right of subrogation of the insurers thereunder against any Person insured under such policy, and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Person insured under such policy; and

(vii) contain such other terms and provisions as any owner or operator of facilities similar to the Facility would, in the prudent management of its properties, require to be contained in policies, binders or interim insurance contracts with respect to facilities similar to the Facility owned or operated by it.

(d) The Net Proceeds of any Specific Coverage received with respect to any loss or damage to the property of the Facility shall be applied in accordance with Section 5.1 hereof.

(e) The Lessee shall deliver or cause to be delivered to the Agency the following documents evidencing compliance with the Specific Coverage requirements of this Section 4.5: (i) on or prior to the Commencement Date: (A) a broker's certificate of coverage confirming that the Lessee, as of the Commencement Date, has obtained Specific Coverage in accordance with the requirements of this Section 4.5, and (B) a certificate of liability insurance and certificates or other evidence of other required insurance, and, (ii) as soon as practicable

thereafter, duplicate copies of insurance policies. At least seven (7) Business Days prior to the expiration of any such policy, the Lessee shall furnish the Agency with evidence that such policy has been renewed or replaced or is no longer required by this Agreement.

(f) The Lessee shall, at its own cost and expense, make all proofs of loss and take all other steps necessary or reasonably requested by the Agency to collect from insurers for any loss covered by any insurance required to be obtained by this Section 4.5. The Lessee shall not do any act, or suffer or permit any act to be done, whereby any Specific Coverage required by this Section 4.5 would or might be suspended or impaired.

(g) THE AGENCY DOES NOT IN ANY WAY REPRESENT THAT THE INSURANCE SPECIFIED HEREIN, WHETHER IN SCOPE OR COVERAGE OR LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE OPERATION OF THE FACILITY OR THE BUSINESS, OPERATIONS FINANCIAL CONDITION OR INTEREST OF THE LESSEE OR THE SUBLESSEE.

(h) Nothing contained in this Agreement shall be deemed to modify the obligations of the Lessee pursuant to the Mortgages with respect to property insurance or the application of proceeds thereof and said Mortgages shall control the use of proceeds of property insurance. The obligations of the Lessee hereunder shall be independent of any such other obligations relating to insurance.

Section 4.6. Advances by Agency. In the event the Lessee fails to make any payment or perform or observe any obligation required of it under this Agreement, the Agency, after first notifying the Lessee in writing of any such failure on its part (except that no prior notification of the Lessee shall be required in the event of an emergency condition that, in the reasonable judgment of the Agency, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Agency under this Agreement or any other Project Document to which the Agency is a party, make such payment or otherwise cure any failure by the Lessee to perform and observe its other obligations hereunder. All amounts so advanced therefor by the Agency shall become an additional obligation of the Lessee to the Agency, which amounts, together with interest thereon at the rate of eighteen percent (18%) per annum, from the date advanced, the Lessee will pay upon demand therefor by the Agency. Any remedy herein vested in the Agency for the collection of Rental Payments or other amounts due hereunder shall also be available to the Agency for the collection of all such amounts so advanced.

Section 4.7. Compliance with Legal Requirements. The Lessee agrees that it will, throughout the term of this Agreement and at its sole cost and expense, promptly observe and comply with all applicable Legal Requirements, whether foreseen or unforeseen, ordinary or extraordinary, that shall now or at any time hereafter be binding upon or applicable to the Lessee, the Facility, any occupant, user or operator of the Facility or any portion thereof, and will observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all rights, licenses, permits (including, without limitation, zoning variances, special exception and non-conforming uses), privileges, franchises and concessions. The Lessee will not, without the prior written consent of the Agency (which consent shall not be unreasonably withheld or delayed), initiate, join in or consent to any private restrictive covenant, zoning

ordinance or other public or private restrictions limiting or defining the uses that may be made of the Facility or any part thereof. The Lessee shall indemnify and hold harmless the Indemnified Parties (as defined in Section 6.2 hereof) from and against all loss, cost, liability and expense (a) in any manner arising out of or related to any violation of or failure by the Lessee (or any other Person occupying, operating or using the Facility or any part thereof) to comply with any Legal Requirement, or (b) imposed upon the Lessee or any of the Indemnified Parties by any Legal Requirement; in case any action or proceeding is brought against any of the Indemnified Parties in respect of any Legal Requirement, the Lessee shall upon notice from any of the Indemnified Parties defend such action or proceeding by counsel satisfactory to the Indemnified Party.

The Lessee may contest in good faith the validity, existence or applicability of any of the foregoing if (i) such contest shall not result in the Facility or any part thereof or interest therein being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Lessee, the Sublessee or the Agency being in any danger of any civil or any criminal liability for failure to comply therewith, and (iii) the Lessee shall have furnished such security, if any, as may be reasonably requested by the Agency for failure to comply therewith.

ARTICLE V

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 5.1. Damage, Destruction and Condemnation. (a) In the event that at any time during the term of this Agreement the whole or part of the Facility shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement among the Agency, the Lessee and those authorized to exercise such right, or if the temporary use of the Facility shall be so taken by condemnation or agreement (a "Loss Event")

(i) the Agency shall have no obligation to rebuild, replace, repair or restore the Facility,

(ii) there shall be no abatement, postponement or reduction in the Rental Payments payable by the Lessee under this Agreement or any other Project Document to which it is a party, and

(iii) the Lessee will promptly give written notice of such Loss Event to the Agency, generally describing the nature and extent thereof.

(b) In the event a Loss Event shall occur, the Lessee shall

(i) at its own cost and expense (except to the extent paid from the Net Proceeds as provided below), promptly and diligently rebuild, replace, repair or restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and the Lessee shall not by reason of payment of any such excess costs be entitled to any reimbursement from the Agency, nor shall the Rental Payments payable by the Lessee under this Agreement or any other Project Document to which it is a party be abated, postponed or reduced, or

(ii) exercise its option to terminate this Agreement as provided in Section 8.1 hereof.

As soon as practicable but no later than ninety (90) days after the occurrence of the Loss Event, the Lessee shall advise the Agency in writing of the action to be taken by the Lessee under this Section 5.1(b).

(c) All rebuilding, replacements, repairs or restorations of the Facility in respect of or occasioned by a Loss Event shall

(i) automatically be deemed a part of the Facility and shall be subject to the Company Lease, this Agreement and the Sublease Agreement,

(ii) be effected only if the Lessee shall deliver to the Agency an Opinion of Counsel acceptable to the Agency to the effect that such rebuilding,

replacement, repair or restoration shall not change the nature of the Facility as an Approved Facility and a qualified "project" as defined in the Act,

(iii) be effected only if the Lessee shall deliver to the Agency a labor and materials payment bond, or other security, satisfactory to the Agency where the cost of rebuilding, replacements, repairs or restorations of the Facility will exceed \$250,000, and

(iv) be effected with due diligence in a good and workerlike manner, in compliance with all applicable Legal Requirements and be promptly and fully paid for by the Lessee in accordance with the terms of the applicable contract(s) therefor.

(d) The date of completion of the rebuilding, replacement, repair or restoration of the Facility shall be evidenced to the Agency by a certificate of an Authorized Representative of the Lessee stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Agency, has been made, (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that the Agency has a good and valid leasehold interest in all property constituting part of the Facility and all property of the Facility is subject to the Company Lease, this Agreement and the Sublease Agreement, subject to Permitted Encumbrances, and (v) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights against third parties by the Lessee or the Sublessee that exist at the date of such certificate or that may subsequently come into being, (y) that it is given only for the purposes of this Section and (z) that no Person other than the Agency may benefit therefrom. Such certificate shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if it is a temporary certificate of occupancy, the Lessee will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by this Agreement; and (ii) a search prepared by a title company, or other evidence satisfactory to the Agency, indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Facility and that there exist no encumbrances on or affecting the Facility or any part thereof other than Permitted Encumbrances or those encumbrances consented to by the Agency.

(e) The Agency and the Lessee shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration or adjustment of any claim or demand on account of any Loss Event, and the settlement, compromise, arbitration or adjustment of any such claim or demand shall, as between the Agency and the Lessee, be subject to the written approval of the Lessee.

(f) Notwithstanding anything contained herein to the contrary, if all or substantially all of the Facility shall be taken or condemned, or if the taking or condemnation

renders the Facility unsuitable for use by the Lessee as contemplated hereby, the Lessee shall exercise its option to terminate this Agreement as provided in Section 8.1 hereof.

(g) The Lessee shall be entitled to the Net Proceeds of any insurance proceeds or condemnation award, compensation or damages attributable to the Lessee's Property, subject to the provisions of the Mortgages.

(h) The Lessee hereby waives the provisions of Section 227 of the New York Real Property Law or any law of like import now or hereafter in effect.

(i) Nothing contained in this Agreement shall be deemed to modify the obligations of the Lessee pursuant to the Mortgages with respect to property insurance proceeds and condemnation awards, which Mortgages shall control the use of property insurance proceeds and condemnation awards.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.1. Dissolution of Lessee; Restrictions on Lessee. The Lessee covenants and agrees that at all times during the term of this Agreement, it will (i) maintain its existence as a corporation, (ii) continue to be subject to service of process in the State and organized under the laws of, or qualified to do business in, the State, (iii) not liquidate, wind-up or dissolve or otherwise dispose of all or substantially all of its property, business or assets remaining after the Commencement Date, and (iv) not consolidate with or merge into another entity or permit one or more entities to consolidate with or merge into it; provided, however, the Lessee, without violating the foregoing but with the prior written consent (not to be unreasonably withheld or delayed) of the Agency, may consolidate with or merge into another entity, or permit one or more entities to consolidate with or merge into it, or sell or otherwise transfer all or substantially all of its property, business or assets to another such entity (and thereafter liquidate, wind-up or dissolve or not, as the Lessee may elect) if, (i) the Lessee is the surviving, resulting or transferee entity, and has a net worth (as determined in accordance with generally accepted accounting principles) at least equal to that of the Lessee immediately prior to such consolidation, merger or transfer, or (ii) the Lessee is not the surviving, resulting or transferee entity and (1) the surviving, resulting or transferee entity (A) is solvent and subject to service of process in the State and organized under the laws of the State, or any other state of the United States, and duly qualified to do business in the State, (B) is not, nor is it an Affiliate of, a Prohibited Person, and (C) assumes in writing all of the obligations of the Lessee contained in this Agreement and all other Project Documents to which the Lessee shall be a party, (2) the Lessee delivers to the Agency an Opinion of Counsel to the effect that this Agreement and all other Project Documents to which the Lessee shall be a party constitute the legal, valid and binding obligations of such successor Lessee and are enforceable in accordance with their respective terms to the same extent as they were enforceable against the predecessor Lessee, and (3) in the opinion of an Independent Accountant, such successor Lessee has a net worth (as determined in accordance with generally accepted accounting principles) after the merger, consolidation, sale or transfer at least equal to that of the Lessee immediately prior to such merger, consolidation, sale or transfer.

The Lessee further represents, covenants and agrees that (i) the Lessee is and throughout the term of this Agreement will continue to be an Affiliate of the Sublessee, and (ii) it does not and throughout the term of this Agreement will not constitute a Prohibited Person.

Section 6.2. Indemnity. (a) The Lessee shall at all times indemnify, defend, protect and hold the Agency, and any director, member, officer, employee, servant, agent (excluding for this purpose the Lessee, which is not obligated hereby to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Agency's control or supervision, and the PILOT Depository (collectively, the "**Indemnified Parties**" and each an "**Indemnified Party**") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses (collectively, "**Claims**") of any kind for losses, damage, injury and liability (collectively, "**Liability**") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability

arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing from December 13, 2005, the date the Agency adopted its inducement resolution for the Project, and continuing throughout the term of this Agreement (subject to Section 6.2(e) hereof), arising upon, about, or in any way connected with the Facility, the Project, or any of the transactions with respect thereto, including:

- (i) the financing of the costs of the Facility or the Project,
- (ii) the planning, design, acquisition, site preparation, construction, renovation, equipping, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facility, or any defects (whether latent or patent) in the Facility,
- (iii) the maintenance, repair, replacement, restoration, rebuilding, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility or any portion thereof,
- (iv) the execution and delivery by an Indemnified Party, the Lessee or any other Person of, or performance by an Indemnified Party, the Lessee or any other Person, as the case may be, of, any of their respective obligations under, this Agreement or any other Project Document, or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,
- (v) any injury to any Person or the personal property of any Person in or on the premises of, the Facility, including, but not limited to, any injury for which Specific Coverage under Section 4.5(a) above applies to the Lessee and/or an Affiliate, but not to the Agency,
- (vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including, but not limited to, failure to comply with the requirements of the City's zoning resolution and related regulations,
- (vii) any damage or injury to the person or property of (A) the Lessee or (B) any other Person or their respective officers, directors, officials, partners, members, employees, attorneys, agents or representatives, or persons under the control or supervision of the Lessee, or (C) any other Person who may be in or about the premises of the Facility,
- (viii) the presence, disposal, release, or threatened release of any Hazardous Materials (as defined in Section 6.2(d) below) that are on, from, or affecting the Facility; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of Legal Requirements, including demands of government authorities, or any policies or requirements of the Agency, which are based upon or in any way related to such Hazardous Materials including, without limitation, reasonable

attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses, or

(ix) any Claim commenced against an Indemnified Party, or other action or proceeding taken by an Indemnified Party, in any case with respect to any of the matters set forth in subparagraphs (i) through (viii) of this Section 6.2(a),

Such indemnification set forth above shall be binding upon the Lessee for any and all Claims set forth herein and shall survive the termination of this Agreement.

(b) The Lessee releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to the Lessee or its Affiliates for, any Claims or Liability arising from or incurred as a result of action taken or not taken by such Indemnified Party with respect to any of the matters set forth in Section 6.2(a) hereof, including any Claims or Liability arising from or incurred as a result of the gross negligence or willful misconduct of such Indemnified Party, or at the direction of the Lessee or any other obligor under any of the Security Documents with respect to any of such matters above referred to. An Indemnified Party shall promptly notify the Lessee in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Lessee pursuant to this Section 6.2; such notice shall be given in sufficient time to allow the Lessee to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Lessee under this Section 6.2.

(c) (i) In addition to and without being limited by any other representations, warranties and covenants made by the Lessee under this Agreement, the Lessee further represents, warrants and covenants that (A) the Lessee has not used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and (B) except as set forth in a certain Phase I Environmental Site Assessment Report, dated December 28, 2005, prepared by Jacques Whitford Company, Inc. (the "Audit"), a true and correct copy of which the Lessee has delivered to the Agency, to the best of the Lessee's knowledge, no prior owner or occupant of the Facility has used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements.

(ii) Without limiting the foregoing, the Lessee shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements, nor shall the Lessee cause or permit, as a result of any intentional or unintentional act or omission on the part of the Lessee or any occupant or user of the Facility, a release of Hazardous Materials onto the Facility or onto any other property.

(iii) The Lessee shall comply with, and require and enforce compliance by, all occupants and users of the Facility with all applicable Legal Requirements pertaining to Hazardous Materials, whenever and by whomever triggered, and shall

obtain and comply with, and ensure that all occupants and users of the Facility obtain and comply with, any and all approvals, registrations or permits required thereunder.

(iv) The Lessee shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facility in accordance with all applicable Legal Requirements.

(v) In the event any mortgage is foreclosed, or a deed in lieu of foreclosure is tendered, or this Agreement is terminated, the Lessee shall deliver the Facility so that the conditions of the Facility with respect to any and all Hazardous Materials shall conform with all applicable Legal Requirements affecting the Facility.

(vi) The parties hereto agree that the reference in this Section 6.2(c) to the Audit is not intended, and should not be deemed to intend, to modify, qualify, reduce or diminish the Lessee's obligations to carry out and perform all of the covenants stated throughout this Section 6.2, including but not limited to, those covenants wherein the Lessee is obligated to indemnify each Indemnified Party and comply with all applicable Legal Requirements pertaining to Hazardous Materials.

(d) For purposes of this Section 6.2, the term "**Hazardous Materials**" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 5101, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation.

(e) To effectuate the purposes of this Section 6.2, the Lessee will provide for and insure, in the general liability policies required in Section 4.5 hereof, not only its own liability in respect of the matters therein mentioned but also the liability pursuant to this Section 6.2 (excluding, however, those obligations of the Lessee (1) requiring payment of taxes, (2) set forth in Section 6.2(a)(i) or (iv) hereof, and (3) under Section 6.2(a)(viii) hereof to the extent not available to the Lessee at commercially reasonable rates). Anything to the contrary in this Agreement notwithstanding, the covenants of the Lessee contained in this Section 6.2 shall be in addition to any and all other obligations and liabilities that the Lessee may have to any Indemnified Party in any other agreement or at common law, and shall remain in full force and effect after the termination of this Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

Section 6.3. Compensation and Expenses of the Agency. The Lessee shall pay the fees, costs and expenses of the Agency together with any fees and disbursements

incurred by the Agency's Project Counsel and the Agency's General Counsel in performing services for the Agency in connection with this Agreement or any other Project Document.

On the Commencement Date, the Lessee shall pay to the Agency its fee of \$33,400 (said amount representing the \$35,100 financing fee, plus an annual administrative fee of \$800.00, less an application fee of \$2,500.00), payment of which has been received on the Commencement Date. The Lessee further agrees to pay, as an annual administrative servicing fee to the Agency, the amount of \$800.00 (subject to an adjustment up or down based on changes as of each November in the Consumer Price Index utilizing a base year of 2005) payable on each anniversary of the Commencement Date until the termination of this Agreement.

Section 6.4. Retention of Title to or of Interest in Facility; Grant of Easements; Release of Facility. (a) Neither the Lessee nor the Agency shall sell, assign, encumber (other than for Permitted Encumbrances), convey or otherwise dispose of its respective title to or leasehold estate in the Facility or any part thereof or interest therein during the term of this Agreement, except as set forth in Sections 4.2, 5.1 and 7.2 hereof, without the prior written consent of the other and any purported disposition without such consent shall be void.

Notwithstanding the foregoing paragraph, the Lessee may, upon prior written notice to the Agency, so long as there exists no Event of Default hereunder, grant such rights of way or easements over, across, or under, the Facility Realty, or grant such permits or licenses in respect to the use thereof, free from the leasehold estate of the Company Lease, of this Agreement and of the Sublease Agreement as shall be necessary or convenient in the opinion of the Lessee for the operation or use of the Facility, provided that such leases, rights of way, easements, permits or licenses shall not adversely affect the use or operation of the Facility. The Agency agrees, at the sole cost and expense of the Lessee, to execute and deliver any and all instruments necessary or appropriate to confirm and grant any such right of way or easement or any such permit or license and to release the same from the leasehold estate of the Company Lease, of this Agreement and of the Sublease Agreement.

Notwithstanding any other provision of this Agreement, so long as there exists no Event of Default hereunder, the Lessee may from time to time request in writing to the Agency the release of and removal from the leasehold estate of the Company Lease, of this Agreement and of the Sublease Agreement of any unimproved part of the Land (on which none of the Improvements is situated) provided that such release and removal will not adversely affect the use or operation of the Facility. Upon any such request by the Lessee, the Agency shall, at the sole cost and expense of the Lessee, execute and deliver any and all instruments necessary or appropriate to so release and remove such portion of the Facility Realty from the leasehold estates of the Company Lease, of this Agreement and of the Sublease Agreement, subject to the following: (i) any liens, easements, encumbrances and reservations to which title to said property was subject at the time of recording of this Agreement; (ii) any liens, easements and encumbrances created at the request of the Lessee or to the creation or suffering of which the Lessee consented; (iii) any liens and encumbrances or reservations resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Agreement; (iv) Permitted Encumbrances (other than the liens of the Company Lease, of this Agreement and of the Sublease Agreement); and (v) any liens for taxes or assessments not then delinquent;

provided, however, no such release shall be effected unless there shall be delivered to the Agency a certificate of an Authorized Representative of the Lessee, dated not more than sixty (60) days prior to the date of the release, stating that, in the opinion of the Person signing such certificate, the portion of the Facility Realty so proposed to be released and the release of such portion of the Facility Realty is not needed for the operation of the Facility, will not adversely affect the use or operation of the Facility and will not destroy the means of ingress thereto and egress therefrom.

(b) No conveyance or release effected under the provisions of this Section 6.4 shall entitle the Lessee to any abatement or diminution of the Rental Payments payable under Section 3.3 hereof required to be made by the Lessee under this Agreement or any other Project Document to which it shall be a party.

Section 6.5. Discharge of Liens. (a) If any lien, encumbrance or charge is filed or asserted (including, without limitation, any lien for the performance of any labor or services or the furnishing of materials), or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims being herein collectively called "**Liens**"), whether or not valid, is made against the Facility or any part thereof or the interest therein of the Agency, the Lessee or the Sublessee or against any of the Rental Payments payable under the Company Lease, under this Agreement or under the Sublease Agreement or the interest of the Agency, the Lessee or the Sublessee under the Company Lease, under this Agreement or under the Sublease Agreement, other than Liens for Impositions (as defined in Section 4.4 hereof) not yet payable, Permitted Encumbrances, or Liens being contested as permitted by Section 6.5(b) hereof, the Lessee forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Agency and take all action (including the payment of money and/or the securing of a bond) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full thereof and to remove or nullify the basis therefor. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the Agency for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien against the Agency's interest in the Facility.

(b) The Lessee may at its sole expense contest (after prior written notice to the Agency), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if (1) such proceeding shall suspend the execution or enforcement of such Lien against the Facility or any part thereof or interest therein, or in the Company Lease, in this Agreement or in the Sublease Agreement, of the Agency, the Lessee or the Sublessee or against any of the Rental Payments payable under the Company Lease, under this Agreement or under the Sublease Agreement, (2) neither the Facility nor any part thereof or interest therein would be in any danger of being sold, forfeited or lost, (3) neither the Lessee nor the Sublessee nor the Agency would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and (4) the Lessee or the Sublessee shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Agency.

Section 6.6. Agency's Authority; Covenant of Quiet Enjoyment. The Agency covenants and agrees that it has full right and lawful authority to enter into this Agreement for the full term hereof, and that, subject to the terms and provisions of the Permitted Encumbrances (and any other impairments of title whether or not appearing on the title insurance policy referred to in Section 2.3 hereof), so long as the Lessee shall pay the Rental Payments payable by it under this Agreement and shall duly observe all the covenants, stipulations and agreements herein contained obligatory upon it and an Event of Default shall not exist hereunder, the Agency shall take no action to disturb the peaceful, quiet and undisputed possession of the Facility by the Lessee under this Agreement, and the Agency (at the sole cost and expense of the Lessee) shall from time to time take all necessary action to that end, subject to Permitted Encumbrances.

Section 6.7. No Warranty of Condition or Suitability. THE AGENCY HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE LESSEE OR THE SUBLESSEE OR THE EXTENT TO WHICH FUNDS AVAILABLE TO THE LESSEE WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. THE LESSEE, ON BEHALF OF ITSELF AND THE SUBLESSEE, IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR PURPOSES OF THE LESSEE AND THE SUBLESSEE. THE AGENCY SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE LESSEE OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

Section 6.8. Financial Statements; No-Default Certificates. (a) Upon request of the Agency, the Lessee shall deliver or cause to be delivered to the Agency, a copy of the most recent annual financial statements of the Lessee and of the Sublessee and of their subsidiaries, if any (including balance sheets as of the end of such fiscal year and the related statement of revenues, expenses and changes in fund balances and, if applicable, income, earnings, and changes in financial position) for such fiscal year, prepared in accordance with generally accepted accounting principles consistently applied, certified by an independent certified public accountant reasonably acceptable to the Agency.

(b) Upon request of the Agency, the Lessee shall deliver to the Agency a certificate of an Authorized Representative of the Lessee (i) as to whether or not, as of the close of the immediately preceding calendar year, and at all times during such year, the Lessee was in compliance with all the provisions that relate to the Lessee in this Agreement and in any other Project Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he shall disclose

in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Lessee with respect thereto; and (ii) that the insurance the Lessee maintained complies with the provisions of Section 4.5 of this Agreement, that such insurance has been in full force and effect at all times during the preceding calendar year, and that duplicate copies of all policies or certificates thereof have been filed with the Agency and are in full force and effect. In addition, upon twenty (20) days prior request by the Agency, the Lessee will execute, acknowledge and deliver to the Agency a certificate of an Authorized Representative of the Lessee either stating that to the knowledge of such Authorized Representative after due inquiry there is no default under or breach of any of the terms hereof that, with the passage of time or the giving of notice or both, would constitute an Event of Default hereunder, exists or specifying each such default or breach of which such Authorized Representative has knowledge.

(c) The Lessee shall immediately notify the Agency of the occurrence of any Event of Default, or any event that with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Lessee and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Lessee shall state this fact on the notice.

Section 6.9. Employment Information, Opportunities and Guidelines.

(a) Annually, by August 1 of each year, commencing August 1, 2007, until the termination of this Agreement, the Lessee and the Sublessee shall submit to the Agency an employment report relating to the period commencing July 1 of the previous year and ending June 30 of the year of the obligation of the filing of such report, substantially in the form of Schedule C attached hereto, certified as to accuracy by the chief financial or accounting officer of the Lessee and the Sublessee. Upon termination of this Agreement, the Lessee and the Sublessee shall submit to the Agency an employment report relating to the period commencing the date of the last report submitted to the Agency and ending on the last payroll date of the preceding month in substantially the form of Schedule C attached hereto, certified as to accuracy by the Lessee and the Sublessee. Nothing herein shall be construed as requiring the Lessee or the Sublessee to maintain a minimum number of employees on its respective payroll.

(b) The Lessee shall ensure that all employees and applicants for employment by the Lessee or its Affiliates (including the Sublessee) with regard to the Facility are afforded equal employment opportunities without discrimination. Except as is otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of the Project shall be listed with the New York State Department of Labor Community Services Division, and with the administrative entity of the service delivery area created by the Workforce Investment Act of 1998 (P.L. No. 105-220) in which the Facility Realty is located. Except as is otherwise provided by collective bargaining contracts or agreements, the Lessee agrees, where practicable, to consider first, and cause each of its Affiliates (including the Sublessee) at the Facility to consider first, persons eligible to participate in the Workforce Investment Act of 1998 (P.L. No. 105-220) programs who shall be referred by administrative entities of service delivery areas created pursuant to such act or by the Community Services Division of the New York State Department of Labor for such new employment opportunities.

(c) The Lessee (on behalf of itself and the Sublessee) hereby authorizes any private or governmental entity, including but not limited to The New York State Department of Labor (“DOL”), to release to the Agency and/or the New York City Economic Development Corporation (“EDC”), and/or to the successors and assigns of either (collectively, the “**Information Recipients**”), any and all employment information under its control and pertinent to the Lessee and the Sublessee and the employees of the Lessee and the Sublessee to enable the Agency and/or EDC to comply with its reporting requirements required by New York City Local Law 48 of 2005 and any other applicable laws, rules or regulations. In addition, upon the Agency’s written request, the Lessee shall provide to the Agency any employment information in the possession of the Lessee or the Sublessee which is pertinent to the Lessee and the Sublessee and the employees of the Lessee and the Sublessee to enable the Agency and/or EDC to comply with its reporting requirements required by New York City Local Law 48 of 2005 and any other applicable laws, rules or regulations. Information released or provided to Information Recipients by DOL, or by any other governmental entity, or by any private entity, or by the Lessee or by the Sublessee, or any information previously released as provided by all or any of the foregoing parties (collectively, “**Employment Information**”) may be disclosed by the Information Recipients in connection with the administration of the programs of the Agency, and/or EDC, and/or the successors and assigns of either, and/or The City of New York, and/or as may be necessary to comply with law; and, without limiting the foregoing, the Employment Information may be included in (x) reports prepared by the Information Recipients pursuant to New York City Local Law 48 of 2005, (y) other reports required of the Agency, and (z) any other reports required by law. This authorization shall remain in effect throughout the term of this Agreement.

(d) Nothing in this Section shall be construed to require the Lessee or the Sublessee to violate any existing collective bargaining agreement with respect to hiring new employees.

Section 6.10. Further Assurances. The Lessee will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Lessee, as the Agency deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Agency hereunder.

Section 6.11. Recording and Filing. This Agreement shall be recorded by the Lessee in the appropriate office of the Register of The City of New York, or in such other office as may at the time be provided by law as the proper place for the recordation thereof.

Section 6.12. Further Encumbrances. The Lessee shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against the Facility or any part thereof, or the interest of the Lessee or of the Sublessee in the Facility or the Company Lease, this Agreement or the Sublease Agreement, except for Permitted Encumbrances.

Section 6.13. Subtenant Survey. The Lessee shall file with the Agency by January 1 of each year, commencing January 1, 2007, a certificate of an Authorized

Representative of the Lessee with respect to all subtenancies in effect at the Facility, in the form attached hereto as Schedule D.

Section 6.14. Notice. The Lessee shall deliver to the Agency on August 1 of each year, commencing August 1, 2007, a completed location and contact information report in the form attached hereto as Schedule E.

ARTICLE VII

EVENTS OF DEFAULT; REMEDIES

Section 7.1. Events of Default. Any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Failure of the Lessee to pay any Rental Payment within fifteen (15) days of the due date thereof;

(b) (i) Failure of the Lessee to observe and perform any covenant, condition or agreement on its part to be performed under Section 2.4, 4.3, 4.4, 4.6, 4.7, 5.1, 6.1, 6.2, 6.3, 6.12, 6.13, 6.14, 7.6, 8.5, 9.3 or 9.14 hereof and continuance of such failure for a period of thirty (30) days after receipt by the Lessee of written notice specifying the nature of such default from the Agency; or

(ii) Failure of the Lessee to observe and perform any covenant or agreement on its part to be performed under Section 4.5 hereof and continuance of such failure for a period of fifteen (15) days after receipt by the Lessee of written notice specifying the nature of such default from the Agency;

(c) Failure of the Lessee to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 7.1(a) or (b) above) and (i) continuance of such failure for a period of thirty (30) days after receipt by the Lessee of written notice specifying the nature of such default from the Agency, or (ii) if by reason of the nature of such default the same can be remedied, but not within the said thirty (30) days, the Lessee fails to proceed with reasonable diligence after receipt of said notice to cure the same or fails to continue with reasonable diligence its efforts to cure the same;

(d) The Lessee, the Sublessee, the Individual Guarantor or either of the Corporate Guarantors shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code, (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;

(e) A proceeding or case shall be commenced, without the application or consent of the Lessee, the Sublessee, the Individual Guarantor or either of the Corporate Guarantors in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Lessee, the Sublessee, the Individual Guarantor

or either of the Corporate Guarantors or of all or any substantial part of its respective assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Lessee, the Sublessee, the Individual Guarantor or either of the Corporate Guarantors shall be entered in an involuntary case under the Federal Bankruptcy Code; the terms "dissolution" or "liquidation" of the Lessee, the Sublessee, the Individual Guarantor or either of the Corporate Guarantors as used above shall not be construed to prohibit any action otherwise permitted by Section 6.1 hereof, Section 7 of the Sublease Agreement or Section 2.6 of the Guaranty Agreement;

(f) Any representation or warranty made by the Lessee, the Sublessee, the Individual Guarantor or either of the Corporate Guarantors (i) in the application and related materials submitted to the Agency for approval of the Project or the transactions contemplated by this Agreement, or (ii) herein or in any other Project Document, or (iii) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;

(g) The commencement of proceedings to foreclose any mortgage lien on or security interest in the Facility;

(h) Any loss of leasehold estate of the Agency in the Facility;

(i) An "Event of Default" under the Sublease Agreement, the Guaranty Agreement or any other Permitted Encumbrances, including the Mortgages or the Notes, shall occur and be continuing;

(j) The Lessee, the Sublessee, the Individual Guarantor or either of the Corporate Guarantors shall become a Prohibited Person; and

(k) An appointment of a receiver with respect to the Facility as may be specified in the Mortgages.

Section 7.2. Remedies on Default. Whenever any Event of Default referred to in Section 7.1 hereof shall have occurred and be continuing, the Agency may take any one or more of the following remedial steps:

(a) The Agency may terminate this Agreement (with the effect that the term of this Agreement shall be deemed to have expired on such date of termination as if such date were the original expiration date of this Agreement) in which case this Agreement and all of the estate, right, title and interest herein granted or vested in the Lessee shall cease and terminate, and convey all of the Agency's right, title and interest in the Facility to the Lessee, which the Agency may accomplish by executing and recording, at the sole cost and expense of the Lessee, lease termination agreements to terminate the Company Lease and this Agreement of record as required by law and the Lessee hereby waives delivery and acceptance of such termination agreements as a condition to its validity, and appoints the Agency its true and lawful agent and attorney-in-fact (which appointment shall be deemed to be an agency coupled with an interest)

with full power of substitution to file on its behalf all affidavits, questionnaires and other documentation necessary to accomplish the recording of such termination agreements; or

(b) The Agency may bring an action for damages, injunction or specific performance;

(c) The Agency may suspend or terminate the Sales Tax Letter or require the Lessee to surrender the Sales Tax Letter to the Agency for cancellation;

(d) The Agency may require the Lessee to make payments in lieu of real estate taxes under Section 4.3 hereof with respect to the Facility Realty in an amount equal to that amount that the Lessee would otherwise be required to pay if it were the owner of the Facility Realty and the Agency had no leasehold interest in the Facility Realty; or

(e) The Agency may take whatever action at law or in equity as may appear necessary or desirable to collect the Rental Payments then due, or to enforce performance or observance of any obligations, agreements or covenants of the Lessee under this Agreement.

No action taken pursuant to this Section 7.2 (including termination of this Agreement pursuant to this Section 7.2 or by operation of law or otherwise) shall, except as expressly provided herein, relieve the Lessee from the Lessee's obligations hereunder, including without limitation, the obligations of the Lessee under Sections 4.3 (until such time as the Agency shall cease to have a leasehold estate in the Facility and, by reason thereof, the Lessee shall again pay taxes as if it were the record owner of the Facility Realty), 6.2, 7.6, 8.5, 9.13 and 9.15 hereof, all of which shall survive any such action.

Section 7.3. Remedies Cumulative. The rights and remedies of the Agency under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Agency allowed by law with respect to any default under this Agreement. Failure by the Agency to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Lessee hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy a strict compliance by the Lessee with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Lessee be continued or repeated.

Section 7.4. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Agency and the Lessee or any delay or omission on the part of the Agency in exercising any rights hereunder or under any other Project Document shall operate as a waiver.

Section 7.5. Effect on Discontinuance of Proceedings. In case any proceeding taken by the Agency under this Agreement or under any other Project Document on account of any Event of Default hereunder or thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Agency, then, and in

every such case, the Agency shall be restored to its former position and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Agency shall continue as in effect prior to the commencement of such proceedings.

Section 7.6. Agreement to Pay Attorneys' Fees and Expenses. In the event the Lessee should default under any of the provisions of this Agreement and the Agency should employ outside attorneys or incur other out-of-pocket expenses for the collection of the Rental Payments payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the Agency the reasonable fees and disbursements of such attorneys and such other expenses so incurred.

ARTICLE VIII

OPTIONS TO TERMINATE; RECAPTURE OF BENEFITS

Section 8.1. Option to Terminate Agreement. (a) The Lessee shall have the option to terminate the Company Lease and this Agreement and purchase the Facility Equipment by paying all Rental Payments and any other amounts due and payable under this Agreement (collectively, the “**Project Payments**”). The Lessee shall exercise such option by delivering to the Agency a written notice of an Authorized Representative of the Lessee to the Agency stating that the Lessee has elected to exercise its option under this Section 8.1(a) and the date on which such termination is to be effective (which date shall not be earlier than forty-five (45) days after the date of such notice). On a scheduled termination date, the Lessee shall (i) pay any and all Project Payments then due, plus one dollar (\$1.00), (ii) perform all accrued obligations hereunder, (iii) surrender the Sales Tax Letter to the Agency for cancellation, if applicable, and (iv) deliver or cause to be delivered to the Agency (x) with respect to any mortgage on the Facility for which the Agency shall have granted a mortgage recording tax exemption, an executed satisfaction of such mortgage in recordable form, executed by the mortgagee, and (y) with respect to any mortgage on the Facility to which the Agency shall be a party and intended to continue beyond the termination of this Agreement but with respect to which mortgage the Agency shall not have granted any mortgage recording tax exemption, a release of the Agency from such mortgage in recordable form executed by all other parties to such mortgage. Such termination shall become effective on such scheduled termination date, subject, however, to the survival of the obligations of the Lessee under Sections 4.3, 6.2, 8.5, 9.13 and 9.15 hereof.

(b) Upon termination of the Company Lease and this Agreement, the Agency, upon the written request and at the sole cost and expense of the Lessee, shall execute such instruments as the Lessee may reasonably request or as may be necessary to discharge this Agreement and the Company Lease as documents of record with respect to the Facility Realty subject to Section 8.2 hereof.

Section 8.2. Release of Interest in Facility upon Exercise of Option to Terminate. At the closing of terminating the Agency’s interest in the Facility pursuant to Section 8.1 hereof, the Agency will, upon payment of the purchase price, deliver or cause to be delivered to the Lessee (i) termination agreements and all other necessary documents confirming the release of the Agency’s right, title and interest in and to the Facility Realty and terminating the Company Lease and this Agreement; (ii) a bill of sale with respect to the Facility Equipment; and (iii) all necessary documents releasing all of the Agency’s rights and interests in and to any rights of action (other than as against the Lessee or any insurer of the insurance policies under Section 4.5(a)(iii) hereof), or any insurance proceeds (other than liability insurance proceeds for the benefit of the Agency) or condemnation awards, with respect to the Facility or any portion thereof.

Upon release of the Agency’s interest in the Facility pursuant to this Section 8.2, this Agreement and all obligations of the Lessee hereunder shall be terminated except the obligations of the Lessee under Sections 4.3 (until such time as the Agency shall cease to have a leasehold estate in the Facility and, by reason thereof, the Lessee shall again pay taxes as the

record owner of the Facility Realty), 6.2, 8.5, 9.13 and 9.15 hereof shall survive such termination.

Section 8.3. [Reserved].

Section 8.4. Termination of Agreement. Notwithstanding any other provision of this Agreement to the contrary, on or after the Expiration Date, and upon receipt of sixty (60) days prior written notice of the Agency requesting termination, the Lessee shall terminate the Company Lease and this Agreement by paying the fees and expenses of the Agency and all other amounts due and payable under this Agreement and any other Project Documents, and thereupon the Lessee shall terminate the Company Lease and this Agreement in accordance with Sections 8.1 and 8.2 hereof, and such termination shall forthwith become effective subject, however, to the survival of the obligations of the Lessee under Sections 4.3 (until such time as the Agency shall cease to have a leasehold estate in the Facility Realty and, by reason thereof, the Lessee shall again pay taxes as the record owner of the Facility Realty), 6.2, 8.5, 9.13 and 9.15 hereof. In the event the Lessee does not terminate the Company Lease and this Agreement within such sixty (60) day period, then, commencing on the 61st day after transmittal of the notice requesting termination as above provided, the Lessee shall, in addition to all other payment obligations due to the Agency hereunder, make rental payments to the Agency in the amount of \$500.00 per day until the Lessee shall have terminated the Company Lease and this Agreement in accordance with the provisions hereof.

Section 8.5. Recapture of Agency Benefits. It is understood and agreed by the parties to this Agreement that the Agency is entering into this Agreement in order to provide financial assistance to the Lessee for the Project and to accomplish the public purposes of the Act. In consideration therefor, the Lessee hereby agrees as follows:

(i) If there shall occur a Recapture Event during the Recapture Period (as those terms are defined below), but such Recapture Event is prior to the Operations Commencement Date (defined hereinbelow), the Lessee shall pay to the Agency as a return of public benefits conferred by the Agency, the following amounts upon demand by the Agency: (i) all Benefits (as defined below); and (ii) interest described in subsection (ii)(c) and (if applicable) (d) immediately below.

(ii) If there shall occur a Recapture Event during the Recapture Period, but such Recapture Event occurs after the date on which the Project shall have been substantially completed (which shall be the earlier of (y) the completion date set forth in Section 2.2 hereof, or (z) the date stated in the certificate of an Authorized Representative of the Lessee delivered to the Agency pursuant to Section 2.2 hereof)(such earlier date to be referred to as the "Operations Commencement Date"), the Lessee shall pay to the Agency as a return of public benefits conferred by the Agency, the following amounts (as applicable) upon demand by the Agency:

- a. If the Recapture Event occurs within the first six (6) years after the Operations Commencement Date, one hundred percent (100%) of the Benefits.

- b. If the Recapture Event occurs within any month during any one of the seventh, eighth, ninth or tenth years after the Operations Commencement Date, X percent of the Benefits where "X" equals 100% less the product of 1.666% and the number of months elapsed commencing with the first month of the seventh year through and including the month in which the Recapture Event occurs.
- c. The principal of the Benefits to be recaptured, whether pursuant to "a" or "b" preceding, shall bear interest equal to the effective rate resulting from the statutory judgment rate, compounded daily, commencing from the date that any amount of Benefit principal has accrued to the Lessee, through and including the date of the Agency's demand; such that (i) Benefit principal comprising mortgage recording taxes, and filing and recording fees, shall be deemed to have accrued to the Lessee on the Closing Date, (ii) Benefit principal comprising real estate tax benefits shall be deemed to have accrued to the Lessee on each date upon which the Lessee shall make a payment under Section 4.3(g) hereof; and (iii) Benefit principal comprising sales and/or use tax savings shall be deemed to have accrued to the Lessee on each date upon which such sales and/or use tax saving shall have been exempted by reason of the use by the Lessee of the Sales Tax Letter, provided, however, that if the Lessee cannot establish to the Agency's satisfaction the applicable date of receipt, the Agency shall deem the date of receipt (and therefore the date on which the Benefit principal accrued) to be the first day of the calendar year for which exemption was reported by the Lessee to the State Department of Taxation and Finance on Form ST-340, or if the Lessee shall have failed to file Form ST-340, the Closing Date.
- d. In addition to the interest payable pursuant to "c" preceding, the principal of the Benefits to be recaptured, whether pursuant to "a" or "b" preceding, and whether related to real estate tax savings or not, if not paid to the Agency upon demand, shall from the date of demand bear interest calculated at the rate and compounded in the same manner as the interest imposed by the City's Department of Finance on the delinquent payments of real estate taxes; provided, however, that the effective rate of such interest shall not exceed the maximum interest permitted by law.
- e. For purposes of this subsection (ii) and subsection (i) of this Section 8.5, demand for payment by the Agency shall be made in accordance with the notice requirements of this Agreement and the due date for payment shall be not less than seven (7) business days from the date of the notice.

With respect to subsection (ii)(c) immediately hereinabove, the “statutory judgment rate” shall be the statutory judgment rate in effect on the date of the Agency’s demand; and with respect to subsection (ii)(d) immediately hereinabove, the interest rate and compounding “imposed by the City’s Department of Finance on delinquent payments of real estate taxes” shall be the rate and the compounding in effect on the date of the Agency’s demand.

The term “**Benefits**” shall mean, collectively:

(y) all real estate tax benefits that have accrued to the benefit of the Lessee during such time as the Agency had a leasehold or controlling interest in the Facility Realty, such tax benefits to be computed by subtracting the payments in lieu of taxes paid under Section 4.3 hereof from those payments that the Lessee would have paid during the term of this Agreement had the Agency not had a leasehold or controlling interest in the Facility Realty during such term; and

(z) all miscellaneous benefits derived from the Agency’s participation in the straight-lease transaction contemplated by this Agreement, including, but not limited to, any exemption from any applicable mortgage recording taxes, sales or use taxes, and filing and recording fees.

The term “**Recapture Period**” shall mean the period of time commencing on the Closing Date, and expiring on the date which is the tenth anniversary of the Operations Commencement Date.

The term “**Recapture Event**” shall mean any one of the following events:

(a) The Lessee or the Sublessee shall have failed to complete the Project by the Project completion date set forth in Section 2.2 hereof.

(b) The Lessee or the Sublessee shall have liquidated all or substantially all of its operating assets or shall have ceased all or substantially all of its operations.

(c) The Lessee or the Sublessee shall have transferred all or substantially all of its employees to a location outside of the City.

(d) The Lessee or the Sublessee shall have substantially changed the scope and nature of its operations at the Facility Realty.

(e) The Lessee and/or the Sublessee shall have sold, leased or otherwise disposed of all or substantially all of the Facility Realty.

(f) The Lessee or the Sublessee shall have subleased all or part of the Facility Realty in violation of Section 9.3 hereof.

(g) The Lessee or the Sublessee shall have relocated all or substantially all of its operations at the Facility Realty to another site; provided, however, and notwithstanding the foregoing, such relocation shall not be a Recapture Event (as defined herein) if (i) the Lessee and the Sublessee have relocated their operations at the Facility

Realty and at least 90% of their employees employed at the Facility Realty prior to the relocation, to another site within the City; and (ii) the Lessee and the Sublessee maintain, for the remaining balance of the Recapture Period, an employment level equal to at least 90% of the number of employees employed by the Lessee and the Sublessee at the Facility Realty prior to relocation; and (iii) the Lessee and/or the Sublessee shall satisfy such other additional conditions as the Agency may from time to time impose provided such additional conditions are reasonable and uniformly imposed, at the time, to other similar transactions under similar circumstances. There shall arise another Recapture Event upon the failure of the Lessee and/or the Sublessee to satisfy continuously the foregoing requirements for the remaining balance of the Recapture Period. Upon the occurrence of such subsequent Recapture Event, the Agency shall have the right to demand payment of all amounts due under this subsection (ii), and the calculation of interest pursuant to subsection (ii)(c) of this Section 8.5 shall assume that the subsequent Recapture Event replaces the original Recapture Event for purposes of that computation. The determination of the pre-relocation, 90%-employment level shall be done in a manner, and in respect of a date or period of time, that the Agency deems satisfactory in its sole discretion.

(iii) Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event

(A) shall have arisen as a direct, immediate result of (x) force majeure as defined in this Agreement, or (y) a taking or condemnation by governmental authority of all or substantially all of the Facility Realty, or (z) the inability at law of the Lessee to rebuild, repair, restore or replace the Facility Realty after the occurrence of a Loss Event to substantially its condition prior to such Loss Event, which inability shall have arisen in good faith through no fault on the part of the Lessee, the Sublessee, or any Affiliate, or

(B) is deemed, in the sole discretion of the Agency, to be (y) minor in nature, or (z) a cause of undue hardship to the Lessee and/or the Sublessee were the Agency to recapture any Benefits.

(iv) The Lessee covenants and agrees to furnish the Agency with written notification of any Recapture Event within ten (10) days of its occurrence and shall subsequently provide to the Agency in writing any additional information that the Agency may request.

(v) The provisions of this Section 8.5 shall survive the termination of this Agreement for any reason whatsoever, notwithstanding any provision of this Agreement to the contrary.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Force Majeure. In case by reason of *force majeure* either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if such party shall give notice and full particulars of such *force majeure* in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than the obligations of the Lessee to make the Rental Payments required under the terms hereof, or to comply with Section 4.5 or 6.2 hereof), so far as they are affected by such *force majeure*, shall be suspended during the continuance of the inability then claimed, which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "*force majeure*", as employed herein, shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other similar or different cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the requirements that any *force majeure* shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be satisfied in the event of a strike or other industrial disturbance even though existing or impending strikes or other industrial disturbances could have been settled by the party claiming a *force majeure* hereunder by acceding to the demands of the opposing person or persons.

The Lessee shall promptly notify the Agency upon the occurrence of each *force majeure*, describing such *force majeure* and its effects in reasonable detail. The Lessee shall also promptly notify the Agency upon the termination of each such *force majeure*. The information set forth in any such notice shall not be binding upon the Agency, and the Agency shall be entitled to dispute the existence of any *force majeure* and any of the contentions contained in any such notice received from the Lessee.

Section 9.2. Priority. Pursuant to the First Mortgage, the Agency and the Lessee will grant to the First Mortgagee a mortgage lien on and a security interest in the Facility as security for the payment of amounts due under the First Mortgage Note. Upon the satisfaction in full of the Bridge Loan Mortgage from the proceeds of the Second Mortgage Loan, the Agency and the Lessee will grant to the Second Mortgagee a second mortgage lien on and a security interest in the Facility pursuant to the Second Mortgage as security for the payment of amounts due under the Second Mortgage Note. The Company Lease, this Agreement and the Sublease Agreement shall be subject and subordinate to the Mortgages and to such mortgage liens and security interests so created thereby; provided, however, that nothing in the Mortgages shall impair the Agency's ability to enforce its rights hereunder against the Lessee.

Section 9.3. Assignment or Sublease. (a) The Lessee shall not at any time (y) except as permitted by Section 6.1 hereof, assign or transfer this Agreement, or (z) sublet the whole or any part of the Facility, except to the Sublessee pursuant to the Sublease Agreement, without the prior written consent of the Agency (such consent to take into consideration the Agency's policies as in effect from time to time), and provided that:

(i) the Lessee shall deliver to the Agency an Opinion of Counsel acceptable to the Agency to the effect that the sublease shall not cause the Facility to cease being an Approved Facility and a "project" under the Act;

(ii) the Lessee shall remain primarily liable to the Agency for the payment of all Rental Payments hereunder and for the full performance of all of the terms, covenants and conditions of this Agreement and of any other Project Document to which it shall be a party;

(iii) any assignee or transferee of the Lessee or any sublessee in whole of the Facility shall have assumed in writing (and shall have executed and delivered to the Agency an instrument in form for recording) and have agreed to keep and perform all of the terms of this Agreement on the part of the Lessee to be kept and performed, shall be jointly and severally liable with the Lessee for the performance thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) any assignee, transferee or sublessee shall utilize the Facility as an Approved Facility and a qualified "project" within the meaning of the Act;

(v) such assignment, transfer or sublease shall not violate any provision of this Agreement or any other Project Document;

(vi) with respect to any subletting in part, the term of each such sublease does not exceed five (5) years at any given date, and no more than an aggregate of twenty percent (20%) of the Facility Realty would be subleased by the Lessee or Sublessee;

(vii) in the Opinion of Counsel, such assignment, transfer or sublease shall not legally impair in any respect the obligations of the Lessee for the payment of all Rental Payments nor for the full performance of all of the terms, covenants and conditions of this Agreement or of any other Project Document to which the Lessee shall be a party, nor impair or limit in any respect the obligations of any Guarantor under the Guaranty Agreement;

(viii) such sublease shall in no way diminish or impair the Lessee's obligation to carry the insurance required under Section 4.5 of this Agreement and the Lessee shall furnish written evidence satisfactory to the Agency that such insurance coverage shall in no manner be limited by reason of such assignment, transfer or sublease; and

(ix) each such sublease shall contain such other provisions as the Agency may reasonably require.

The Lessee shall furnish or cause to be furnished to the Agency a copy of any such assignment, transfer or sublease in substantially final form at least thirty (30) days prior to the date of execution thereof.

(b) Any consent by the Agency to any act of assignment, transfer or sublease shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the Lessee, or the successors or assigns of the Lessee, to obtain from the Agency consent to any other or subsequent assignment, transfer or sublease, or as modifying or limiting the rights of the Agency under the foregoing covenant by the Lessee.

(c) If the Facility or any part thereof is sublet or occupied by any Person other than the Lessee, the Agency, in the event of the Lessee's default in the payment of Rental Payments hereunder may, and is hereby empowered to, collect Rental Payments from the sublessee or occupant during the continuance of any such default. In case of such event, the Agency may apply the net amount received by it to the Rental Payments herein provided, and no such collection shall be deemed a waiver of the covenant herein against assignment, transfer or sublease of this Agreement, or constitute the acceptance of the undertenant or occupant as tenant, or a release of the Lessee from the further performance of the covenants herein contained on the part of the Lessee.

(d) The Lessee covenants and agrees that it shall not, without the prior written consent of the Agency (which consent shall not be unreasonably withheld), amend, modify, terminate or assign, or to suffer any amendment, modification, termination or assignment of, the Sublease Agreement or any sublease entered into in accordance with this Section.

(e) The limitations in this Section 9.3 on assignment or transfer of this Agreement and subletting in whole or in part of the Facility shall have equal application to any assignment or transfer of the Sublease Agreement and sub-subletting in whole or in part of the Facility.

(f) Promptly after receipt from the Agency of any subtenant survey and questionnaire pertaining to the Facility, the Lessee shall complete and execute such survey and questionnaire and return the same to the Agency.

Section 9.4. Amendments. This Agreement may be amended by a written instrument executed and delivered by the parties hereto; provided, however, that no amendment pertaining directly or indirectly to the rights, powers or privileges of the Mortgagees shall be effective without the consent of the Mortgagees.

Section 9.5. Notices. All notices, certificates or other communications hereunder shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service, charges prepaid or (iii) by hand delivery, addressed, as follows:

(a) if to the Agency, to New York City Industrial Development Agency, 110 William Street, New York, New York 10038, Attention: General Counsel, with a copy to the Executive Director of the Agency at the same address, and

(b) if to the Lessee, to MGC Realty, Inc., 535 Manida Street, Bronx, New York 10474 Attention: President, with a copy to Law Offices of Barbara Albom, 591 Broadway, Suite 3A, New York, New York 10012.

The Agency and the Lessee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder. Notices may also be given in compliance with this Agreement by telecopy, provided that the recipient party consents to the use of telecopy transmissions for giving of notices hereunder and receipt of any such telecopy transmission is confirmed by the transmitting party.

Any notice, demand or report required to be given hereunder by the Agency or the Lessee shall also be delivered, at the same time and in the same manner as such notice, demand or report is required to be given to the Agency or the Lessee hereunder, to the Sublessee.

Section 9.6. Prior Agreements Superseded. This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Agency and the Lessee relating to the Facility, other than the Company Lease.

Section 9.7. Severability. If any clause, provision or section of this Agreement be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining provisions hereof.

Section 9.8. Inspection of Facility. The Lessee will permit the Agency, or its duly authorized agent, upon reasonable notice, at all reasonable times, to enter the Facility, but solely for the purpose of (y) assuring that the Lessee is operating the Facility, or is causing the Facility to be operated, as an Approved Facility and a qualified "project" within the meaning of the Act consistent with the purposes set forth in the recitals to this Agreement and with the public purposes of the Agency, and (z) determining whether the Facility and/or the use thereof is in violation of any environmental law, and not for any purpose of assuring the proper maintenance or repair of the Facility as such latter obligation is and shall remain solely the obligation of the Lessee.

Section 9.9. Effective Date; Counterparts. This Agreement shall become effective upon its delivery on the Commencement Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.10. Binding Effect. This Agreement shall inure to the benefit of, and shall be binding upon, the Agency and the Lessee and their respective successors and assigns.

Section 9.11. Third Party Beneficiaries. It is the intention of the parties hereto that nothing contained herein is intended to be for, or to inure to, the benefit of any Person other than the parties hereto.

Section 9.12. Law Governing. **THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD OR GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF.**

Section 9.13. Waiver of Trial by Jury. The parties do hereby expressly waive all rights to trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or the Facility or any matters whatsoever arising out of or in any way connected with this Agreement.

The provision of this Agreement relating to waiver of a jury trial and the right of re-entry or re-possession shall survive the termination or expiration of this Agreement.

Section 9.14. Non-Discrimination. (a) At all times during the maintenance and operation of the Facility, the Lessee shall not discriminate nor permit the Sublessee to discriminate against any employee or applicant for employment because of race, color, creed, age, sex or national origin. The Lessee shall use its best efforts to ensure that employees and applicants for employment with the Lessee or any subtenant of the Facility are treated without regard to their race, color, creed, age, sex or national origin. As used herein, the term "treated" shall mean and include, without limitation, the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated.

(b) The Lessee shall, in all solicitations or advertisements for employees placed by or on behalf of the Lessee or the Sublessee state that all qualified applicants will be considered for employment without regard to race, color, creed or national origin, age or sex.

(c) The Lessee shall furnish to the Agency all information required by the Agency pursuant to this Section and will cooperate with the Agency for the purposes of investigation to ascertain compliance with this Section.

(d) The Agency and the Lessee shall, from time to time, mutually agree upon goals for the employment, training, or employment and training of members of minority groups in connection with performing work with respect to the Facility.

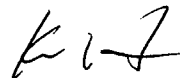
Section 9.15. Recourse Under This Agreement. All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency, and not of any member, director, officer, employee or agent of the Agency in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against

any member, director, officer, employee or agent of the Agency or any natural person executing this Agreement on behalf of the Agency. In addition, in the performance of the agreements of the Agency herein contained, any obligation the Agency may incur for the payment of money shall not subject the Agency to any pecuniary or other liability or create a debt of the State or the City, and neither the State nor the City shall be liable on any obligation so incurred and any such obligation shall be payable solely out of amounts payable to the Agency by the Lessee hereunder.

Section 9.16. Date of Agreement for Reference Purposes Only. The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written. This Agreement was delivered on the Commencement Date.

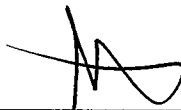
IN WITNESS WHEREOF, the Agency has caused its corporate name to be subscribed unto this Lease Agreement by its duly authorized Chairman, Vice Chairman, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs and the Lessee has caused its name to be hereunto subscribed by its duly Authorized Representative, all being done as of the year and day first above written.

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

By: 

Kei Hayashi
Deputy Executive Director

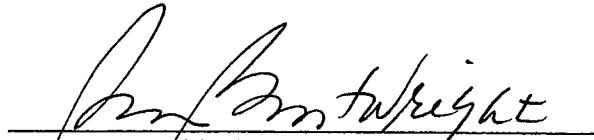
MGC REALTY, INC.

By: 

Wayne Edelman
President:

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

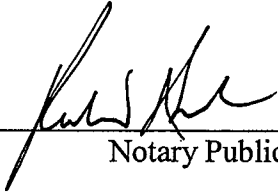
On the 5th day of September, in the year two thousand six, before me, the undersigned, personally appeared Kei Hayashi, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that ~~he~~^{she} executed the same in ~~his~~^{her} capacity, and that by ~~his~~^{her} signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.


~~Notary Public/Commissioner of Deeds~~

SUSAN BOATWRIGHT
NOTARY PUBLIC, State of New York
No. 01BO6123733
Qualified in Kings County
Commission Expires March 14, 2009

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

On the 6 day of September, in the year two thousand six, before me, the undersigned, personally appeared Wayne Edelman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

RICHARD J BIONDI
Notary Public State of New York
No 01BI5005419
Qualified in Nassau County
Commission Expires December 7, 2006

APPENDICES

Exhibit A

DESCRIPTION OF THE LAND

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough and County of the Bronx, City and State of New York, bounded and described as follows:

BEGINNING at a point on the westerly side of Manida Street, distant 200 feet southerly from the corner formed by the intersection of the southerly side of Randall Avenue; and

THENCE westerly parallel with the southerly side of Randall Avenue, a distance of 100 feet;

THENCE southerly parallel with the westerly side of Manida Street, a distance of 125 feet;

THENCE easterly parallel with the southerly side of Randall Avenue, a distance of 100 feet to the westerly side of Manida Street; and

THENCE northerly along the westerly side of Manida Street, a distance of 125 feet to the point or place of BEGINNING.

Said premises being known as 535 Manida Street, Bronx, NY

BLOCK 2768 LOT 253

Exhibit B

DESCRIPTION OF FACILITY EQUIPMENT

None

Exhibit C

PROJECT COST BUDGET

	<u>Loan</u>	<u>Company Funds</u>	<u>Total</u>
Land and Building Acquisition	\$1,485,000	\$115,000	\$1,600,000
Renovation	450,000	0	450,000
Machinery & Equipment	450,000	100,000	450,000
Fees/Soft Costs	<u>0</u>	<u>0</u>	<u>100,000</u>
Total	\$2,385,000	\$215,000	\$2,600,000

Project Activities

The Sublessee is a garment care business providing dry cleaning and garment laundering services.

Exhibit D

[FORM OF SALES TAX LETTER]

LETTER OF AUTHORIZATION FOR SALES TAX EXEMPTION

EXPIRATION DATE: _____, 2006

September __, 2006

TO WHOM IT MAY CONCERN

Re: New York City Industrial Development Agency
(2006 Meurice Garment Care of Manhasset, Inc. Project)

Ladies and Gentlemen:

The New York City Industrial Development Agency (the "Agency"), by this notice, hereby advises you as follows:

1. The Agency constitutes a corporate governmental agency and a public benefit corporation under the laws of the State of New York, and therefore, in the exercise of its governmental functions, is exempt from the imposition of any New York State or New York City sales and use tax. As an exempt governmental entity, no exempt organization identification number has been issued to the Agency nor is one required.

2. Pursuant to resolutions adopted by the Agency on December 13, 2005 and March 14, 2006, and a certain Lease Agreement, dated as of September 1, 2006 (the "Lease Agreement"), between the Agency and MGC Realty, Inc., a New York corporation (the "Company"), the Agency has authorized the Company to act as its agent for the acquisition, construction and equipping of a commercial facility (the "Facility") consisting of the acquisition of an approximately 12,500 square foot parcel of land and an approximately 12,500 square foot building thereon, and the renovation and equipping thereof, located at 535 Manida Street, Bronx, New York, all for use as a dry cleaning processing plant (the "Project"), for use and occupancy by the Company and its permitted sublessee, Meurice Garment Care of Manhasset, Inc., a New York corporation (the "Sublessee").

3. In connection with such resolution, the Lease Agreement and this Sales Tax Letter and pursuant to the authority therein granted, the Agency authorizes the Company to act as its agent in connection with the acquisition, constructing and equipping of the Project and authorizes the Company to use this Sales Tax Letter as its agent only for the payment of the costs of building materials, building fixtures and equipment, as described in Exhibit A attached hereto, for such acquisition, construction and equipping of the Project.

4. As agent for the Agency, the Company agrees that each contract, agreement, invoice, bill or purchase order entered into by the Company as agent for the Agency for the acquisition, construction and equipping of the Project shall include language in substantially the following form:

“This [contract, agreement, invoice, bill or purchase order] is being entered into by MGC Realty, Inc., a New York corporation (the “Agent”), as agent for and on behalf of the New York City Industrial Development Agency (the “Agency”) in connection with a certain project of the Agency for the Agent being the acquisition, construction and equipping of a commercial facility (the “Facility”), consisting of the acquisition of an approximately 12,500 square foot parcel of land located at 535 Manida Street, Bronx, New York and the construction and equipping of an approximately 12,500 square foot building thereon, all for use as a dry cleaning processing plant (the “Project”). The building materials and fixtures (excluding trade fixtures), capital improvements, equipment and other personal property to be used for the Project which are the subject of this [contract, agreement, invoice, bill or purchase order] shall be exempt from the sales and use tax levied by the State of New York and The City of New York if purchased and used in accordance with the terms and conditions set forth in the attached Sales Tax Letter of the Agency, and the Agent hereby represents that this [contract, agreement, invoice, bill or purchase order] is in compliance with the terms of the Sales Tax Letter. This [contract, agreement, invoice, bill or purchase order] is nonrecourse to the Agency, and the Agency shall not be directly or indirectly or contingently liable or obligated hereunder in any manner or to any extent whatsoever, and the Agent shall be the sole party liable hereunder. By execution or acceptance of this [contract, agreement, invoice, bill or purchase order], the [vendor or contractor] hereby acknowledges and agrees to the terms and conditions set forth in this paragraph.”

5. The acquisition of building materials, building fixtures and equipment constituting a part of the Project shall be exempt from the sales and use tax levied by the State of New York and The City of New York on the condition that (i) such building materials, fixtures and equipment are separately identifiable property of the Agency, and (ii) any such property shall have a useful life of one year or more, and shall solely be for the use of the Company and the Sublessee at the Facility, and for no other entity and at no other location, and be effected by and at the sole cost of the Company.

6. The Agency shall have no liability or performance obligations under any contract, agreement, invoice, bill or purchase order entered into by the Company as agent for the Agency hereunder. The Agency shall not be liable, either directly or indirectly or contingently,

upon any such contract, agreement, invoice, bill or purchase order in any manner and to any extent whatsoever, and the Company shall be the sole party liable thereunder.

7. By execution by the Company of its acceptance of the terms of this Sales Tax Letter, the Company agrees to accept the terms hereof and warrants to the Agency that the use of this Sales Tax Letter by the Company is strictly for the purposes above stated.

8. Accordingly, until the earlier of (i) the Expiration Date referred to above, (ii) the completion of the Project as provided in Section 2.2 of the Lease Agreement, (iii) the termination of the Lease Agreement, or (iv) the receipt by the Company of notice from the Agency of the termination of this Sales Tax Letter (in each case as so terminated, the "Termination Date"), all vendors, contractors and subcontractors are hereby authorized to rely on this Sales Tax Letter (or on a photocopy or fax of this Sales Tax Letter) as evidence that purchases of the Project property, to the extent effected by the Company (or by a contractor or subcontractor engaged by the Company) as agent for the Agency, are exempt from all New York State and New York City sales and use taxes.

9. Notwithstanding any contrary provisions in the Lease Agreement, ten (10) days prior to the expiration of this letter, the Lessee shall surrender this letter to the Agency for annual renewal. The Lessee may continue to use a facsimile copy of this Authorization for Sales Tax Exemption until its stated expiration date. Within ten (10) days of receipt of this letter, the Agency, if required, shall provide such annual renewal of the letter to the Lessee as provided in the Lease Agreement.

10. The Agency further appoints the Sublessee its agent for purposes of using the Facility.

The signature of a representative of the Company and the Sublessee where indicated below will indicate that the Company and the Sublessee have accepted the terms hereof.

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Kei Hayashi
Deputy Executive Director

ACCEPTED AND AGREED TO BY:

MGC REALTY, INC.

By: _____
Wayne Edelman
Title:

MEURICE GARMENT CARE OF MANHASSET, INC.

By: _____
Wayne Edelman
President

Exhibit A

Exemptions from sales or use tax relating to the acquisition of building materials and building fixtures for incorporation within the Facility Realty, together with the following items of Facility Equipment:

Exhibit E

ST-340 Annual Report of Sales and Use Tax Exemptions

SCHEDULE A

**PROJECT COMPLETION CERTIFICATE OF LESSEE AS
REQUIRED BY SECTION 2.2(d) OF THE LEASE AGREEMENT**

The undersigned, an Authorized Representative (as defined in the Lease Agreement referred to below) of MGC Realty, Inc., a New York corporation (the "Lessee"), HEREBY CERTIFIES that this Certificate is being delivered in accordance with the provisions of Section 2.2(d) of that certain Lease Agreement, dated as of September 1, 2006 (the "Lease Agreement"), between the New York City Industrial Development Agency (the "Agency") and the Lessee, and FURTHER CERTIFIES THAT (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Lease Agreement):

(i) the Project has been completed substantially in accordance with the plans and specifications therefor and the date of completion of the Project was _____;

(ii) except for any Project costs not due and payable or the liability for payment of which is being contested or disputed by the Lessee in good faith, all labor, service, machinery, equipment, materials and supplies used therefor have been paid for;

(iii) all other facilities necessary in connection with the Project have been completed and all costs and expenses incurred in connection therewith have been paid;

(iv) the Agency has a good and valid leasehold estate in the Facility, and all property constituting the Facility is subject to the Company Lease, the Lease Agreement and the Sublease Agreement, subject only to Permitted Encumbrances;

(v) in accordance with all applicable laws, regulations, ordinances and guidelines, the Facility is ready for occupancy, use and operation for its intended purposes;

(vi) [Reserved]

(vii) this Certificate is given without prejudice to any rights of the Lessee against third parties existing on the date hereof or which may subsequently come into being and no Person other than the Agency may benefit from this Certificate;

(viii) attached hereto are (a) releases of mechanics' liens by the general contractor and by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the Project, (b) a certificate of occupancy, (c) any and all permissions, approvals, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by the Lease Agreement, and (d) evidence that all real property taxes and assessments, and payments in lieu of taxes, if any, due and payable under Section 4.3 of the Lease Agreement in respect of the Facility have been paid in full.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this _____
day of _____, _____.

MGC REALTY, INC.,
as Lessee

By: _____
Name:
Title:



IDA BENEFITS REPORT

For benefits utilized July 1, 20xx – June 30, 20xx
 Due Date By Facsimile: July 31, 20xx

<<Project Company>>

If your company is entitled to a benefit during the period of July 1, 20xx - June 30, 20xx, but has not utilized the benefit during that period, please report \$0.00 where applicable.

If your company is not entitled to these benefits or if you have reached your maximum benefit prior to the period of July 1, 20xx - June 30, 20xx, please check the not applicable portion of the form.

SALES TAX BENEFITS

not applicable, no benefit utilized this period not applicable, maximum benefit reached
 not applicable, project not eligible for benefit

Total Cost of Purchases: \$ _____

Total Sales Tax Savings: \$ _____

BUSINESS INCENTIVE RATE - (BIR)

not applicable, no benefit utilized this period not applicable, maximum benefit reached
 not applicable, project not eligible for benefit

Amount of Benefit: \$ _____

Certification: I, the undersigned, hereby certify to the best of my knowledge and belief, that all information contained in this report is true and complete, and that I understand it is submitted pursuant to IDA agreement(s). The Agency, the New York City Economic Development Corporation and/or the successors and assigns of either, and/or the City of New York, may disclose the information provided in this Report in order to comply with requirements of law; and, without limiting the foregoing, such disclosed information may be included in (x) reports prepared pursuant to New York City Local Law 69, (y) other reports required of the Agency, and (z) any other reports required by law. This authorization shall remain in effect throughout the term of this transaction.

Signature _____ Date _____

Name/Title _____ Project Company Tax ID _____

FAX YOUR RESPONSE TO: (212) 312-3918

Or mail to:

NYC IDA
 Attention: Compliance Dept.
 110 William Street, 4th Floor
 New York, NY 10038

QUESTIONS: Please contact the IDA Compliance Helpline at (212) 312-3963

EMPLOYMENT and BENEFITS REPORT
For the Fiscal Year July 1, - June 30, (FY '06)

In order to comply with State and Local Law reporting requirements, the Company is required to complete and return this form to NYCIDA, 110 William Street, Attention: Compliance, New York, NY 10038 no later than the next August 1.

PLEASE SEE THE ATTACHED INSTRUCTIONS AND DEFINITIONS OF CAPITALIZED TERMS USED ON THIS PAGE.

- 1. Number of permanent Full-Time Employees as of June 30, 2006
2. Number of non-permanent Full-Time Employees as of June 30, 2006
3. Number of permanent Part-Time Employees as of June 30, 2006
4. Number of non-permanent Part-Time Employees as of June 30, 2006
5. Number of Contract Employees as of June 30, 2006
6. Total Number of employees of the Company and its Affiliates included in Items 1, 2, 3 and 4

For each employee included in this item 6, attach the NYS-45 Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return for the period including June 30, 2006.

- 7. Number of employees included in item 6 above who reside in the City of New York
8. Do the Company and its Affiliates offer health benefits to all Full-Time Employees?
Do the Company and its Affiliates offer health benefits to all Part-Time Employees?

If the answer to item 6 above is 250 or more employees, please complete Item 9 through 13 below.

- 9. Number of employees in Item 6 who are "Exempt"
10. Number of employees in Item 6 who are "Non-Exempt"
11. Number of employees in item 10 that earn up to \$25,000 annually
12. Number of employees in item 10 that earn \$25,001 - \$40,000 annually
13. Number of employees in item 10 that earn \$40,001 - \$50,000 annually

For Items 14 through 16, indicate the value of the benefits realized at Project Locations during FY'06:

- 14. Value of sales and use tax exemption benefits
15. Value of Commercial Expansion Program ("CEP") benefits
16. Value of Relocation and Employment Assistance Program ("REAP") benefits
17. Were physical improvements made to any Project Location during FY '06 at a cost exceeding 10% of the current assessed value of the existing improvements at such Project Location?

If the Company and/or its Affiliates have applied for Industrial and Commercial Incentive Program ("ICIP") benefits for new physical improvements at Project Location(s), please provide the ICIP application number(s).

Certification: I, the undersigned, an authorized officer or principal owner of the Company/Affiliate/Tenant, hereby certify to the best of my knowledge and belief, that all information contained in this report is true and complete.

Entity Name:

Signature By: Date:

Name (print): Title:

DEFINITIONS:

"Affiliate" is (i) a business entity in which more than fifty percent is owned by, or is subject to a power or right of control of, or is managed by, an entity which is a party to a Project Agreement, or (ii) a business entity that owns more than fifty percent of an entity which is a party to a Project Agreement or that exercises a power or right of control of such entity.

"Company" includes any entity that is a party to a Project Agreement.

"Contract Employee" is a person who is an independent contractor (i.e., a person who is not an "employee"), or is employed by an independent contractor (an entity other than the Company, an Affiliate or a Tenant), who provides services at a Project Location.

"Financial Assistance" is any of the following forms of financial assistance provided by or at the direction of NYCIDA and/or NYCEDC: a loan, grant, tax benefit and/or energy benefit pursuant to the Business Incentive Rate (BIR) program or New York City Public Utility Service (NYCPUS) program.

"Full-Time Employee" is an employee who works at least 35 hours per week at a Project Location.

"Part-Time Employee" is an employee who works less than 35 hours per week at a Project Location.

"Project Agreement" is any agreement or instrument pursuant to which an entity received or receives Financial Assistance.

"Project Location" is any location (a) with regard to which Financial Assistance has been provided to the Company and/or its Affiliates during the fiscal year reporting period covered by the Employment and Benefits Report, or (b) that is occupied by the Company and/or its Affiliates at which such entities have employees who are eligible to be reported per the terms of the Project Agreement with the Company and/or its Affiliates.

"Tenant" is a tenant or subtenant (excluding the Company and its Affiliates) that leases or subleases facilities from the Company or its Affiliates (or from tenants or subtenants of the Company or its Affiliates) at any Project Location.

ITEM INSTRUCTIONS For each Project Agreement, please submit one report that covers (i) the Company and its Affiliates and (ii) Tenants and subtenants of Tenants at all Project Locations covered by the Project Agreement. Each Tenant must complete items 1-5, 15 and 16 on this form with regard to itself and its subtenants and return it to the Company. The Company must include in its report information collected by the Company from its Affiliates and Tenants. The Company must retain for six (6) years all forms completed by its Affiliates and Tenants and at NYCIDA's request must permit NYCIDA upon reasonable notice to inspect such forms and provide NYCIDA with a copy of such forms.

1-4. Items 1, 2, 3 and 4 must be determined as of **June 30, 2006** and must include all permanent and non-permanent Full-Time Employees and Part-Time Employees at all Project Locations, including, without limitation, those employed by the Company or its Affiliates and by Tenants and subtenants of Tenants at the Project Locations. **Do not include Contract Employees in Items 1, 2, 3 and 4.**

5. Report all Contract Employees providing services to the Company and its Affiliates and Tenants and subtenants of Tenants at all Project Locations.

6-14. Report information requested only with respect to the Company and its Affiliates at all Project Locations. For item 6, report only the permanent and non-permanent Full-Time Employees and Part-Time Employees of the Company and its Affiliates. **Do not report employees of Tenants and subtenants of Tenants. Do not report Contract Employees.**

9. Indicate the number of employees included in item 6 who are classified as "Exempt", as defined in the federal Fair Labor Standards Act. Generally, an Exempt employee is not eligible for overtime compensation.

10. Indicate the number of employees included in item 6 who are classified as "Non-Exempt", as defined in the federal Fair Labor Standards Act. Generally, a Non-Exempt employee is eligible for overtime compensation.

14. Report all sales and use tax exemption benefits realized at all Project Locations by the Company and its Affiliates and granted by virtue of the exemption authority of NYCIDA or the City of New York. Do not include any sales and use tax savings realized under the NYS Empire Zone Program.

15. Report all CEP benefits received by the Company and its Affiliates and any Tenants and subtenants of Tenants at all Project Locations. CEP is a package of tax benefits designed to help qualified businesses to relocate or expand in designated relocation areas in New York City. For more information regarding CEP, please visit <http://www.nyc.gov/dof>.

16. Report all REAP benefits received by the Company and its Affiliates and any Tenants and subtenants of Tenants at all Project Locations. REAP is designed to encourage qualified businesses to relocate employees to targeted areas within New York City. REAP provides business income tax credits based on the number of qualified jobs connected to the relocation of employees. For more information regarding REAP, please visit <http://www.nyc.gov/dof>.



New York City
Industrial Development Agency

IDA SUBTENANT SURVEY

DUE DATE: January 4, ____

<<COMPANY>>
<<ADDRESS>>
<<CITY>>
<<NAME>>

In order to verify compliance with your IDA Transaction Documents, please complete the information requested below for each and every subtenant occupying space in your facility as of **DECEMBER 31, ____**.

Total Square Footage of Building(s): _____ Sq. Ft.

Subtenant	Square Footage	Beginning Date	End Date	Related Company Yes/No
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I, the undersigned hereby certify to the best of my knowledge and belief that the information reported above is true and complete. I understand that this information is submitted pursuant to the requirements of the IDA Transaction Documents.

Name: _____

Title: _____

Signature: _____

Date: _____

Phone Number: _____

Please fax the completed form to:
New York City Industrial Development Agency
Compliance Unit
212-312-3918

Help Line: 212-312-3963

• 110 William Street, New York, NY 10038 • 212.619.5000



**LOCATION & CONTACT
INFORMATION**

Due Date By Facsimile: July 31, 20xx

MGC REALTY, INC.

Eligible Project Location(s):

Please provide the information required below for the location or locations that are receiving benefits from the New York City Industrial Development Agency ("IDA").

Project Address & Floor	Borough	Zip Code	Type of Benefit (Pilot, Sales Tax, etc.)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Please use additional pages if necessary *

Please provide below current Project Contact Information:

Name: _____ Title: _____

Address: _____

Phone: _____ Fax: _____ Email: _____
(Please print CLEARLY)

Signature: _____

Backup Contact Name/Title/Phone Number:

FAX YOUR RESPONSE TO: (212) 312-3918

Or mail to:
NYC IDA
Attention: Compliance Dept.
110 William Street, 4th Floor
New York, NY 10038

QUESTIONS: Please contact the IDA Compliance Helpline at (212) 312-3963

MGC REALTY, INC.

and

NEW YORK CITY
INDUSTRIAL DEVELOPMENT AGENCY

COMPANY LEASE AGREEMENT

Dated as of September 1, 2006

New York City Industrial Development Agency
2006 Meurice Garment Care of Manhasset, Inc. Project

Affecting the Land generally known by the street address
535 Manida Street, Bronx, New York 10474
Section 10, Block 2768 and Lot 253

in the County of Bronx,
City and State of New York
as more particularly described in
Exhibit A to this Lease Agreement
on the Official Tax Map of Bronx County

Record and Return to:
Hawkins Delafield & Wood LLP
One Chase Manhattan Plaza
New York, New York 10005
Attention: Arthur M. Cohen, Esq.

COMPANY LEASE AGREEMENT

THIS COMPANY LEASE AGREEMENT, made as of September 1, 2006 (this “**Company Lease**”), by and between **MGC REALTY, INC.**, a corporation organized and existing under and by virtue of the laws of the State of New York (the “**Company**”), having its principal office at 535 Manida Street, Bronx, New York 10474, party of the first part and **NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY**, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York (the “**Agency**”), duly organized and existing under the laws of the State of New York, having its principal office at 110 William Street, New York, New York 10038, party of the second part (capitalized terms used in this Company Lease and not defined herein shall have the respective meanings assigned to such terms in the Lease Agreement referred to below):

WITNESSETH:

WHEREAS, the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the “**Enabling Act**”), authorizes and provides for the creation of industrial development agencies in the several counties, cities, villages and towns in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and furnish land, any building or other improvement, and all real and personal properties, including but not limited to machinery and equipment, deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, industrial or civic purposes, to the end that such agencies may be able to promote, develop, encourage, assist and advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act, the Agency was established by Chapter 1082 of the 1974 Laws of New York, as amended (together with the Enabling Act, the “**Act**”), for the benefit of The City of New York (the “**City**”) and the inhabitants thereof; and

WHEREAS, to accomplish the purposes of the Act, the Agency has entered into negotiations with the Company and Meurice Garment Care of Manhasset, Inc., a corporation duly organized and existing under the laws of the State of New York (the “**Sublessee**”), for a commercial “project” within the meaning of the Act within the territorial boundaries of the City and located on that certain lot, piece or parcel of land in Section 10, Block 2768 and Lot 253, generally known as and by the street address 535 Manida Street, Bronx, New York 10474 (the “**Land**”) and otherwise described in Exhibit A — “Description of Land” — attached hereto and made a part hereof; and

WHEREAS, the project will consist of the acquisition, construction and equipping of a commercial facility (the "**Facility**"), consisting of the acquisition of an approximately 12,500 square foot parcel of land located at 535 Manida Street, Bronx, New York 10474 and the construction and equipping of an approximately 12,500 square foot building thereon, all for use as a dry cleaning processing plant (the "**Project**"); and

WHEREAS, to facilitate the Project, the Agency, the Company and the Sublessee have entered into negotiations to enter into a "straight-lease transaction" within the meaning of the Act pursuant to the Agency's Small Industry Incentive Program in which (i) the Company will lease the Facility Realty to the Agency pursuant to this Company Lease, (ii) the Agency will sublease its interest in the Facility Realty and lease the Facility Equipment to the Company pursuant to a certain Lease Agreement, dated as of even date herewith (the "**Lease Agreement**"), between the Agency and the Company, and (iii) the Company will sub-sublease the Facility Realty and sublease the Facility Equipment to the Sublessee pursuant to a certain Sublease Agreement, dated as of even date herewith, between the Company and the Sublessee (the "**Sublease Agreement**"); and, in furtherance of such purposes the Agency adopted resolutions on December 13, 2005 and March 14, 2006 (collectively, the "**Authorizing Resolution**"), authorizing the undertaking of the Project, the acquisition, construction and equipping of the Facility by the Company, the lease of the Facility Realty by the Company to the Agency, the sublease of the Facility Realty and lease of the Facility Equipment by the Agency to the Company, and the sub-sublease of the Facility Realty and sublease of the Facility Equipment by the Company to the Sublessee; and

WHEREAS, the provision by the Agency of financial assistance to the Company and the Sublessee through a straight-lease transaction has been determined to be necessary to induce the Sublessee to remain and expand its operations within the City and not otherwise relocate the same outside of the City; and if the Agency does not provide such financial assistance, the Sublessee could not feasibly proceed with the Project; and

WHEREAS, the cost of the Project is being financed in part through (i) a loan in the principal amount of \$1,075,000 to be made by HSBC Bank USA, National Association (the "**First Mortgage**") to the Company (the "**First Mortgage Loan**"), (ii) a loan in the principal amount of up to \$866,000 to be made by Empire State Certified Development Corporation (the "**Second Mortgage**") to the Company (the "**Second Mortgage Loan**"), (iii) a loan in the principal amount of \$150,000 to be made by the First Mortgagee to the Company or the Sublessee (the "**Bank Loan**") for equipment, (iv) a loan in the principal amount of \$150,000 to be made by Statewide Zone Capital Corporation ("**SZCC**") to the Company or the Sublessee (the "**Statewide Loan**"), and (v) equity furnished by the Company and/or the Sublessee and/or the proceeds of additional lending; and

WHEREAS, in order to evidence its obligation to repay the First Mortgage Loan, the Company will issue to the First Mortgagee a certain mortgage note (the "**First Mortgage**")

Note”), dated September 6, 2006 (the “**Commencement Date**”), in the principal amount of the First Mortgage Loan; and

WHEREAS, in order to secure the obligations of the Company to the First Mortgagee under the First Mortgage Note, the Company and the Agency will grant a first mortgage on the Facility to the First Mortgagee, subject to permitted encumbrances thereon, pursuant to a certain mortgage and security agreement, dated the Commencement Date (the “**First Mortgage**”), from the Company and the Agency to the First Mortgagee; and

WHEREAS, in order to evidence its obligation to repay the Second Mortgage Loan, the Company will issue to the Second Mortgagee a certain mortgage note, dated the Commencement Date (the “**Second Mortgage Note**”) in the principal amount of the Second Mortgage Loan; and

WHEREAS, in order to secure the obligations of the Company to the Second Mortgagee under the Second Mortgage Note, the Company will grant a second mortgage on the Facility to the Second Mortgagee, subject to permitted encumbrances thereon, pursuant to a mortgage and security agreement, dated the Commencement Date (the “**Second Mortgage**”), from the Company and the Agency to the Second Mortgagee; and

WHEREAS, the proceeds of the Second Mortgage Loan will not be available to the Company on the Commencement Date; and

WHEREAS, in order to provide bridge financing for a portion of the anticipated proceeds of the Second Mortgage Loan, the First Mortgagee has agreed to make an advance to the Company in the amount of \$866,000 on the Commencement Date (the “**Bridge Loan**”); and

WHEREAS, the Bridge Loan is to be evidenced by a certain mortgage note, dated the Commencement Date (the “**Bridge Loan Mortgage Note**”), and secured by a certain mortgage and security agreement, dated the Commencement Date (the “**Bridge Loan Mortgage**”), from the Agency and the Company to the First Mortgagee; and

WHEREAS, the Second Mortgage Loan will be made for the benefit of the Company, and the Company and Sublessee will pay to the First Mortgagee from the proceeds of the Second Mortgage Loan all amounts owing under the Bridge Loan, and the Bridge Loan Mortgage will be satisfied in full; and

WHEREAS, in order to secure the obligation of the Company to the First Mortgagee under the Bank Loan, the Sublessee will grant a security interest in the Facility Equipment to the First Mortgagee, in a security agreement, subject to permitted encumbrances thereon (the “**Bank Security Agreement**”), from the Company to the First Mortgagee; and

WHEREAS, in order to secure the obligation of the Company to Statewide Zone Capital Corporation under the SZCC Loan, the Company will grant a security interest in the

Facility Equipment to SZCC, in a security agreement, subject to permitted encumbrances thereon (the "SZCC Security Agreement"), from the Company to SZCC; and

WHEREAS, pursuant to this Company Lease, the Company will lease the Facility Realty to the Agency; and

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided that in the performance of the agreements of the Agency herein contained, any obligation it may incur for the payment of money shall not subject the Agency to any pecuniary or other liability nor create a debt of the State or of the City, and neither the State nor the City shall be liable on any obligation so incurred, but any such obligation shall be payable by the Agency solely out of the lease rentals, revenues and receipts payable by the Company under the Lease Agreement):

ARTICLE I

The Company does hereby lease to the Agency and the Agency hereby leases from the Company the Land described in Exhibit A attached hereto, including all improvements thereto (but excluding the Lessee's Property within the meaning of Section 4.1(c) of the Lease Agreement and any Existing Facility Property released pursuant to Section 4.2 of the Lease Agreement), for the term herein provided and for use as provided in the Lease Agreement. It is the intention of the Company and the Agency that a leasehold estate in all improvements to the Facility Realty hereafter constructed by the Company shall vest in the Agency as and when the same are constructed. Accordingly, the Company and the Agency agree that the Agency shall hold a leasehold estate in all improvements hereafter constructed by the Company to the Facility Realty (but excluding the Lessee's Property within the meaning of Section 4.1(c) of the Lease Agreement and any Existing Facility Property released pursuant to Section 4.2 of the Lease Agreement).

ARTICLE II

The term of this Company Lease shall commence on the Commencement Date and expire on the earlier of (i) 11:59 p.m. (New York City time) on June 30, 2032, or (ii) such earlier or later date as may be provided in accordance with the terms of the Lease Agreement (or upon such earlier termination of the Lease Agreement as provided therein).

ARTICLE III

The sole rental hereunder shall be the single sum of ten dollars (\$10), receipt of which is hereby acknowledged by the Company.

ARTICLE IV

The Company hereby delivers possession to the Agency of the Facility Realty.

ARTICLE V

The Company represents and warrants that the execution and delivery by the Company of this Company Lease and the performance by the Company of its obligations under this Company Lease and the consummation of the transactions herein contemplated have been duly authorized by all requisite action on the part of the Company and will not violate (i) any provision of law, or any order of any court or agency of government, (ii) the certificate of incorporation or bylaws of the Company, or (iii) any indenture, agreement or other instrument to which the Company is a party or by which it or any of its property is subject to or bound or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or would result in the imposition of any lien, charge or encumbrance of any nature whatsoever on the Facility other than Permitted Encumbrances. The Company represents and warrants that it has full right and lawful authority to enter into this Company Lease for the full term hereof. The Company covenants and agrees that, so long as the Lease Agreement shall be in full force and effect, the Agency shall have, hold and enjoy a valid leasehold estate in the Facility Realty during the term hereof (subject to Permitted Encumbrances), and the Company shall from time to time take all necessary action to that end.

ARTICLE VI

Neither the Agency nor the Company shall assign or transfer this Company Lease nor sublease the whole or any part of the Facility (except to the extent permitted in accordance with Section 9.3 of the Lease Agreement), nor subject this Company Lease to any lien, claim, mortgage or encumbrance (other than Permitted Encumbrances), in any manner, nor sell, assign, convey or otherwise dispose of the Facility or any part thereof, during the term of this Company Lease, in any manner, to any Person, except that (i) the Company will grant a first mortgage lien of its fee title to the Facility, and the Agency will grant a first mortgage lien of its leasehold interest in the Facility under this Company Lease, to the First Mortgagee pursuant to the First Mortgage; (ii) the Company will grant a second mortgage of its fee title to the Facility, and the Agency will grant a second mortgage of its leasehold interest in the Facility under this Company Lease, to the Second Mortgagee pursuant to the Second Mortgage; (iii) the Agency will sublease the Facility Realty to the Company pursuant to the Lease Agreement; and (iv) the Company will sub-sublease the Facility Realty and sublease the Facility Equipment to the Sublessee pursuant to the Sublease Agreement.

ARTICLE VII

Except for the Lease Agreement, this Company Lease contains the entire agreement between the parties hereto with respect to the subject matter hereof and all prior

negotiations and agreements are merged in this Company Lease. This Company Lease may not be changed, modified or discharged in whole or in part and no oral or executory agreement shall be effective to change, modify or discharge in whole or in part this Company Lease or any obligations under this Company Lease, unless such agreement is set forth in a written instrument executed by the Company and the Agency. No consent or approval of the Company shall be deemed to have been given or to be effective for any purposes unless such consent or approval is set forth in a written instrument executed by the Company. No consent or approval of the Agency shall be deemed to have been given or to be effective for any purposes unless such consent or approval is set forth in a written instrument executed by the Agency.

ARTICLE VIII

All notices, certificates or other communications hereunder shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service, charges prepaid or (iii) by hand delivery, addressed, as follows:

(a) if to the Agency, New York City Industrial Development Agency, 110 William Street, New York, New York 10038, Attention: General Counsel, with a copy to the Executive Director of the Agency at the same address, and

(b) if to the Company, to MGC Realty, Inc., c/o Meurice Garment Care of Manhasset, Inc., 535 Manida Street, Bronx, New York 10474, Attention: President, with a copy to Hauser & Associates, 591 Broadway, New York, New York 10012, Attention: Barbara Albom, Esq.

ARTICLE IX

This Company Lease shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

The terms of this Company Lease are and shall be binding upon and inure to the benefit of the Agency and the Company and their respective successors and assigns.

If any one or more of the provisions of this Company Lease shall be ruled invalid by any court of competent jurisdiction, the invalidity of such provision(s) shall not affect any of the remaining provisions hereof, but this Company Lease shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

ARTICLE X

This Company Lease shall become effective upon the Commencement Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE XI

All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Company Lease shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency, and not of any member, director, officer, employee or agent of the Agency in his individual capacity, and no recourse shall be had for the payment of any amounts hereunder against any member, director, officer, employee or agent of the Agency. In addition, in the performance of the agreements of the Agency herein contained, any obligation it may incur shall not subject the Agency to any pecuniary or other liability nor create a debt of the State or of the City, and neither the State nor the City shall be liable on any obligation so incurred.

All covenants, stipulations, promises, agreements and obligations of the Company contained in this Company Lease shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Company, and not of any director, officer, employee or agent of the Company in his individual capacity, and no recourse shall be had for the payment of any amounts hereunder against any director, officer, employee or agent of the Company.

ARTICLE XII

The use of the Facility, and all other rights, duties, liabilities and obligations of the Company and the Agency with respect thereto and including the acquisition, construction and equipping of the Facility, and the use, operation, leasing and financing of the Facility, not provided for in this Company Lease, shall be as set forth in the Lease Agreement.


ARTICLE XIII

This Company Lease is and shall be subject and subordinate in all respects to the Mortgages (as defined in the Lease Agreement) and to such mortgage liens and security interests so created thereby; provided, however, that nothing in the Mortgages shall impair the Agency's ability to enforce its rights hereunder against the Company.

The Agency and the Company agree that this Company Lease or a memorandum hereof shall be recorded by the Company in the appropriate Office of the Register of The City of New York.

IN WITNESS WHEREOF, the Company has caused its name to be subscribed hereto by its Authorized Representative, and the Agency has caused its corporate name to be hereunto subscribed by its duly authorized Chairman, Vice Chairman, Executive Director, Deputy Executive Director, General Counsel or Vice President of Legal Affairs, all being done as of the year and day first above written.

MGC REALTY, INC.

By:  _____
Wayne Edelman
President

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

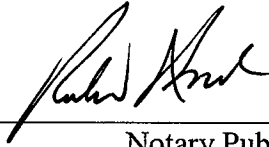
By:  _____
Kei Hayashi
Deputy Executive Director

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

On the 6 day of September, in the year two thousand six, before me, the undersigned, personally appeared Wayne Edelman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

RICHARD J BIONDI
Notary Public State of New York
No 01BI5005419
Qualified in Nassau County
Commission Expires December 7, 2006

Exhibit A

DESCRIPTION OF THE LAND

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough and County of the Bronx, City and State of New York, bounded and described as follows:

BEGINNING at a point on the westerly side of Manida Street, distant 200 feet southerly from the corner formed by the intersection of the southerly side of Randall Avenue; and

THENCE westerly parallel with the southerly side of Randall Avenue, a distance of 100 feet;

THENCE southerly parallel with the westerly side of Manida Street, a distance of 125 feet;

THENCE easterly parallel with the southerly side of Randall Avenue, a distance of 100 feet to the westerly side of Manida Street; and

THENCE northerly along the westerly side of Manida Street, a distance of 125 feet to the point or place of BEGINNING.

Said premises being known as 535 Manida Street, Bronx, NY

BLOCK 2768 LOT 253

MGC REALTY, INC.,
as Sublessor

and

MEURICE GARMENT CARE OF MANHASSET, INC.,
as Sublessee

SUBLEASE AGREEMENT

Dated as of September 1, 2006

2006 Meurice Garment Care of Manhasset, Inc. Project

Affecting the Land generally known by the street address
535 Manida Street, Bronx, New York 10474
Section 10, Block 2768 and Lot 253

in the County of Bronx,
City and State of New York,
as more particularly described in
Exhibit A to this Sublease Agreement
on the Official Tax Map of Bronx County

Record and Return to:
Hawkins Delafield & Wood LLP
One Chase Manhattan Plaza
New York, New York 10005
Attention: Arthur M. Cohen, Esq.

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT, made and entered into as of September 1, 2006 (this “**Sublease Agreement**”), by and between **MGC REALTY, INC.**, a corporation duly organized and existing under the laws of the State of New York (the “**Sublessor**”), having its principal office at 535 Manida Street, Bronx, New York 10474, party of the first part, and **MEURICE GARMENT CARE OF MANHASSET, INC.**, a corporation duly organized and existing under the laws of the State of New York (the “**Sublessee**”), having its principal office at 535 Manida Street, Bronx, New York 10474, party of the second part.

W I T N E S S E T H:

WHEREAS, the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the “**Enabling Act**”), authorizes and provides for the creation of industrial development agencies in the several counties, cities, villages and towns in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and furnish land, any building or other improvement, and all real and personal properties, including but not limited to machinery and equipment, deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, industrial or civic purposes, to the end that such agencies may be able to promote, develop, encourage, assist and advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act, the New York City Industrial Development Agency (the “**Agency**”) was established by Chapter 1082 of the 1974 Laws of New York, as amended (together with the Enabling Act, the “**Act**”), for the benefit of The City of New York and the inhabitants thereof; and

WHEREAS, to accomplish the purposes of the Act, the Agency has entered into negotiations with the Sublessor and the Sublessee (the “**Sublessee**”), for a commercial “project” within the meaning of the Act within the territorial boundaries of the City and located on that certain lot, piece or parcel of land in Section 10, Block 2768 and Lot 253, generally known as and by the street address as 535 Manida Street, Bronx, New York 10474 (the “**Land**”) and otherwise described in Exhibit A — “Description of Land” — attached hereto and made a part hereof; and

WHEREAS, the project will consist of the acquisition, construction and equipping of a commercial facility (the “**Facility**”) consisting of the acquisition of an approximately 12,500 square foot parcel of land located at 535 Manida Street, Bronx, New York and the construction and equipping of an approximately 12,500 square foot building thereon, all for use as a dry cleaning processing plant (the “**Project**”); and

WHEREAS, to facilitate the Project, the Agency, the Sublessor and the Sublessee have entered into negotiations to enter into a “straight-lease transaction” within the meaning of the Act pursuant to the Agency’s Small Industry Incentive Program in which (i) the Sublessor

will lease the Facility Realty to the Agency pursuant to a certain Company Lease Agreement, dated as of even date herewith (the "**Company Lease**"), between the Sublessor and the Agency, (ii) the Agency will sublease its interest in the Facility Realty to the Sublessor pursuant to a certain Lease Agreement, dated as of even date herewith (the "**Lease Agreement**"), between the Agency and the Sublessor, and (iii) the Sublessor will sub-sublease the Facility Realty and sublease the Facility Equipment to the Sublessee pursuant to this Sublease Agreement; and, in furtherance of such purposes, the Agency adopted resolutions on December 13, 2005 and March 14, 2006 (collectively, the "**Authorizing Resolution**"), authorizing the undertaking of the Project, the acquisition, construction and equipping of the Facility, the lease of the Facility Realty by the Sublessor to the Agency, the sublease of the Facility Realty by the Agency to the Sublessor, and the sub-sublease of the Facility Realty and sublease of the Facility Equipment by the Sublessor to the Sublessee; and

WHEREAS, the provision by the Agency of financial assistance to the Sublessor and the Sublessee through a straight-lease transaction has been determined to be necessary to induce the Sublessee to remain and expand its operations within the City and not otherwise relocate the same outside of the City; and if the Agency does not provide such financial assistance, the Sublessee could not feasibly proceed with the Project; and

WHEREAS, the provision by the Agency of financial assistance to the Lessee and the Sublessee through a straight-lease transaction has been determined to be necessary to induce the Sublessee to remain and expand its operations within the City and not otherwise relocate the same outside of the City; and if the Agency does not provide such financial assistance, the Sublessee could not feasibly proceed with the Project; and

WHEREAS, the cost of the Project is being financed in part through (i) a loan in the principal amount of \$1,075,000 to be made by HSBC Bank USA, National Association (the "**First Mortgagee**") to the Sublessor (the "**First Mortgage Loan**"), (ii) a loan in the principal amount of up to \$866,000 to be made by Empire State Certified Development Corporation (the "**Second Mortgagee**") to the Sublessor (the "**Second Mortgage Loan**"), (iii) a loan in the principal amount of \$150,000 to be made by the First Mortgagee to the Sublessee (the "**Bank Loan**") for equipment, (iv) a loan in the principal amount of \$150,000 to be made by Statewide Zone Capital Corporation ("**SZCC**" and together with the First Mortgagee and the Second Mortgagee, the "**Mortgagees**") to the Sublessee (the "**Statewide Loan**"), and (v) equity furnished by the Sublessor and/or the Sublessee and/or the proceeds of additional lending; and

WHEREAS, in order to evidence its obligation to repay the First Mortgage Loan, the Sublessor will issue to the First Mortgagee a certain mortgage note (the "**First Mortgage Note**"), dated September 6, 2006 (the "**Commencement Date**"), in the principal amount of the First Mortgage Loan; and

WHEREAS, in order to secure the obligations of the Sublessor to the First Mortgagee under the First Mortgage Note, the Sublessor and the Agency will grant a first mortgage on the Facility to the First Mortgagee, subject to permitted encumbrances thereon, pursuant to a certain mortgage and security agreement, dated the Commencement Date (the "**First Mortgage**"), from the Sublessor and the Agency to the First Mortgagee; and

WHEREAS, in order to evidence its obligation to repay the Second Mortgage Loan, the Sublessor will issue to the Second Mortgagee a certain mortgage note, dated the Commencement Date (the "**Second Mortgage Note**") in the principal amount of the Second Mortgage Loan; and

WHEREAS, in order to secure the obligations of the Sublessor to the Second Mortgagee under the Second Mortgage Note, the Sublessor and the Agency will grant a second mortgage on the Facility to the Second Mortgagee, subject to permitted encumbrances thereon, pursuant to a mortgage and security agreement, dated the Commencement Date (the "**Second Mortgage**"), from the Sublessor and the Agency to the Second Mortgagee; and

WHEREAS, the proceeds of the Second Mortgage Loan will not be available to the Sublessor on the Commencement Date; and

WHEREAS, in order to provide bridge financing for a portion of the anticipated proceeds of the Second Mortgage Loan, the First Mortgagee has agreed to make an advance to the Sublessor in the amount of \$866,000 on the Commencement Date (the "**Bridge Loan**"); and

WHEREAS, the Bridge Loan is to be evidenced by a certain mortgage note, dated the Commencement Date (the "**Bridge Loan Mortgage Note**"), and secured by a certain mortgage and security agreement, dated the Commencement Date (the "**Bridge Loan Mortgage**"), from the Agency and the Sublessor to the First Mortgagee; and

WHEREAS, the Second Mortgage Loan will be made for the benefit of the Sublessor, and the Sublessor will pay to the First Mortgagee from the proceeds of the Second Mortgage Loan all amounts owing under the Bridge Loan, and the Bridge Loan Mortgage will be satisfied in full; and

WHEREAS, in order to provide financing for a portion of the equipment, the First Mortgagee has agreed to make an advance to the Sublessor in the amount of \$150,000 on the Commencement Date (the "**Bank Loan**"); and

WHEREAS, the Bank Loan is to be evidenced by a certain note, dated the Commencement Date (the "**Bank Note**"), and secured by a certain personalty to be pledged in a pledge agreement, dated the Commencement Date (the "**Bank Security Agreement**"), from the Sublessee to the First Mortgagee; and

WHEREAS, in order to evidence its obligation to repay the Statewide Loan, the Sublessee will grant a security interest to SZCC, and the Sublessee will enter into a Security Agreement at a future date (the "**SZCC Security Agreement**") from the Sublessee and the Sublessor to SZCC; and

WHEREAS, simultaneously with the execution and delivery of this Sublease Agreement, the Sublessor will lease the Facility to the Agency pursuant to the Company Lease, subject to Permitted Encumbrances, and all rights or interests therein or appertaining thereto,

together with all structures, buildings, foundations, related facilities, fixtures and other improvements existing thereon or therein; and

WHEREAS, pursuant to the Lease Agreement, the Agency has subleased the Facility Realty to the Sublessor, with the understanding that the Sublessor will sub-sublease the Facility Realty and sublease the Facility Equipment to the Sublessee pursuant to this Sublease Agreement; and

WHEREAS, pursuant to Section 4.3 of the Lease Agreement, the Sublessor has agreed to make certain payments in lieu of real estate taxes with respect to the Land and the Improvements; and

WHEREAS, this Sublease Agreement is authorized pursuant to Section 9.3 of the Lease Agreement;

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

Section 1. **Definitions**. Any term not defined herein shall have the meaning set forth for such term in the Lease Agreement or in Appendix A attached hereto and made a part hereof.

Section 2. **Construction**. In this Sublease Agreement, unless the context otherwise requires:

(a) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Sublease Agreement, refer to this Sublease Agreement, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the Commencement Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, limited liability companies, partnerships (including limited partnerships), trusts, corporations and other legal corporations, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Sections of this Sublease Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Sublease Agreement, nor shall they affect its meaning, construction or effect.

Section 3. **Representations and Warranties by Sublessee**. The Sublessee makes the following representations, warranties and covenants to the Agency and the Sublessor:

(a) The Sublessee is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, is not in violation of any provision of its certificate of incorporation or bylaws, has the requisite corporate power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Sublease Agreement and each other Project Document to which it is or shall be a party.

(b) The Sublessee shall remain, throughout the term of this Sublease Agreement, a corporation organized under the laws of the State of New York (subject to Section 7 hereof) and in good standing under the laws of the State of New York.

(c) The execution, delivery and performance of this Sublease Agreement and each other Project Document to which it is or shall be a party and the consummation of the transactions herein and therein contemplated have been duly authorized by all requisite corporate action on the part of the Sublessee and will not violate any provision of law, any order of any court or agency of government, or the certificate of incorporation or bylaws of the Sublessee, or any indenture, agreement or other instrument to which the Sublessee is a party or by which it or any of its property is subject to or bound, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(d) There is no action or proceeding pending or threatened by or against the Sublessee by or before any court or administrative agency that would adversely affect the ability of the Sublessee to perform its obligations under this Sublease Agreement or any other Project Document to which it shall be a party and all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Sublessee as of the Commencement Date in connection with the execution and delivery of this Sublease Agreement and each other Project Document to which the Sublessee shall be a party or in connection with the performance of the obligations of the Sublessee hereunder and under each of the Project Documents have been obtained.

(e) The Facility will constitute a "project" under the Act, and the Sublessee intends to operate the Facility, or cause the Facility to be operated, in accordance with this Sublease Agreement and as an Approved Facility and a qualified "project" in accordance with and as defined under the Act.

(f) The financial assistance (within the meaning of the Act) provided by the Agency to the Sublessor and the Sublessee through the straight-lease transaction (within the meaning of the Act) as contemplated by this Sublease Agreement is reasonably necessary to induce the Sublessee to proceed with the Project.

(g) The transactions contemplated by this Sublease Agreement shall not result in the removal of any facility or plant of the Sublessee or any other occupant or user of the Facility from one area of the State to within the City or in the abandonment of one or more

facilities or plants of the Sublessee or any other occupant or user of the Facility located within the State.

(h) The transactions contemplated by this Sublease Agreement shall not provide financial assistance in respect of any project where facilities or property that are primarily used in making retail sales (within the meaning of the Act) of goods or services to customers who personally visit such facilities constitute more than one-third of the total project costs and undertaking the Project will serve the public purposes of the Act by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State.

(i) No funds of the Agency shall be used in connection with the transactions contemplated by this Sublease Agreement for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promoting materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given hereunder to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State.

(j) This Sublease Agreement and the other Project Documents to which the Sublessee shall be a party constitute the legal, valid and binding obligations of the Sublessee enforceable against the Sublessee in accordance with their respective terms.

(k) The Sublessor and the Sublessee are in compliance, and will continue to comply, with all Federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality applicable to the Project and the operation of the Facility.

(l) Except as permitted by Section 9.3 of the Lease Agreement, no Person other than the Sublessor and the Sublessee is or will be in use, occupancy or possession of any portion of the Facility.

(m) The Project will be designed, and the operation of the Facility will be, in compliance with all applicable Federal, State and local laws or ordinances (including rules and regulations) relating to safety and environmental quality.

(n) Neither the Sublessee nor any Affiliate thereof is a Prohibited Person.

(o) The president of the Sublessor is an officer and stockholder of the Sublessee.

Section 4. **Incorporation of Lease Agreement.** The Sublessee acknowledges receipt of a true and complete copy of the Lease Agreement and consents to the terms thereof. All of the terms, conditions and covenants of the Lease Agreement are deemed incorporated by reference in this Sublease Agreement, with the same force and effect as if each and every provision thereof were more fully and at length set forth herein, provided, however,

that only the Sublessor can exercise the option to terminate the Lease Agreement as set forth in Article VIII of the Lease Agreement.

Section 5. **Sublease of Facility.** (a) The Sublessor hereby sub-leases the to the Sublessee, and the Sublessee hereby sub-leases from the Sublessor, the Facility for and during the term herein provided and upon and subject to the terms and conditions herein set forth. The Sublessee shall at all times during the term of this Sublease Agreement occupy, use and operate the Facility as an Approved Facility in accordance with the provisions of the Act and as a qualified project for the general purposes specified in the recitals to the Lease Agreement.

The term of this Sublease Agreement shall commence on the date of the execution and delivery of this Sublease Agreement and shall expire at 11:57 p.m. (New York City time) on June 30, 2032 or upon such earlier or later date as may be provided in accordance with the terms of the Lease Agreement (or upon such earlier termination of the Lease Agreement as provided therein).

(b) During the term of this Sublease Agreement, the Sublessee agrees to pay sublease rentals to the Sublessor in an amount which will equal the amounts necessary to pay the Rental Payments as the same come due under the Lease Agreement. The Sublessor agrees that any sublease rentals payable pursuant to the preceding sentence of this paragraph (b) shall be paid directly or for the account of the Agency as provided in the Lease Agreement (and hereby directs the Sublessee and the Sublessee agrees to make such payments), except that if the Lease Agreement requires Rental Payments to be paid otherwise, such sublease rentals shall be paid in the same manner as so required thereunder.

(c) The Sublessee hereby agrees to be bound by each and every obligation, term, covenant, condition and agreement of the Lease Agreement by which the Sublessor as Lessee thereunder is bound and hereby assumes all of the Sublessor's obligations and makes all of the waivers made by the Sublessor under the Lease Agreement as if the Sublessee were the named Lessee under the Lease Agreement and agrees to keep and perform all of the obligations, terms, covenants, conditions and agreements of the Lease Agreement and to pay all sums due under the Lease Agreement on the part of the Sublessor thereunder to be kept and performed and further assumes all obligations as specifically relate to the Sublessee as are contained in the Lease Agreement. Those obligations of the Sublessor in the Lease Agreement which are set forth as surviving the termination of the Lease Agreement shall similarly survive as obligations of the Sublessee and survive the termination of this Sublease Agreement.

(d) During the term of this Sublease Agreement, the Sublessee agrees to pay to the Sublessor, in addition to the sublease rentals referenced in paragraph (b) of this Section 5, additional sublease rentals in the amounts and at the times as will enable the Sublessor to satisfy its obligations with respect to the Loans, including all payments due to (i) the First Mortgagee pursuant to the First Mortgage, the First Mortgage Note, and the Bank Note (ii) the Second Mortgagee pursuant to the Second Mortgage and the Second Mortgage Note and (iii) SZCC pursuant to the Statewide Note.

Section 6. **Nature of Sublessee's Obligations Unconditional.** The Sublessee's obligations under this Agreement to pay sublease rentals shall be absolute, unconditional and general obligations, and irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Sublessor, the Agency or any other Person and the obligation of the Sublessee shall arise whether or not the Project has been completed as provided in the Lease Agreement. The Sublessee will not suspend or discontinue payment of any sublease rental due and payable hereunder or performance or observance of any covenant or agreement required on the part of the Sublessee hereunder for any cause whatsoever, and the Sublessee waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction in the sublease rentals due or to become due hereunder.

Section 7. **Dissolution or Merger of Sublessee; Restrictions on Sublessee.** The Sublessee covenants and agrees that at all times during the term of this Sublease Agreement, it will (i) maintain its existence, (ii) continue to be a corporation subject to service of process in the State and either organized under the laws of the State, or organized under the laws of any other state of the United States and duly qualified to do business in the State, (iii) not liquidate, wind-up or dissolve or otherwise dispose of all or substantially all of its property, business or assets remaining after the execution and delivery of this Sublease Agreement, and (iv) not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, however, the Sublessee, without violating the foregoing but with the prior written consent (not to be unreasonably withheld or delayed) of the Agency, may consolidate with or merge into another corporation, or permit one or more corporations to consolidate with or merge into it, or sell or otherwise transfer all or substantially all of its property, business or assets to another such corporation (and thereafter liquidate, wind-up or dissolve or not, as the Sublessee may elect) if, (i) the Sublessee is the surviving, resulting or transferee corporation, and has a net worth (as determined in accordance with generally accepted accounting principles) at least equal to that of the Sublessee immediately prior to such consolidation, merger or transfer, or (ii) in the event that the Sublessee is not the surviving, resulting or transferee company (1) the surviving, resulting or transferee company (A) is solvent and subject to service of process in the State and organized under the laws of the State, or any other state of the United States, and duly qualified to do business in the State, (B) assumes in writing all of the obligations of the Sublessee contained in this Sublease Agreement and all other Project Documents to which the Sublessee shall be a party, and (C) is not, nor is it an Affiliate of, a Prohibited Person, (2) the Sublessee delivers to the Agency an Opinion of Counsel to the effect that this Sublease Agreement and all other Project Documents to which the Sublessee shall be a party constitute the legal, valid and binding obligations of such successor Sublessee and are enforceable in accordance with their respective terms to the same extent as they were enforceable against the predecessor Sublessee, and (3) in the opinion of an Independent Accountant, such successor Sublessee has a net worth (as determined in accordance with generally accepted accounting principles) after the merger, consolidation, sale or transfer at least equal to that of the Sublessee immediately prior to such merger, consolidation, sale or transfer. The Sublessee further represents, covenants and agrees that it is and throughout the

term of this Sublease Agreement will (x) continue to be owned by the same individuals as shall own the beneficial ownership in the Sublessor, and (y) not constitute a Prohibited Person.

Section 8. **Events of Default**. Any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Failure of the Sublessee to pay any rental under Section 5(b) or 5(d) hereof that has become due and payable by the terms hereof which results in the occurrence of an Event of Default under the Lease Agreement;

(b) (i) Failure of the Sublessee to pay any amount (except the obligation to pay rent under Section 5(b) or 5(d) hereof) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under Section 6 or 7 hereunder or with respect to Section 2.4, 4.3, 4.4, 4.6, 4.7, 5.1, 6.1, 6.2, 6.3, 6.12, 6.13, 7.6, 8.5, 9.3 or 9.14 of the Lease Agreement and continuance of such failure for a period of thirty (30) days after receipt by the Sublessee of written notice specifying the nature of such default from the Agency;

(ii) Failure of the Sublessee to pay any amount (except the obligation to pay rent under Section 5(b) or 5(d) hereof) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed with respect to Section 4.5 of the Lease Agreement and continuance of such failure for a period of fifteen (15) days after receipt by the Sublessee of written notice specifying the nature of such default from the Agency;

(c) Failure of the Sublessee to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 8(a) or (b) above) and (1) continuance of such failure for a period of thirty (30) days after receipt by the Sublessee of written notice specifying the nature of such default from the Agency, or (2) if by reason of the nature of such default the same can be remedied, but not within the said thirty (30) days, the Sublessee fails to proceed with reasonable diligence after receipt of said notice to cure the same or fails to continue with reasonable diligence its efforts to cure the same;

(d) The Sublessee, the Sublessor or any Guarantor shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;

(e) A proceeding or case shall be commenced, without the application or consent of the Sublessee, the Sublessor or any Guarantor, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Sublessee, the Sublessor or any Guarantor, or of all or any substantial part of its respective assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days, or any order for relief against the Sublessee, the Sublessor or any Guarantor shall be entered in an involuntary case under such Bankruptcy Code; the terms "dissolution" or "liquidation" of the Sublessee, the Sublessor or any Guarantor as used above shall not be construed to prohibit any action otherwise permitted by Section 7 hereof, Section 6.1 of the Lease Agreement, or Section 2.6 of the Guaranty Agreement;

(f) Any representation or warranty made by the Sublessee, the Sublessor or any Guarantor in (i) the application and related materials submitted to the Agency for approval of the Project or the transactions contemplated by this Sublease Agreement, (ii) herein or in any other Project Document, or (iii) any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;

(g) An "Event of Default" under the Guaranty Agreement or the Lease Agreement shall occur and be continuing; or

(h) The Sublessor, the Sublessee or any Guarantor shall become a Prohibited Person.

Whenever any Event of Default shall have occurred and be continuing, the Agency may take any of the same remedial steps with respect to the Sublessee under this Sublease Agreement as are set forth in Section 7.2 of the Lease Agreement with respect to an Event of Default thereunder.

Section 9. **Sublease Agreement for Benefit of the Agency.** It is understood and agreed by the parties hereto that this Sublease Agreement is entered into for the benefit of the Agency (and the Mortgagees in the case of Section 5(d) hereof), and the payments, obligations, covenants and agreements of the parties hereto may be enforced by the Agency (and the Mortgagees in the case of Section 5(d) hereof) as if it were a party to this Sublease Agreement.

Section 10. **Recording.** An original of this Sublease Agreement shall be recorded by the Sublessee subsequent to the recordation of the Lease Agreement in the appropriate office of the Register of The City of New York, or in such other office as may at the time be provided by law as the proper place for the recordation thereof.

Section 11. **Miscellaneous.** (a) This Sublease Agreement shall inure to the benefit of the Sublessor, the Sublessee and the Agency (and the Mortgagees in the case of

Section 5(d) hereof), and shall be binding upon the Sublessor and the Sublessee and their respective successors and assigns.

(b) This Sublease Agreement shall be governed by, and construed in accordance with, the laws of the State, without regard or giving effect to the principles of conflicts of laws thereof.

(c) The Sublessor and the Sublessee agree that this Sublease Agreement is subject to and is expressly subordinated to the Lease Agreement, the Company Lease, the Mortgages and the other Permitted Encumbrances and all extensions, modifications, amendments and renewals thereof.

(d) This Sublease Agreement shall not be assigned, modified, amended, rescinded, terminated, repealed or cancelled without the prior written consent of the Agency, provided, however, that no amendment pertaining directly or indirectly to the rights, powers or privileges of the Mortgagees shall be effective without the consent of the Mortgagees.

(e) The Sublessee shall not seek to recover from the Agency any moneys paid to the Agency pursuant to this Sublease Agreement, whether by reason of set-off, counterclaim or deduction or for any reason whatsoever. The Sublessee covenants and agrees (w) that whenever the consent or approval of the Sublessor is required or permitted under this Sublease Agreement, the written consent or approval of the Agency shall first be obtained before taking any action or omitting to take any action for which such consent or permission is needed by the Sublessor; (x) simultaneously to give to the Agency copies of all notices and communications by the Sublessee under this Sublease Agreement; (y) that the Agency shall not be obligated by reason of the assignment of this Sublease Agreement or otherwise to perform or be responsible for the performance of any duties or obligations of the Sublessor hereunder; and (z) not to make any prepayments of rents or other sums due hereunder to the Sublessor unless such prepayments shall also be simultaneously applied as a prepayment of Rental Payments due or to become due under the Lease Agreement.

(f) The Sublessee hereby waives the provisions of Section 227 of the New York Real Property Law or any law of like import now or hereafter in effect.

(g) All notices, certificates or other communications hereunder shall be sufficient if sent by return receipt requested or registered or certified United States mail, postage prepaid, addressed, if to the Sublessor, to MGC REALTY, INC., c/o Meurice Garment Care of Manhasset, Inc., 535 Manida Street, Bronx, New York 10474, Attention: President, with a copy to Barbara Albom, 591 Broadway, Suite 3A, New York, New York 11012, if to the Sublessee, to Meurice Garment Care of Manhasset, Inc., 535 Manida Street, Bronx, New York 10474, Attention: President. Copies of any notices delivered to the Sublessor or to the Sublessee shall also be sent to the Agency at 110 William Street, New York, New York 10038, Attention: General Counsel, with a copy to the Executive Director of the Agency at the same address, to the First Mortgagee, to HSBC Bank USA, National Association, HSBC Bank USA, National Association, 9201 Third Avenue, Brooklyn, NY 11209, Attention: Loretta Mathushek, Vice President, with a copy to Hamburger, Maxson, Yaffe, Wishod, Knauer & Rothberg, LLP 225

Broadhollow Road, Suite 301E Melville, NY 11747, Attention: Todd Knauer, Esq., to the Second Mortgagee, to Empire State Certified Development Corporation, 633 Third Avenue, 36th Floor, New York, New York 10036, Attention: Chet Sadowski, with a copy to Certilman, Balin, Adler & Hyman, LLP, 90 Merrick Avenue, East Meadow, New York 11554, Attention: Michael O'Shea, Esq.

(h) This Sublease Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Sublessor and the Sublessee relating to the Facility.

(i) If any clause, provision or section of this Sublease Agreement be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining provisions hereof.

(j) The Sublessee will permit the Agency, or its duly authorized agent, at all reasonable times and upon reasonable prior notice, to enter the Facility but solely for the purpose of (y) assuring that the Sublessee is operating the Facility, or is causing the Facility to be operated, as an Approved Facility and a qualified "project" within the meaning of the Act consistent with the purposes set forth in the recitals to this Agreement and with the public purposes of the Agency, and (z) determining whether the Facility and/or the use thereof is in violation of any environmental law, and not for any purpose of assuring the proper maintenance or repair of the Facility as such latter obligation is and shall remain solely the obligation of the Sublessee.

(k) This Sublease Agreement shall become effective on the Commencement Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(l) It is the intention of the parties hereto that this Sublease Agreement be a "net lease" and that the (y) portion of the rent set forth in Section 5(b) of this Sublease Agreement be available for Rental Payments under the Lease Agreement and (z) the portion of the rent set forth in Section 5(d) of this Sublease Agreement be available to pay the amounts due under the Loans, and this Sublease Agreement shall be construed to effect such intent.

(m) The parties do hereby expressly waive all rights to trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Sublease Agreement or the Facility or any matters whatsoever arising out of or in any way connected with this Sublease Agreement.

The provision of this Sublease Agreement relating to waiver of a jury trial and the right of re-entry or re-possession shall survive the termination or expiration of this Sublease Agreement.

(n) The Sublessee shall not make, or suffer to be made, any leases (other than the Lease Agreement and the Sublease Agreement and subleases made in accordance with Section 9.3 of the Lease Agreement) or cancel or modify any leases or further assign the whole

or any part of the rents without the prior written consent of the Agency. No lease (other than the Lease Agreement and this Sublease Agreement) covering all or any part of the Facility shall be valid or effective without the prior written approval of the Agency. In respect of any lease, the Sublessee will (i) fulfill or perform each and every provision thereof on its part to be fulfilled or performed; (ii) promptly send copies of all notices of default which it shall send or receive thereunder to the Agency, and (iii) enforce, short of termination thereof, the performance or observance of the provisions thereof. Nothing contained in this Sublease Agreement shall be deemed to impose on the Agency any of the obligations of the lessor under the leases.

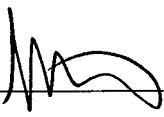
All leases must provide that the Sublessee and its tenant shall, at the Agency's option, furnish the Agency with an estoppel and attornment letter as to the leases in form and substance acceptable to the Agency.

The Sublessee will furnish to the Agency, upon its request therefor, a detailed statement in writing duly sworn, and covering the period of time specified in such request, containing a list of the names of all tenants of the Facility and occupants other than those claiming possession through such tenants, the portion or portions of the Facility occupied by such tenant and occupant, the rents and other charges payable under the terms of their leases or other agreements, and the periods covered by such leases or other agreements.

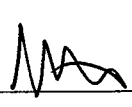
(o) The date of this Sublease Agreement shall be for reference purposes only and shall not be construed to imply that this Sublease Agreement was executed on the date first above written. This Sublease Agreement was executed and delivered on the Commencement Date.

IN WITNESS WHEREOF, the Sublessor and the Sublessee have authorized the execution of this Sublease Agreement, all being done as of the year and day first above written.

MGC REALTY, INC., as Sublessor

By: _____ 
Wayne Edelman
President

MEURICE GARMENT CARE OF MANHASSET,
INC.,
as Sublessee

By: _____  9/6/06
Wayne Edelman
President

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

On the 6 day of September, in the year two thousand six, before me, the undersigned, personally appeared Wayne Edelman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

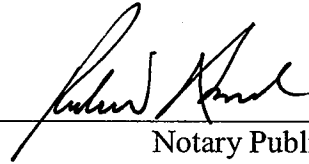


Notary Public

RICHARD J BIONDI
Notary Public State of New York
No 01BI5005419
Qualified in Nassau County
Commission Expires December 7, 2008

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

On the 6 day of September, in the year two thousand six, before me, the undersigned, personally appeared Wayne Edelman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

RICHARD J BIONDI
Notary Public State of New York
No 01BI5005419
Qualified in Nassau County
Commission Expires December 7, 2006

APPENDICES

DESCRIPTION OF THE LAND

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough and County of the Bronx, City and State of New York, bounded and described as follows:

BEGINNING at a point on the westerly side of Manida Street, distant 200 feet southerly from the corner formed by the intersection of the southerly side of Randall Avenue; and

THENCE westerly parallel with the southerly side of Randall Avenue, a distance of 100 feet;

THENCE southerly parallel with the westerly side of Manida Street, a distance of 125 feet;

THENCE easterly parallel with the southerly side of Randall Avenue, a distance of 100 feet to the westerly side of Manida Street; and

THENCE northerly along the westerly side of Manida Street, a distance of 125 feet to the point or place of BEGINNING.

Said premises being known as 535 Manida Street, Bronx, NY

BLOCK 2768 LOT 253

APPENDIX A

Event of Default shall have the meaning specified in Section 8 hereof.

Land shall mean that certain lot, piece or parcel of land generally known by the street address 535 Manida Street, Bronx, New York 10474 as more particularly described in Exhibit A "Description of the Land" hereto, which is made a part hereof, together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 6.4 of the Lease Agreement.

Lease Agreement shall mean the Lease Agreement, dated as of even date herewith, between the Agency and the Sublessor, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith.

Sublease Agreement shall mean this Sublease Agreement, dated as of even date herewith, between the Sublessor and the Sublessee, and shall include any and all amendments hereof and supplements hereto hereafter made in conformity herewith.

GUARANTY AGREEMENT

From

MGC REALTY, INC.,

as Lessee,

MEURICE GARMENT CARE OF MANHASSET, INC.,

as Sublessee,

MAGOO'S CREW, INC.,

and NATSAC, INC.,

as Corporate Guarantors,

and

Wayne Edelman,

an individual residing at

1623 Third Avenue, #27H

New York, NY 10128,

as Individual Guarantor

To

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

Dated as of September 1, 2006

2006 Meurice Garment Care of Manhasset, Inc. Project

GUARANTY AGREEMENT

This Guaranty Agreement made and entered into as of the date set forth on the cover page hereof (this "**Guaranty**") (capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Lease Agreement referred to herein or in Appendix A attached hereto and made a part hereof), from the Lessee, the Sublessee, the Corporate Guarantors and the Individual Guarantor indicated on the cover page hereof (the Lessee, the Sublessee, the Corporate Guarantors and the Individual Guarantor being collectively, the "**Guarantors**"), to New York City Industrial Development Agency (the "**Agency**"), a public benefit corporation organized and existing under the laws of the State of New York, having its principal office at 110 William Street, New York, New York 10038:

WITNESSETH:

WHEREAS, the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "**Enabling Act**"), authorizes and provides for the creation of industrial development agencies in the several counties, cities, villages and towns in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and furnish land, any building or other improvement, and all real and personal properties, including but not limited to machinery and equipment, deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, commercial, research, commercial, industrial or civic purposes, to the end that such agencies may be able to promote, develop, encourage, assist and advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act, the Agency was established by Chapter 1082 of the 1974 Laws of New York, as amended (together with the Enabling Act, the "**Act**"), for the benefit of The City of New York and the inhabitants thereof; and

WHEREAS, to accomplish the purposes of the Act, the Agency has entered into negotiations with the Lessee and the Sublessee for a commercial "project" within the meaning of the Act within the territorial boundaries of the City and located on that certain lot, piece or parcel of land in Section 10, Block 2768 and Lot 253, generally known as and by the street address 535 Manida Street, Bronx, New York 10474 (the "**Land**"); and

WHEREAS, the project will involve the acquisition, construction and equipping of a commercial facility (the "**Facility**") consisting of the acquisition of an approximately 12,500 square foot parcel of land located at 535 Manida Street, Bronx, New York and the construction and equipping of an approximately 12,500 square foot building thereon, all for use as a dry cleaning processing plant (the "**Project**"); and

WHEREAS, to facilitate the Project, the Agency, the Lessee and the Sublessee have commenced negotiations to enter into a "straight-lease transaction" within the meaning of

the Act and pursuant to the Agency's Small Industry Incentive Program, and pursuant thereto, (i) the Lessee will lease the Facility Realty to the Agency pursuant to a certain Company Lease Agreement, dated as of even date herewith, between the Lessee and the Agency (the "**Company Lease**"), (ii) the Agency shall sublease its interest in the Facility Realty to the Lessee pursuant to a Lease Agreement, dated as of even date herewith, between the Agency and the Lessee (the "**Lease Agreement**"), and (iii) the Lessee will sub-sublease its interest in the Facility Realty and sublease the Facility Equipment to the Sublessee pursuant to a Sublease Agreement, dated as of even date herewith (the "**Sublease Agreement**"), and in furtherance of such purposes, the Agency adopted resolutions on December 13, 2005 and March 14, 2006 (collectively, the "**Authorizing Resolution**"), authorizing the undertaking of the Project, the acquisition, construction and equipping of the Facility by the Lessee, the lease of the Facility Realty by the Lessee to the Agency, the sublease of the Facility Realty by the Agency to the Lessee, and the sub-sublease of the Facility Realty and sublease of the Facility Equipment by the Lessee to the Sublessee; and

WHEREAS, the provision by the Agency of financial assistance to the Lessee and the Sublessee through a straight-lease transaction has been determined to be necessary to induce the Sublessee to remain and expand its operations within the City and not otherwise relocate the same outside of the City; and if the Agency does not provide such financial assistance, the Sublessee could not feasibly proceed with the Project; and

WHEREAS, the Guarantors are desirous that the Agency enter into the Lease Agreement with the Lessee and provide financial assistance to the Lessee and the Sublessee as a "straight-lease transaction" within the meaning of the Act and are willing to enter into this Guaranty in order to guarantee to the Agency all payments, obligations, covenants and agreements of the Lessee under the Lease Agreement, and of the Sublessee under the Sublease Agreement, and thereby induce the Agency to take such actions;

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration received, the Guarantors do hereby, subject to the terms hereof, represent, warrant, covenant and agree, jointly and severally, with the Agency, as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF GUARANTORS

Section 1.1. Representations and Warranties of Guarantors. (a) The Guarantors do hereby represent and warrant that: (i) the Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, has power to enter into and perform this Guaranty and to own its property and assets, has duly authorized the execution and delivery of this Guaranty by proper action, and neither this Guaranty, the authorization, execution, delivery and performance hereof, the performance of the agreements herein contained nor the consummation of the transactions herein contemplated will violate any provision of law, any order of any court or agency of government or any agreement, indenture or other instrument to which the Lessee is a party or by which it or any of its property is subject to or bound, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or any provision of its by-laws or certificate of incorporation, or any other requirement of law; (ii) the Sublessee is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, has power to enter into and perform this Guaranty and to own its property and assets, has duly authorized the execution and delivery of this Guaranty by proper action, and neither this Guaranty, the authorization, execution, delivery and performance hereof, the performance of the agreements herein contained nor the consummation of the transactions herein contemplated will violate any provision of law, any order of any court or agency of government or any agreement, indenture or other instrument to which the Sublessee is a party or by which it or any of its property is subject to or bound, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or any provision of its certificate of incorporation or bylaws or any other requirement of law; (iii) each of the Corporate Guarantors is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, has power to enter into and perform this Guaranty and to own its property and assets, has duly authorized the execution and delivery of this Guaranty by proper action, and neither this Guaranty, the authorization, execution, delivery and performance hereof, the performance of the agreements herein contained nor the consummation of the transactions herein contemplated will violate any provision of law, any order of any court or agency of government or any agreement, indenture or other instrument to which the Corporate Guarantors is a party or by which it or any of its property is subject to or bound, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or any provision of its certificate of incorporation or bylaws or any other requirement of law; and (iv) the Individual Guarantor is subject to service of process in the State of New York, has power and capacity to enter into and perform this Guaranty and to own his property and assets, has duly executed and delivered this Guaranty, and neither this Guaranty, the execution, delivery and performance hereof, the performance of the agreements herein contained nor the consummation of the transactions herein contemplated will violate any provision of law, any order of any court or agency of government or any agreement, indenture or other instrument to which the Individual Guarantor is a party or by which either or any of his respective property is subject to or bound, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a

default under any such indenture, agreement, or other instrument, or any other requirement of law.

(b) The Guarantors do hereby further represent, warrant and covenant that none of the Guarantors nor any Affiliate is or will become a Prohibited Person.

(c) This Guaranty constitutes the legal, valid and binding joint and several obligation of the Guarantors, enforceable against the Guarantors in accordance with its terms, except as such enforceability may be limited by bankruptcy, moratorium or insolvency or other law affecting creditors' rights generally and subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(d) The assumption by each Guarantor of his or its obligations hereunder will result in a direct financial benefit to such Guarantor.

ARTICLE II

AGREEMENT TO GUARANTEE

Section 2.1. Obligations Guaranteed. (a) The Guarantors hereby unconditionally and jointly and severally guarantee to the Agency (1) the full and prompt payment of an amount equal to each and all of the rental payments when and as the same shall become due, required to be paid by the Lessee under the terms of the Lease Agreement; (2) the full and prompt performance and observance by the Lessee of all of the obligations, covenants and agreements required to be performed and observed by the Lessee under the terms of the Lease Agreement; (3) the full and prompt payment of the rental payments under the Sublease Agreement when and as the same shall become due and payable (excluding the rental payments under Section 5(d) of the Sublease Agreement); and (4) the full and prompt performance and observance of all of the obligations, covenants and agreements required to be performed and observed by the Sublessee under the terms of the Sublease Agreement (the payments, obligations, covenants and agreements in this paragraph being collectively referred to herein as the “**Guaranteed Obligations**”). The Guarantors further hereby irrevocably and unconditionally agree, jointly and severally, that upon default in any of the Guaranteed Obligations, the Guarantors will promptly pay the same or effect the observance of such obligations, covenants and agreements, as the case may be. All payments by the Guarantors shall be paid in lawful money of the United States of America. Each and every default in any of the Guaranteed Obligations shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

(b) The Guarantors further agree, jointly and severally, that this Guaranty constitutes an absolute, unconditional, present and continuing guarantee of performance and payment and not of collection, and waive any right to require that any resort be had by the Agency to the Agency’s rights against any other Person, or to any other right or remedy available to the Agency by contract, applicable law or otherwise. The respective obligations of the Guarantors under this Guaranty are direct, unconditional and completely independent of the obligations of any other Person, and a separate cause of action or separate causes of action may be brought and prosecuted against any or all of the obligated Guarantors without the necessity of joining the Sublessee or any other party or previously proceeding with or exhausting any other remedy against any other Person who might have become liable for the obligations guaranteed hereunder.

Section 2.2. Obligations Unconditional. The respective obligations of the Guarantors under this Guaranty shall be absolute and unconditional, and joint and several, to the extent so provided herein, and shall remain in full force and effect until all the Guaranteed Obligations shall have been paid in full or provided for, and all costs, Agency’s fees and expenses, if any, referred to in Section 2.5 hereof shall have been paid in full, and, to the extent permitted by law, such obligations shall not be affected, modified, released, or impaired by any state of facts or the happening from time to time of any event.

Section 2.3. No Waiver or Set-Off. No act of commission or omission of any kind or at any time upon the part of the Agency or its successors or assigns, in respect of any matter whatsoever shall in any way impair the rights of the Agency to enforce any right, power or benefit under this Guaranty and no set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature (other than performance by the Guarantors of their obligations hereunder), which any Guarantor or any obligor under any of the Project Documents has or may have against the Agency or any assignee or successor thereof shall be available hereunder to the Guarantors.

Section 2.4. Events of Default. An "Event of Default" shall exist if any of the following occurs and is continuing:

(a) any Guarantor defaults in the payment or performance of any Guaranteed Obligation for which such Guarantor is obligated and such default continues for more than three (3) business days after written notice thereof has been given to any or all of the Guarantors by the Agency;

(b) the Individual Guarantor fails to observe and perform any covenant, condition or agreement on its part to be performed under Section 2.6 hereof and such failure continues for a period of thirty (30) days after receipt by any or all of the Guarantors of written notice specifying the nature of such default or failure from the Agency;

(c) any or all of the Guarantors fails to observe and perform any covenant, condition or agreement hereunder on their part to be performed (except as set forth in Section 2.4(a) or (b) above) and (i) continuance of such failure for a period of thirty (30) days after receipt by any or all of the Guarantors of written notice specifying the nature of such default or failure from the Agency, or (ii) if by reason of the nature of such default or failure the same can be remedied, but not within the said thirty (30) days, any or all of the Guarantors fails to proceed with reasonable diligence after receipt of said notice to cure the same or fails to continue with reasonable diligence their efforts to cure the same or fails to cure the same within sixty (60) days of receipt of said notice;

(d) any Guarantor shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;

(e) a proceeding or case shall be commenced, without the application or consent of any Guarantor in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the

appointment of a trustee, receiver, liquidator, custodian or the like of any Guarantor or of all or any substantial part of its respective assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against any Guarantor shall be entered in an involuntary case under the Federal Bankruptcy Code (as now or hereafter in effect); the terms "dissolution" or "liquidation" of any Guarantor as used above shall not be construed to prohibit any action otherwise permitted by Section 6.1 of the Lease Agreement, Section 7 of the Sublease Agreement or Section 2.6 hereof;

(f) any representation or warranty made by any Guarantor (i) in the application and related materials submitted to the Agency for approval of the Project or the transactions contemplated by this Guaranty, or (ii) herein or by any Guarantor in any other Project Document, or (iii) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made; or

(g) any Guarantor shall become a Prohibited Person.

Upon an Event of Default, the Agency shall have the right to proceed first and directly against any or all of the Guarantors jointly and severally under this Guaranty without proceeding against or exhausting any other remedies which it may have under the Lease Agreement or any other Project Document and without resorting to any security held by any other Person.

Section 2.5. Waiver of Notice; Expenses. Each Guarantor hereby expressly waives presentment, demand, protest and notice of non-payment and further waives notice from the Agency of its acceptance and reliance on this Guaranty or of any action taken or omitted in reliance hereon, and of any default by any Guarantor in the Guaranteed Obligations. Each Guarantor further expressly waives diligence, presentment, demand for payment, protest, and requirement that any right or power be exhausted or any action be taken against the Lessee or the Sublessee. Each Guarantor agrees to pay all reasonable costs, fees and expenses (including all reasonable attorneys' fees and disbursements) which may be incurred by the Agency in enforcing or attempting to enforce the provisions of this Guaranty following any default on the part of any or all of the Guarantors hereunder, whether the same shall be enforced by suit or otherwise.

Section 2.6. Dissolution or Merger of Guarantors, Restrictions on Guarantors. The Individual Guarantor agrees that he will not dispose of all or substantially all of his property, business or assets remaining after the execution and delivery of this Guaranty, except (i) in an arms' length bona fide transaction with an unrelated party in exchange for fair market value consideration, (ii) for transfers to members of his immediate family or to trusts for bona fide good faith estate and gift tax planning purposes, or (iii) as the direct result of an award of equitable dissolution (or similar award) and/or a settlement agreement concluded in a bona fide transaction as a result of, or arising from, a marital dissolution; provided, however, that no transfers made pursuant to clause (ii) shall be deemed to relieve or otherwise discharge the

Individual Guarantor, or his estate, from any and all duties and obligations hereunder. Further, the Individual Guarantor, without the prior written consent of the Agency, will not permit the sale or other disposition of a controlling interest in the Lessee or the Sublessee (whether by a single transaction or a series of transactions) to any other persons, corporations or other entities. Controlling interest shall mean the ownership of 51% of the beneficial ownership and voting interest in the Lessee and the Sublessee.

Section 2.7. Benefit and Enforcement. This Guaranty is entered into by the Guarantors for the benefit of the Agency, and the Agency is entitled to all rights and remedies as may exist at law or in equity or otherwise in the enforcement of this Guaranty.

Section 2.8. Survival of Guaranteed Obligations. If the Agency receives any payment on account of the Guaranteed Obligations, which payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be transferred or repaid to a trustee, receiver, assignee for the benefit of creditors or any other party under any bankruptcy act or code, state or federal law or common law or equitable doctrine or for any other reason whatsoever, then to the extent of any sum not finally retained by the Agency, this Guaranty shall remain in full force and effect until the Guarantors obligated with respect thereto shall have made payment to the Agency of such sum, which payment shall be due on demand. If the Agency chooses to contest any such matter, the Guarantors obligated with respect thereto agree to indemnify and hold harmless the Agency with respect to all costs (including court costs and reasonable attorneys' fees) of such litigation.

Section 2.9. No Subrogation. No payment hereunder by any or all of the Guarantors shall entitle any or all of the Guarantors by subrogation to the rights of the Agency to any payment by any other obligor or out of the property of any other obligor, except after payment and performance in full of the Guaranteed Obligations.

ARTICLE III

NOTICE OF SERVICE OF PROCESS, PLEADINGS AND OTHER PAPERS

Section 3.1. Service of Process. Each Guarantor represents that it or he is subject to service of process in the State of New York and covenants that it or he will remain so subject so long as any of the Guaranteed Obligations remain unpaid or unsatisfied. If for any reason any Guarantor should cease to be so subject to service of process in the State of New York, such Guarantor hereby designates and appoints the president of the Sublessee as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon any Guarantor as a result of any of its obligations under this Guaranty, and if such agent shall cease to act or otherwise cease to be subject to service of process in the State of New York, each Guarantor hereby irrevocably designates and appoints the Secretary of State of the State of New York as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon such Guarantor as a result of any of its obligations under this Guaranty; provided, however, that the serving of such process, pleadings, notices or other papers shall not constitute a condition to any Guarantor's obligations hereunder.

Section 3.2. Notices. Any notice required to be sent to any Guarantor, or any notice including process, pleadings or other papers served upon any of the foregoing agents shall at the same time, be sent by facsimile and by registered or certified mail, postage prepaid, to the Guarantors, at the Guarantors' Notice Address, or to such other address as may be furnished by any Guarantor to the Agency in writing. Notices will be deemed to have been received five (5) Business Days after the mailing thereof.

Section 3.3. Consent to Jurisdiction. Each Guarantor irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Guaranty may be brought in the courts of record of the State of New York in New York County or the courts of the United States, Southern District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; and (c) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts. For such time as any of the Guaranteed Obligations shall be unpaid in whole, or in part, the Guarantors' agents designated in Section 3.1 hereof shall accept and acknowledge on the Guarantors' behalf service of any and all process in any such suit, action or proceeding brought in any such court. The Guarantors agree and consent that any such service of process upon such agents and written notice of such service to the Guarantors in the manner set forth in Section 3.2 hereof shall be taken and held to be valid personal service upon the Guarantors whether or not the Guarantors shall then be doing, or at any time shall have done, business within the State of New York and that any such service of process shall be of the same force and validity as if service were made upon the Guarantors according to the laws governing the validity and requirements of such service in the State of New York, and waive all claim of error by reason of any such service. Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the

Guarantors or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Guarantors.

Section 3.4. Waiver of Trial by Jury. The Guarantors do hereby expressly waive all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Guaranty or any matters whatsoever arising out of or in any way connected with this Guaranty.

ARTICLE IV

MISCELLANEOUS

Section 4.1. No Alteration Without Consent. No amendment, change, modification, alteration or termination of the provisions of the Guaranteed Obligations shall be made which would in any way increase any or all of the Guarantors' obligations under this Guaranty without obtaining the prior written consent of the Guarantors. No acts or omissions recited in Section 2.2 hereof shall constitute any such amendment, change, modification, alteration or termination within the meaning of this Section 4.1.

Section 4.2. Guaranty to Become Effective. The obligations of the Guarantors hereunder shall arise absolutely and unconditionally on the Commencement Date when the Lease Agreement shall have been executed and delivered by the Agency and the Lessee and the Sublease Agreement shall have been executed and delivered by the Lessee and the Sublessee.

Section 4.3. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Agency is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default, default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Agency to exercise any remedy reserved to it in this Guaranty, it shall not be necessary to give any notice, other than such notice as may be expressly required in this Guaranty or otherwise required by law. In the event any provision contained in this Guaranty should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Guaranty shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereunto duly authorized by this Guaranty.

Section 4.4. Entire Agreement; Counterparts. This Guaranty constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, other than the Lease Agreement and any other Project Document, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

Section 4.5. Severability. The invalidity or unenforceability of any one or more phrases, sentences, clauses or Sections in this Guaranty contained, shall not affect the validity or enforceability of the remaining portions of this Guaranty, or any part thereof.

Section 4.6. Release. Upon the payment and satisfaction of all Guaranteed Obligations and, if applicable, upon payment of the costs, fees and expenses required by Section 2.5, the Agency shall release in writing the Guarantors from their obligations hereunder (except as provided in Section 2.8 hereof and except to the extent that any of the Guaranteed Obligations are stated to survive the termination of the Lease Agreement or the Sublease Agreement).

Section 4.7. Applicable Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 4.8. Successors and Assigns. This Guaranty shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

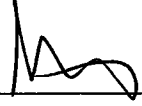
Section 4.9. Right of Set-Off. Each Guarantor hereby grants to the Agency a lien and right to set-off for all of its liabilities and obligations under this Guaranty against all the deposits, credits and property of such Guarantor and any collateral of such Guarantor now or hereafter in the possession, under the control or in transit to the Agency, and agrees that the same may be applied against such liabilities and obligations then due, at any time after an Event of Default has occurred and continues under this Guaranty.

Section 4.10. Date of Guaranty for Reference Purposes Only. The date of this Guaranty shall be for reference purposes only and shall not be construed to imply that this Guaranty was executed on the date first above written. This Guaranty was executed and delivered on the Commencement Date.

IN WITNESS WHEREOF, each Guarantor has duly authorized the execution of this Guaranty as of the date first above written.

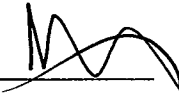
MGC REALTY, INC.,
as Lessee

By: _____
Wayne Edelman
President

 9/6/06

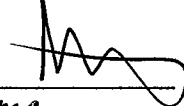
**MEURICE GARMENT CARE OF
MANHASSET, INC.,**
as Sublessee

By: _____
Wayne Edelman
President



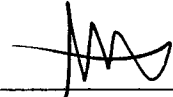
MAGOO'S CREW INC.,
as Corporate Guarantor

By: _____
Name: Wayne Edelman
Title: President



NETSAC, INC.,
as Corporate Guarantor

By: _____
Name: Wayne Edelman
Title: President



WAYNE EDELMAN,
as Individual Guarantor



Accepted this September 6, 2006

by **NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Kei Hayashi
Deputy Executive Director



APPENDIX A

“Event of Default” shall have the meaning assigned to that term in Section 2.4 hereof.

“Guarantors’ Notice Address” shall mean c/o Meurice Garment Care of Manhasset, Inc., 535 Manida Street, Bronx, New York 10474, Attention: President, with a copy to Barbara Albom, 591 Broadway, Suite 3A, New York, New York 10012.

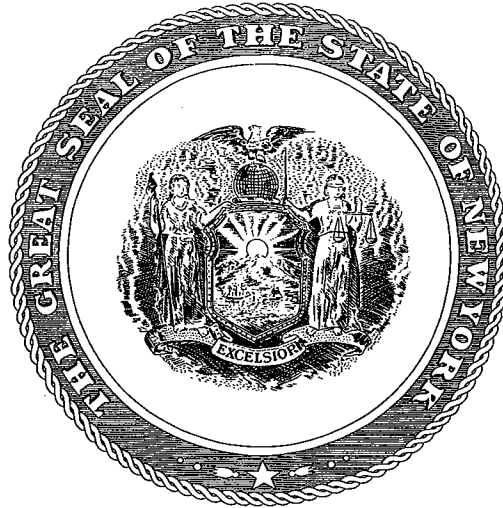
“Guaranty” shall mean this Guaranty Agreement, dated as of September 1, 2006, from the Guarantors to the Agency, and includes any and all amendments hereof and supplements hereto.

“Lease Agreement” shall mean the Lease Agreement, dated as of even date herewith, between the Agency and the Lessee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith.

“State” shall mean the State of New York.




STATE OF NEW YORK



SENATE and ASSEMBLY


Pursuant to the authority vested in us by section 70-b of the Public Officers Law and upon information and belief, I, Joseph L. Bruno, Temporary President of the Senate and I, Sheldon Silver, Speaker of the Assembly, hereby jointly certify that the text of the provisions of law contained in this publication is a correct transcript of the text of such law as last amended as of the date of execution of this certificate, and, in accordance with such section, is entitled to be read into evidence.

Given under my hand and seal of office, in
the County of Albany this 30th day
of June 2006.



Temporary President of the Senate

Given under my hand and seal of office, in
the County of Albany this 30th day
of June 2006.



Speaker of the Assembly

This certification is issued for: (title of publication) General Municipal Law §§850-888, §917

§ 850. Short title. This chapter may be cited as the "New York State Industrial Development Agency Act."

§ 852. Policy and purposes of article. It is hereby declared to be the policy of this state to promote the economic welfare, recreation opportunities and prosperity of its inhabitants and to actively promote, attract, encourage and develop recreation, economically sound commerce and industry and economically sound projects identified and called for to implement a state heritage area management plan as provided in title G of the parks, recreation and historic preservation law through governmental action for the purpose of preventing unemployment and economic deterioration by the creation of industrial development agencies which are hereby declared to be governmental agencies and instrumentalities and to grant to such industrial development agencies the rights and powers provided in this article.

It is hereby further declared to be the policy of this state to protect and promote the health of the inhabitants of this state by the conservation, protection and improvement of the natural and cultural or historic resources and environment and to control land, sewer, water, air, noise or general environmental pollution derived from the operation of industrial, manufacturing, warehousing, commercial, recreation, horse racing facilities, railroad facilities and research facilities and to grant such industrial development agencies the rights and powers provided by this article with respect to industrial pollution control facilities.

It is hereby further declared to be the policy of this state to protect and promote the health of the inhabitants of this state and to

increase trade through promoting the development of facilities to provide recreation for the citizens of the state and to attract tourists from other states.

The use of all such rights and powers is a public purpose essential to the public interest, and for which public funds may be expended.

§ 854. Definitions. As used in this act, unless the context otherwise requires:

(1) "Agency" - shall mean an Industrial Development Agency created pursuant to this act.

(2) "Bonds" - shall mean the bonds, notes, interim certificates and other obligations issued by the agency pursuant to this act.

(3) "Municipality" - shall mean any county, city, village, town or Indian reservation in the state.

* (4) "Project" - shall mean any land, any building or other improvement, and all real and personal properties located within the state of New York and within or partially within and partially outside the municipality for whose benefit the agency was created, including, but not limited to, machinery, equipment and other facilities deemed necessary or desirable in connection therewith, or incidental thereto, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, civic, commercial or industrial purposes or other economically sound purposes identified and called for to implement a state designated urban cultural park management plan as provided in title G of the parks, recreation and historic preservation law and which may include or mean an industrial pollution control facility, a recreation facility, educational or

cultural facility, a horse racing facility, a railroad facility, a continuing care retirement community, or a civic facility, provided, however, that, of agencies governed by this article, only agencies created for the benefit of a county and the agency created for the benefit of the city of New York shall provide financial assistance in any respect to a continuing care retirement community, and provided, however, no agency shall provide financial assistance in respect of any project partially outside the municipality for whose benefit the agency was created without the prior consent thereto by the governing body or bodies of all the other municipalities in which any part of the project is, or is to be, located. Where a project is located partially within and partially outside the municipality for whose benefit the agency was created, the portion of the project outside the municipality must be contiguous with the portion of the project inside the municipality. Provided further, that no agency shall provide financial assistance for any project where the project applicant has any agreement to subsequently contract with a municipality for the lease or purchase of such project or project facility.

* NB Effective until July 1, 2006

* (4) "Project" - shall mean any land, any building or other improvement, and all real and personal properties located within the state of New York and within or outside or partially within and partially outside the municipality for whose benefit the agency was created, including, but not limited to, machinery, equipment and other facilities deemed necessary or desirable in connection therewith, or incidental thereto, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial or industrial purposes or other economically sound

purposes identified and called for to implement a state designated urban cultural park management plan as provided in title G of the parks, recreation and historic preservation law and which may include or mean an industrial pollution control facility, a recreation facility, educational or cultural facility, a horse racing facility or a railroad facility, provided, however, no agency shall use its funds in respect of any project wholly or partially outside the municipality for whose benefit the agency was created without the prior consent thereto by the governing body or bodies of all the other municipalities in which a part or parts of the project is, or is to be, located.

* NB Effective July 1, 2006

(5) "Governing body" - shall mean the board or body in which the general legislative powers of the municipality are vested.

(6) "Mortgage" - shall mean a mortgage or other security device.

(7) "Revenues" - shall mean all rents, revenues, fees, charges and other sources of income derived by the agency from the leasing, sale or other disposition of a project or projects.

(8) "Industrial pollution control facility"--shall mean any equipment, improvement, structure or facility or any land and any building, structure, facility or other improvement thereon, or any combination thereof, and all real and personal property deemed necessary therewith, which if within any city are not of a character or nature then or formerly furnished or supplied by the city, having to do with or the end purpose of which is the control, abatement or prevention of land, sewer, water, air, noise or general environmental pollution deriving from the operation of industrial, manufacturing, warehousing, commercial, recreation and research facilities, including, but not limited to any air pollution control facility, noise abatement facility, water

management facility, waste water collecting system, waste water treatment works, sewage treatment works system, sewage treatment system or solid waste disposal facility or site.

(9) "Recreation facility"--shall mean any facility for the use of the general public as spectators or participants in recreation activities, including but not limited to skiing, golfing, swimming, tennis, ice skating or ice hockey facilities, together with all buildings, structures, machinery, equipment, facilities and appurtenances thereto which the agency may deem necessary, useful or desirable in connection with the construction, improvement or operation of any such facility, including overnight accommodations and other facilities incidental thereto and facilities that may permit the use of recreation facilities by the general public as participants in recreation activities, but shall not include facilities for automobile or horse racing or other similar activities.

(10) "Horse racing facility"--shall mean any facility for the use of the general public for purpose of conducting pari-mutuel wagering, licensed by the state racing and wagering board, as of January first, nineteen hundred seventy-seven, except non-profit racing associations, including buildings, structures, machinery, equipments, facilities and appurtenances thereto, the construction, reconstruction, acquisition and/or improvement of which shall have been approved by the state racing and wagering board, and which the agency may deem necessary, useful or desirable in connection with the construction, improvement or operation of such racing facility.

(11) "Railroad facility"--shall mean, but shall not be limited to, railroad rights-of-way, beds, bridges, viaducts, tracks, switches and rolling stock and any other attendant structure, equipment, facility or

property necessary or appropriate to railroading conducted in conjunction with industrial, commercial, manufacturing, recreational or warehousing operations; provided, however, that (i) no agency shall itself operate a railroad facility for freight or passenger service, but may lease or otherwise make such facility available to an operator, subject to an agreement for the maintenance and operation of such facility for freight or passenger service, provided that passenger service does not constitute the primary purpose of the railroad facility; (ii) prior to undertaking any project involving acquisition, construction, reconstruction, improvement, maintenance, equipping or furnishing of a railroad facility, an agency shall submit its plans for the proposed project to the commissioner of transportation; the commissioner shall, within sixty days of his receipt of the proposal, submit an analysis of the financial and operational feasibility of the proposed project, along with any recommendations for modification for improving the project's viability, to the agency, the governor, the commissioner of commerce, the temporary president of the senate, the speaker of the assembly and the governing body of the municipality in which the agency is located; and (iii) no agency shall enter into any contract for the acquisition, construction, reconstruction, improvement, maintenance, equipping or furnishing of a railroad facility until fifteen days after the submission of the analysis and recommendations of the commissioner of transportation, or seventy-five days after submission of the agency's plan to the commissioner, whichever is earlier.

(12) "Educational or cultural facility"--shall mean any facility identified and called for to implement a state designated heritage area management plan as provided in title G of the parks, recreation and

historic preservation law that is open to the public at large as participants in educational and cultural activities including but not limited to theaters, museums, exhibitions and festival and interpretive facilities, together with buildings, structures, machinery, equipment, facilities and appurtenances thereto which the agency may deem necessary, useful or desirable in connection with the construction, improvement or operation of any such facility, including overnight accommodations and other facilities incidental thereto and facilities that may permit the use of educational or cultural facilities by the general public.

* (13) "Civic facility" - shall mean any facility which shall be owned or occupied by a not-for-profit corporation organized and existing under the laws of this state or authorized to conduct activities in this state. Such facilities shall not include convention centers, housing facilities, dormitories for educational institutions or roads, buildings, water systems, sewer systems, or any public facility for use by a municipality in the performance of its governmental functions or medical facilities which are predominately used for the delivery of medical services, except that such facilities shall include habilitation centers and hospices.

* NB Repealed July 2, 2006

* NB There are 2 sb (13)'s

* (13) "Civic facility" - shall mean any facility which shall be owned or occupied by a not-for-profit corporation organized and existing under the laws of this state or authorized to conduct activities in this state. Such facilities shall not include convention centers, housing facilities, dormitories for educational institutions or roads, buildings, water systems, sewer systems, or any public facility for use

by a municipality in the performance of its governmental functions or medical facilities which are predominately used for the delivery of medical services, except that such facilities shall include habilitation centers and hospices.

Notwithstanding the limitations contained in the preceding sentence, a civic facility project may include: (a) dormitories for educational institutions; (b) facilities as defined in article twenty-eight of the public health law; and (c) housing facilities primarily designed to be occupied by individuals sixty years of age or older provided that the total cost of such projects as provided for in paragraphs (a), (b), and (c) herein does not exceed twenty million dollars. Nothing in this article shall be deemed to waive any applicable requirement for an operating facility certificate, consent or any other approval as provided by law.

* NB Repealed July 1, 2006

* NB There are 2 sb (13)'s

(14) "Financial assistance" - shall mean the proceeds of bonds issued by an agency, straight-leases, or exemptions from taxation claimed by a project occupant as a result of an agency taking title, possession or control (by lease, license or otherwise) to the property or equipment of such project occupant or of such project occupant acting as an agent of an agency.

(15) "Straight-lease transaction" - shall mean a transaction in which an agency takes title, possession or control (by lease, license or otherwise) to the property or equipment of a project occupant, entitling such property or equipment to be exempt from taxation according to the provisions of section eight hundred seventy-four of this article, and no

financial assistance in the form of the proceeds of bonds issued by the agency is provided to the project occupant.

(16) "Affected tax jurisdiction" - shall mean any municipality or school district, in which a project is located, which will fail to receive real property tax payments, or other tax payments which would otherwise be due, except for the tax exempt status of an agency involved in a project.

(17) "Payments in lieu of taxes" - shall mean any payment made to an agency, or affected tax jurisdiction equal to the amount, or a portion of, real property taxes, or other taxes, which would have been levied by or on behalf of an affected tax jurisdiction if the project was not tax exempt by reason of agency involvement.

(18) "Highly distressed area" - shall mean (a) a census tract or tracts or block numbering areas or areas or such census tract or block numbering area contiguous thereto which, according to the most recent census data available, has:

(i) a poverty rate of at least twenty percent for the year to which the data relates or at least twenty percent of households receiving public assistance; and

(ii) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates; or

(b) a city, town, village or county within a city with a population of one million or more for which: (i) the ratio of the full value property wealth, as determined by the comptroller for the year nineteen hundred ninety, per resident to the statewide average full value property wealth per resident; and (ii) the ratio of the income per resident; as shown in the nineteen hundred ninety census to the statewide average income per

resident; are each fifty-five percent or less of the statewide average;
or

(c) an area which was designated an empire zone pursuant to article eighteen-B of this chapter.

(19) "Continuing care retirement community" - shall mean any facility that has been granted a certificate of authority pursuant to article forty-six or forty-six-A of the public health law and is established to provide, pursuant to continuing care retirement contracts approved pursuant to article forty-six of the public health law, or fee-for-service continuing care contracts approved pursuant to article forty-six-A of the public health law, a comprehensive, cohesive living arrangement for the elderly, and certified by the commissioner of health, that (i) has been approved for the issuance of industrial development agency bonds by the continuing care retirement community council pursuant to section forty-six hundred four-a of the public health law except that paragraphs b and g of subdivision two of section forty-six hundred four-a of the public health law shall not apply to a continuing care retirement community granted a certificate of authority pursuant to article forty-six-A of the public health law and (ii) is a not-for-profit corporation as defined in section one hundred two of the not-for-profit corporation law that is (a) eligible for tax-exempt financing under section forty-six hundred four-a of the public health law and this chapter and (b) is exempt from taxation pursuant to section 501(c)(3) of the federal internal revenue code; except that "continuing care retirement community" shall not include a facility granted a certificate of authority upon application of a state or local government applicant.

§ 856. Organization of industrial development agencies. 1. (a) Upon the establishment of an industrial development agency by special act of the legislature, the governing body of the municipality for whose benefit such agency is established shall file within six months after the effective date of the special act of the legislature establishing such agency or before the first day of July, nineteen hundred sixty-nine, whichever date shall be later, in the office of the secretary of state, a certificate setting forth: (1) the date of passage of the special act establishing the agency; (2) the name of the agency; (3) the names of the members and their terms of office, specifying which member is the chairman; and (4) facts establishing the need for the establishment of an agency in such municipality.

(b) Every such agency shall be perpetual in duration, except that if (1) such certificate is not filed with the secretary of state within six months after the effective date of the special act of the legislature establishing such agency or before the first day of July, nineteen hundred sixty-nine, whichever date shall be later, or if (2) at the expiration of ten years subsequent to the effective date of the special act, there shall be outstanding no bonds or other obligations theretofore issued by such agency or by the municipality for or in behalf of the agency, then the corporate existence of such agency shall thereupon terminate and it shall thereupon be deemed to be and shall be dissolved.

(c) On or before March first of each year, the secretary of state shall prepare a list of agencies which failed to file a certificate in accordance with provisions of paragraph (a) of this subdivision within the preceding calendar year and transmit a copy of such list to the state comptroller and the commissioner of the department of economic

development. On or before March first of each year the commissioner of the department of economic development shall prepare a list of agencies which have dissolved pursuant to paragraph (b) of this subdivision or have ceased to exist pursuant to section eight hundred eighty-two of this chapter and shall transmit a copy of such list to the state comptroller.

2. An agency shall be a corporate governmental agency, constituting a public benefit corporation. Except as otherwise provided by special act of the legislature, an agency shall consist of not less than three nor more than seven members who shall be appointed by the governing body of each municipality and who shall serve at the pleasure of the appointing authority. Such members may include representatives of local government, school boards, organized labor and business. A member shall continue to hold office until his successor is appointed and has qualified. The governing body of each municipality shall designate the first chairman and file with the secretary of state a certificate of appointment or reappointment of any member. Such members shall receive no compensation for their services but shall be entitled to the necessary expenses, including traveling expenses, incurred in the discharge of their duties.

3. A majority of the members of an agency shall constitute a quorum.

4. Any one or more of the members of an agency may be an official or an employee of the municipality. In the event that an official or an employee of the municipality shall be appointed as a member of the agency, acceptance or retention of such appointment shall not be deemed a forfeiture of his municipal office or employment, or incompatible therewith or affect his tenure or compensation in any way. The term of office of a member of an agency who is an official or an employee of the municipality when appointed as a member thereof by special act of the

legislature creating the industrial development agency shall terminate at the expiration of the term of his municipal office.

§ 858. Purposes and powers of the agency. The purposes of the agency shall be to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities including industrial pollution control facilities, educational or cultural facilities, railroad facilities, horse racing facilities and continuing care retirement communities, provided, however, that, of agencies governed by this article, only agencies created for the benefit of a county and the agency created for the benefit of the city of New York shall be authorized to provide financial assistance in any respect to a continuing care retirement community, and thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the state of New York and to improve their recreation opportunities, prosperity and standard of living; and to carry out the aforesaid purposes, each agency shall have the following powers:

- (1) To sue and be sued;
- (2) To have a seal and alter the same at pleasure;
- (3) To acquire, hold and dispose of personal property for its corporate purposes;
- (4) To acquire by purchase, grant, lease, gift, pursuant to the provisions of the eminent domain procedure law, or otherwise and to use, real property or rights or easements therein necessary for its corporate purposes in compliance with the local zoning and planning regulations

and shall take into consideration regional and local comprehensive land use plans and state designated heritage area management plans, and to sell, convey, mortgage, lease, pledge, exchange or otherwise dispose of any such property in such manner as the agency shall determine. In the case of railroad facilities, however, the phrase to use real property or rights or easements therein shall not be interpreted to include operation by the agency of rail service upon or in conjunction with such facilities.

(5) To make by-laws for the management and regulation of its affairs and, subject to agreements with its bondholders, for the regulation of the use of a project or projects.

(6) With the consent of the municipality, to use agents, employees and facilities of the municipality, paying the municipality its agreed proportion of the compensation or costs;

(7) To appoint officers, agents and employees, to prescribe their qualifications and to fix their compensation and to pay the same out of funds of the agency;

(8) (a) To appoint an attorney, who may be the counsel of the municipality, and to fix the attorney's compensation for services which shall be payable to the attorney, and to retain and employ private consultants for professional and technical assistance and advice;

(b) An attorney acting as bond counsel for a project must file with the agency a written statement in which the attorney identifies each party to the transaction which such attorney represents. If bond counsel provides any legal services to parties other than the agency the written statement must describe the nature of legal services provided by such bond counsel to all parties to the transaction, including the nature of the services provided to the agency.

(9) To make contracts and leases, and to execute all instruments necessary or convenient to or with any person, firm, partnership or corporation, either public or private; provided, however, that any extension of an existing contract, lease or other agreement entered into by an agency with respect to a project shall be guided by the provisions of this article;

(10) To acquire, construct, reconstruct, lease, improve, maintain, equip or furnish one or more projects;

(11) To accept gifts, grants, loans, or contributions from, and enter into contracts or other transactions with, the United States and the state or any agency of either of them, any municipality, any public or private corporation or any other legal entity, and to use any such gifts, grants, loans or contributions for any of its corporate purposes;

(12) To borrow money and to issue bonds and to provide for the rights of the holders thereof;

(13) To grant options to renew any lease with respect to any project or projects and to grant options to buy any project at such price as the agency may deem desirable;

(14) To designate the depositories of its money either within or without the state;

(15) To enter into agreements requiring payments in lieu of taxes. Such agreements shall be in writing and in addition to other terms shall contain: the amount due annually to each affected tax jurisdiction (or a formula by which the amount due can be calculated), the name and address of the person, office or agency to which payment shall be delivered, the date on which payment shall be made, and the date on which payment shall be considered delinquent if not paid. Unless otherwise agreed by the affected tax jurisdictions, any such agreement shall provide that

payments in lieu of taxes shall be allocated among affected tax jurisdictions in proportion to the amount of real property tax and other taxes which would have been received by each affected tax jurisdiction had the project not been tax exempt due to the status of the agency involved in the project. A copy of any such agreement shall be delivered to each affected tax jurisdiction within fifteen days of signing the agreement. In the absence of any such written agreement, payments in lieu of taxes made by an agency shall be allocated in the same proportions as they had been prior to January first, nineteen hundred ninety-three for so long as the agency's activities render a project non-taxable by affected tax jurisdictions;

(16) To establish and re-establish its fiscal year; and

(17) To do all things necessary or convenient to carry out its purposes and exercise the powers expressly given in this title.

§ 858-a. Compensation, procurement and investment. 1. The compensation of an officer or full-time employee of the agency (but not including part-time employees or consultants, including accountants, attorneys and bond counsel to the agency) shall not be contingent on the granting of financial assistance by an agency.

2. The provisions of section one hundred four-b of this chapter shall be applicable to the procurement of goods and services paid for by an agency for its own use and account.

3. The provisions of sections ten and eleven of this chapter shall be applicable to deposits and investments of funds for an agency's own use and account.

§ 858-b. Equal employment opportunities. 1. Each agency shall ensure that all employees and applicants for employment are afforded equal employment opportunity without discrimination.

2. Except as is otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of projects of the agency shall be listed with the New York state department of labor community services division, and with the administrative entity of the service delivery area created by the federal job training partnership act (P.L. No. 97-300) in which the project is located. Except as is otherwise provided by collective bargaining contracts or agreements, sponsors of projects shall agree, where practicable, to first consider persons eligible to participate in the federal job training partnership (P.L. No. 97-300) programs who shall be referred by administrative entities of service delivery areas created pursuant to such act or by the community services division of the department of labor for such such new employment opportunities.

§ 859. Financial records. 1. (a) Each agency shall maintain books and records in such form as may be prescribed by the state comptroller.

(b) Within ninety days following the close of its fiscal year, each agency or authority shall prepare a financial statement for that fiscal year in such form as may be prescribed by the state comptroller. Such statement shall be audited within such ninety day period by an independent certified public accountant in accordance with government accounting standards established by the United States general accounting office. The audited financial statement shall include supplemental schedules listing all straight-lease transactions and bonds and notes

issued, outstanding or retired during the applicable accounting period whether or not such bonds, notes or transactions are considered obligations of the agency. For each issue of bonds or notes such schedules shall provide the name of each project financed with proceeds of each issue, and whether the project occupant is a not-for-profit corporation, the name and address of each owner of each project, the estimated amount of tax exemptions authorized for each project, the purpose for which each bond or note was issued, date of issue, interest rate at issuance and if variable the range of interest rates applicable, maturity date, federal tax status of each issue, and an estimate of the number of jobs created and retained by each project. For each straight-lease transaction, such schedules shall provide the name of each project, and whether the project occupant is a not-for-profit corporation, the name and address of each owner of each project, the estimated amount of tax exemptions authorized for each project, the purpose for which each transaction was made, the method of financial assistance utilized by the project, other than the tax exemptions claimed by the project and an estimate of the number of jobs created and retained by each project.

(c) Within thirty days after completion, a copy of the audited financial statement shall be transmitted to the commissioner of the department of economic development, the state comptroller and the governing body of the municipality for whose benefit the agency was created.

(d) An agency with no bonds or notes issued or outstanding and no projects during the applicable accounting period may apply to the state comptroller for a waiver of the required audited financial statement. Application shall be made on such form as the comptroller may prescribe.

(e) If an agency or authority shall fail to file or substantially complete, as determined by the state comptroller, the financial statement required by this section, the state comptroller shall provide notice to the agency or authority. The notice shall state the following:

(i) that the failure to file a financial statement as required is a violation of this section, or in the case of an insufficient financial statement, the manner in which the financial statement submitted is deficient;

(ii) that the agency or authority has thirty days to comply with this section or provide an adequate written explanation to the comptroller of the agency's or authority's reasons for the inability to comply; and

(iii) that the agency's or authority's failure to provide either the required financial statement or an adequate explanation will result in the notification of the chief executive officer of the municipality for whose benefit the agency or authority was created of the agency's noncompliance with this section. Where such agency or authority has failed to file the required statement, the comptroller shall additionally notify the agency or authority that continued failure to file the required statement may result in loss of the agency's or authority's authority to provide exemptions from state taxes.

(iv) If an agency or authority after thirty days has failed to file the required statement or the explanation in the manner required by subparagraph (i) of this paragraph, or provides an insufficient explanation, the comptroller shall notify the chief executive officer of the municipality for whose benefit the agency or authority was created and the agency of the agency's or authority's noncompliance with this section. Such notice from the state comptroller shall further delineate in what respect the agency or authority has failed to comply with this

section. If the agency or authority has failed to file the required statement, the notice shall additionally state that continued failure to file the required statement may result in loss of the agency's or authority's authority to provide exemptions from state taxes.

(v) If, thirty days after notification of the chief executive officer of the municipality for whose benefit the agency or authority was created of the agency's or authority's noncompliance, the agency or authority fails to file the required statement, the comptroller shall notify the chief executive officer of the municipality for whose benefit that agency or authority was created and the agency or authority that if such report is not provided within sixty days, that the agency or authority will no longer be authorized to provide exemptions from state taxes.

(vi) If, sixty days after the notification required by subparagraph (v) of this paragraph, the comptroller has not received the required statement, the agency or authority shall not offer financial assistance which provides exemptions from state taxes until such financial statement is filed and the comptroller shall so notify the agency or authority and the chief executive officer of the municipality for whose benefit the agency was created. Provided, however, that nothing contained in this paragraph shall be deemed to modify the terms of any existing agreements.

(f) Within thirty days after completion, a copy of an audited financial statement which contains transactions of or bonds or notes of civic facilities as defined in paragraph (b) of subdivision thirteen of section eight hundred fifty-four of this article, shall be transmitted by the agency to the commissioner of health, the chair of the senate finance committee, the chair of the assembly ways and means committee,

the chair of the senate health committee and the chair of the assembly health committee.

2. On or before September first of each year, the commissioner of the department of economic development shall prepare and submit to the governor, speaker of the assembly, majority leader of the senate, and the state comptroller, a report setting forth a summary of the significant trends in operations and financing by agencies and authorities; departures from acceptable practices by agencies and authorities; a compilation by type of the bonds and notes outstanding; a compilation of all outstanding straight-lease transactions; an estimate of the total number of jobs created and retained by agency or authority projects; and any other information which in the opinion of the commissioner bears upon the discharge of the statutory functions of agencies and authorities.

3. On or before April first, nineteen hundred ninety-six, the commissioner shall submit to the director of the division of the budget, the temporary president of the senate, the speaker of the assembly, the chairman of the senate finance committee, the chairman of the assembly ways and means committee, the chairman of the senate local government committee, the chairman of the senate committee on commerce, economic development and small business, the chairman of the assembly committee on commerce, industry and economic development, the chairman of the assembly local governments committee and the chairman of the assembly real property taxation committee an evaluation of the activities of industrial development agencies and authorities in the state prepared by an entity independent of the department. Such evaluation shall identify the effect of agencies and authorities on: (a) job creation and retention in the state, including the types of jobs created and

retained; (b) the value of tax exemptions provided by such agencies and authorities; (c) the value of payments received in lieu of taxes received by municipalities and school districts as a result of projects sponsored by such entities; (d) a summary of the types of projects that received financial assistance; (e) a summary of the types of financial assistance provided by the agencies and authorities; (f) a summary of criteria for evaluation of projects used by agencies and authorities; (g) a summary of tax exemption policies of agencies and authorities; and (h) such other factors as may be relevant to an assessment of the performance of such agencies and authorities in creating and retaining job opportunities for residents of the state. Such evaluation shall also assess the process by which agencies and authorities grant exemptions from state taxes and make recommendations for the most efficient and effective procedures for the use of such exemptions. Such evaluation shall further include any recommendations for changes in laws governing the operations of industrial development agencies and authorities which would enhance the creation and retention of jobs in the state.

§ 859-a. Additional prerequisites to the provisions of financial assistance. Prior to providing any financial assistance of more than one hundred thousand dollars to any project, the agency must comply with the following prerequisites:

1. The agency must adopt a resolution describing the project and the financial assistance that the agency is contemplating with respect to such project. Such assistance shall be consistent with the uniform tax exemption policy adopted by the agency pursuant to subdivision four of section eight hundred seventy-four of this chapter, unless the agency

has followed the procedures for deviation from such policy specified in paragraph (b) of such subdivision.

2. The agency must hold a public hearing with respect to the project and the proposed financial assistance being contemplated by the agency. Said public hearing shall be held in a city, town or village where the project proposes to locate. At said public hearing, interested parties shall be provided reasonable opportunity, both orally and in writing, to present their views with respect to the project.

* 3. The agency must give at least thirty days published notice of said public hearing and shall, at the same time, provide notice of such hearing to the chief executive officer of each affected tax jurisdiction within which the project is located. The notice of hearing must state the time and place of the hearing, contain a general, functional description of the project, describe the prospective location of the project, identify the initial owner, operator or manager of the project and generally describe the financial assistance contemplated by the agency with respect to the project, and provide an opportunity for the public to review the project application, which shall include an analysis of the costs and benefits of the proposed project.

* NB Effective until July 1, 2006

* 3. The agency must give at least ten days published notice of said public hearing and shall, at the same time, provide notice of such hearing to the chief executive officer of each affected tax jurisdiction within which the project is located. The notice of hearing must state the time and place of the hearing, contain a general, functional description of the project, describe the prospective location of the project, identify the initial owner, operator or manager of the project

and generally describe the financial assistance contemplated by the agency with respect to the project.

* NB Effective July 1, 2006

§ 859-b. Special procedure for the provision of financial assistance to continuing care retirement communities. 1. Any applicant for financing of a continuing care retirement community shall present a completed application for a certificate of authority and documentation establishing the continuing care retirement community council's approval of that application, pursuant to article forty-six of the public health law.

2. If requested by the agency, the applicant shall present an analysis dealing with any of the issues identified in paragraph (a) of subdivision four of section eight hundred seventy-four of this article.

3. Applicants shall present the financial feasibility study, including a financial forecast and market study, and the analysis of economic costs and benefits required by article forty-six of the public health law.

4. Any information presented by the applicant pursuant to subdivisions one, two and three of this section shall be made available at the time required for published notice of the public hearing required by section eight hundred fifty-nine-a of this article. The agency shall make such information available during regular office hours in at least two locations, at least one of which shall be in the city, town or village within which the proposed project is located. Such notice shall include a statement indicating the location and times of availability of the information required by this section.

5. The industrial development agency may require the applicant to provide any additional information which it requires in order to meet the purposes of this article.

§ 860. Moneys of the agency. The agency shall have power to contract with the holders of any of its bonds or notes as to the custody, collection, securing, investment and payment of any moneys of the agency or any moneys held in trust or otherwise for the payment of bonds or notes or in any way to secure bonds or notes and to carry out any such contract. Moneys held in trust or otherwise for the payment of bonds or notes or in any way to secure bonds or notes and deposits of such moneys may be secured in the same manner as moneys of the agency, and all banks and trust companies are authorized to give such security for such deposits.

§ 861. Notification of budget. Each agency shall mail or deliver to the chief executive officer and the governing body of the municipality for whose benefit the agency was established and make available for public inspection and comment its proposed budget for the forthcoming fiscal year, no later than twenty business days before adoption. At such time, the agency shall file its proposed budget with the clerk of the municipality for whose benefit the agency was established. Such proposed budget shall contain detailed estimates in writing of the amount of revenues to be received and expenditures to be made during the forthcoming fiscal year. Following its consideration of the comments

received, the agency may revise its budget accordingly and shall file the revised budget with the clerk of the municipality.

* § 862. Restrictions on funds of the agency. 1. No financial assistance of the agency shall be used in respect of any project if the completion thereof would result in the removal of a facility or plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

2. (a) Except as provided in paragraph (b) of this subdivision, no financial assistance of the agency shall be provided in respect of any project where facilities or property that are primarily used in making retail sales to customers who personally visit such facilities constitute more than one-third of the total project cost. For the purposes of this article, retail sales shall mean: (i) sales by a registered vendor under article twenty-eight of the tax law primarily engaged in the retail sale of tangible personal property, as defined in subparagraph (i) of paragraph four of subdivision (b) of section eleven hundred one of the tax law; or (ii) sales of a service to such customers. Except, however, that tourism destination projects and projects operated by not-for-profit corporations shall not be prohibited

by this subdivision. For the purpose of this paragraph, "tourism destination" shall mean a location or facility which is likely to attract a significant number of visitors from outside the economic development region as established by section two hundred thirty of the economic development law, in which the project is located.

(b) Notwithstanding the provisions of paragraph (a) of this subdivision, financial assistance may, however, be provided to a project where facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain such goods or services constitute more than one-third of the total project cost, where (i) the project occupant would, but for the assistance provided by the agency, locate the related jobs outside the state, or (ii) the predominant purpose of the project would be to make available goods or services which would not, but for the project, be reasonably accessible to the residents of the city, town, or village within which the proposed project would be located because of a lack of reasonably accessible retail trade facilities offering such goods or services, or (iii) the project is located in a highly distressed area.

(c) With respect to projects authorized pursuant to paragraph (b) of this subdivision, no project shall be approved unless the agency shall find after the public hearing required by section eight hundred fifty-nine-a of this chapter that undertaking the project will serve the public purposes of this article by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the state. Where the agency makes such a finding, prior to providing financial assistance to the project by the agency, the chief executive

officer of the municipality for whose benefit the agency was created shall confirm the proposed action of the agency.

3. No funds of the agency shall be used for the purpose of preventing the establishment of an industrial or manufacturing plant, nor shall any funds of the agency be given to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within this state nor shall such funds be used for advertising or promotional materials which depict elected or appointed government officials in either print or electronic media.

* NB Effective until July 2, 2006

* § 862. Restrictions on funds of the agency. No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

* NB Effective July 2, 2006

§ 862-a. Additional restrictions on funds of the agency in connection with continuing care retirement communities. No resolution authorizing the issuance of bonds, notes or other obligations of the agency, or for

providing financial assistance in any respect, for any continuing care retirement community project shall be adopted unless and until the project has received a certificate of authorization pursuant to section forty-six hundred four-a of the public health law, and unless the project will serve the public purposes of this article by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the state.

§ 864. Bonds of the agency. (1) The agency shall have the power and is hereby authorized from time to time to issue negotiable bonds for any of its corporate purposes without limitation as to amount. The agency shall have power from time to time and whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and may issue bonds partly to refund bonds then outstanding and partly for any other purpose hereinabove described. The refunding bonds may be exchanged for the bonds to be refunded, with such cash adjustments as may be agreed, or may be sold and the proceeds applied to the purchase or redemption of the bonds to be refunded. Except as may otherwise be expressly provided by the agency, the bonds of every issue shall be special obligations of the agency payable solely from revenues derived from the leasing, sale or other disposition of a project, subject only to any agreements with the holders of particular bonds pledging any particular moneys or revenues. Whether or not the bonds are of such form and character as to be negotiable instruments under article eight of the uniform commercial code, the bonds shall be, and are hereby made, negotiable instruments

within the meaning of and for all the purposes of the uniform commercial code, subject only to the provisions of the bonds for registration.

(2) The bonds shall be authorized by resolution of the agency and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, payable at such time or times, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America at such place or places, either within or without the state, and be subject to such terms of redemption as such resolution or resolutions may provide. The bonds may be sold at public or private sale at such price or prices as the agency shall determine.

(3) Any resolution or resolutions authorizing any bonds or any issue of bonds may contain provisions, which shall be a part of the contract with the holders of the bonds thereby authorized, as to:

(a) pledging all or any part of the revenues derived from the leasing, sale or other disposition of a project or projects to secure the payment of the bonds, subject to such agreements with bondholders as may then exist;

(b) the rentals, fees, and other charges to be charged, and the amounts to be raised in each year thereby, and the use and disposition of the revenues;

(c) the setting aside of reserves or sinking funds, and the regulation and disposition thereof;

(d) limitations on the right of the agency to restrict and regulate the use of a project;

(e) limitations on the purpose to which the proceeds of sale of any issue of bonds then or thereafter to be issued may be applied and

pledging such proceeds to secure the payment of the bonds or any issue of the bonds;

(f) the terms upon which additional bonds may be issued and secured; the refunding of outstanding or other bonds;

(g) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(h) vesting in a trustee or trustees such property, rights, powers and duties in trust as the agency may determine which may include any or all the rights, powers and duties of the trustees appointed by the bondholders and limiting or abrogating the right of the bondholders to appoint a trustee or limiting the rights, duties and powers of trustee;

(i) any other matters, of like or different character, which in any way affect the security or protection of the bonds.

§ 866. Notes of the agency. The agency shall have power from time to time to issue notes and from time to time to issue renewal notes (herein referred to as notes) maturing not later than five years from their respective original dates for any purpose or purposes for which bonds may be issued, whenever the agency shall determine that payment thereof can be made in full from any moneys or revenues which the agency expects to receive from any source. The agency may secure the notes in the same manner and with the same effect as herein provided for bonds. The notes shall be issued in the same manner as bonds. The agency shall have power to make contracts for the future sale from time to time of the notes, by which the purchasers shall be committed to purchase the notes from time

to time on terms and conditions stated in such contracts, and the agency shall have power to pay such consideration as it shall deem proper for such commitments. In case of default on its notes or violation of any of the obligations of the agency to the noteholders, the noteholders shall have all the remedies provided herein for bondholders. Such notes shall be as fully negotiable as the bonds of the agency.

§ 868. Agreements of the municipality and state. The municipality is authorized to, and the state does hereby, pledge to and agree with the holders of the bonds or notes that neither the municipality nor the state, respectively, will limit or alter the rights, hereby vested in the agency to acquire, construct, reconstruct, improve, maintain, equip and furnish the project or projects, to establish and collect rentals, fees and other charges and to fulfill the terms of any agreements made with the holders of the bonds or notes nor in any way impair the rights and remedies of the bondholders or noteholders until the bonds or notes, together with interest thereon, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders or noteholders are fully met and discharged.

§ 870. State and municipality not liable on bonds or notes. The bonds or notes and other obligations of the authority shall not be a debt of the state or of the municipality, and neither the state nor the municipality shall be liable thereon, nor shall they be payable out of any funds other than those of the agency.



§ 872. Bonds and notes as legal investment. The bonds and notes are hereby made securities in which all public officers and bodies of this state and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, and all other persons whatsoever except as hereinafter provided, who are now or may hereafter be authorized to invest in bonds or notes or other obligations of the state, may properly and legally invest funds including capital in their control or belonging to them. The bonds or notes are also hereby made securities which may be deposited with and shall be received by all public officers and bodies of this state and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of this state is now or may hereafter be authorized.

§ 874. Tax exemptions. (1) It is hereby determined that the creation of the agency and the carrying out of its corporate purposes is in all respects for the benefit of the people of the state of New York and is a public purpose, and the agency shall be regarded as performing a governmental function in the exercise of the powers conferred upon it by this title and shall be required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction or control or supervision or upon its activities.

(2) Any bonds or notes issued pursuant to this title, together with the income therefrom, as well as the property of the agency, shall be exempt from taxation, except for transfer and estate taxes.

(3) Payments in lieu of taxes received by the agency shall be remitted to each affected tax jurisdiction within thirty days of receipt.

(4) (a) The agency shall establish a uniform tax exemption policy, with input from affected tax jurisdictions, which shall be applicable to the provision of financial assistance pursuant to section eight hundred fifty-nine-a of this chapter and shall provide guidelines for the claiming of real property, mortgage recording, and sales tax exemptions. Such guidelines shall include, but not be limited to: period of exemption; percentage of exemption; types of projects for which exemptions can be claimed; procedures for payments in lieu of taxes and instances in which real property appraisals are to be performed as a part of an application for tax exemption; in addition, agencies shall in adopting such policy consider such issues as: the extent to which a project will create or retain permanent, private sector jobs; the estimated value of any tax exemptions to be provided; whether affected tax jurisdictions shall be reimbursed by the project occupant if a project does not fulfill the purposes for which an exemption was provided; the impact of a proposed project on existing and proposed businesses and economic development projects in the vicinity; the amount of private sector investment generated or likely to be generated by the proposed project; the demonstrated public support for the proposed project; the likelihood of accomplishing the proposed project in a timely fashion; the effect of the proposed project upon the environment; the extent to which the proposed project will require the provision of additional services, including, but not limited to additional

educational, transportation, police, emergency medical or fire services; and the extent to which the proposed project will provide additional sources of revenue for municipalities and school districts.

* (b) The uniform tax exemption policy established pursuant to this section shall be reviewed and readopted by the agency on or before April first, nineteen hundred ninety-nine following a public hearing. Notice of this hearing shall be given to the chief executive officer of each affected tax jurisdictions at least sixty days before the hearing. Prior to the hearing the agency shall review, and respond to any correspondence received from any affected tax jurisdiction. The agency shall allow any representative of an affected tax jurisdiction to address the agency at the hearing. The agency shall develop and submit a report to the affected tax jurisdictions sixty days prior to the hearing which details the projects which the agency has assisted in the previous five years and shall include information specific to each project including the period of exemption; the type of project; the estimated percentage of exemption by year; the estimated value of any other assistance provided by the agency; whether commitments for payments in lieu of taxes were made and met, the estimated value of such payments by year and affected tax jurisdiction; the estimated amount of private sector investment generated by the project; and the extent to which the project created or retained permanent, private sector jobs.

* NB Effective until July 1, 2006

* (b) The agency shall establish a procedure for deviation from the uniform tax exemption policy required pursuant to this subdivision. The agency shall set forth in writing the reasons for deviation from such policy, and shall further notify the affected local taxing jurisdictions of the proposed deviation from such policy and the reasons therefor.

* NB Effective July 1, 2006

* (c) The agency shall establish a procedure for deviation from the uniform tax exemption policy required pursuant to this subdivision. The agency shall set forth in writing the reasons for deviation from such policy, and shall further notify the affected local taxing jurisdictions of the proposed deviation from such policy and the reasons therefor.

Such notice to the affected tax jurisdictions shall be given to the chief executive officer of each affected tax jurisdiction at least thirty days prior to the meeting of the agency at which the agency shall consider whether to approve such proposed deviation. Prior to taking final action at said meeting, the agency shall review and respond to any correspondence received from any affected tax jurisdiction regarding such proposed deviation. The agency shall allow any representative of an affected tax jurisdiction present at such meeting to address the agency regarding such proposed deviation.

* NB Effective until July 1, 2006

(5) Payments in lieu of taxes which are delinquent under the agreement or which an agency fails to remit pursuant to subdivision three of this section, shall be subject to a late payment penalty of five percent of the amount due which shall be paid by the project occupant (where taxes are delinquent because of the occupant's failure to make the required payment) or the agency (because of the agency's failure to remit pursuant to subdivision three of this section) to the affected tax jurisdiction at the time the payment in lieu of taxes is paid. For each month, or part thereof, that the payment in lieu of taxes is delinquent beyond the first month, interest shall accrue to and be paid to the affected tax jurisdiction on the total amount due plus a late payment

penalty in the amount of one percent per month until the payment is made.

(6) An affected tax jurisdiction which has not received a payment in lieu of taxes due to it under an agreement may commence legal action in any court of competent jurisdiction directly against any person, firm, corporation, organization or agency which is obligated to make payments in lieu of taxes under an agreement and has failed to do so. In such an action, the affected tax jurisdiction shall be entitled to recover the amount due, the late payment penalty, interest, expenses, costs and disbursements together with the reasonable attorneys' fees necessary to prosecute such action. Nothing herein shall be construed as providing an affected tax jurisdiction with the right to sue and recover from an agency which has not received payments in lieu of taxes from a project occupant.

(7) Any refinancing of a project shall be subject to the provisions of section eight hundred fifty-nine-a of this chapter, except where such refinancing was previously approved pursuant to such section.

(8) Agents of an agency and project operators shall annually file a statement with the state department of taxation and finance, on a form and in such a manner as is prescribed by the commissioner of taxation and finance, of the value of all sales and use tax exemptions claimed by such agents or agents of such agents or project operators, including, but not limited to, consultants or subcontractors of such agents or project operators, under the authority granted pursuant to this section. The penalty for failure to file such statement shall be the removal of authority to act as an agent of an agency or a project operator.

* (9) Within thirty days of the date that the agency designates a project operator or other person to act as agent of the agency for

purposes of extending a sales tax exemption to such person, the agency shall file a statement with the department of taxation and finance relating thereto, on a form and in such manner as is prescribed by the commissioner of taxation and finance, identifying each such agent so named by the agency, setting forth the taxpayer identification number of each such agent, giving a brief description of the goods and/or services intended to be exempted from sales taxes as a result of such appointment as agent, indicating the agency's rough estimate of the value of the goods and/or services to which such appointment as agent relates, indicating the date when such designation as agent became effective and indicating the date upon which such designation as agent shall cease.

* NB Repealed July 1, 2006

§ 876. Tax contract by the state. The state covenants with the purchasers and with all subsequent holders and transferees of bonds or notes issued by the agency pursuant to this title, in consideration of the acceptance of and payment for the bonds or notes, that the bonds and notes of the agency issued pursuant to this title and the income therefrom, and all moneys, funds and revenues pledged to pay or secure the payment of such bonds or notes shall at all times be free from taxation except for estate taxes and taxes on transfers by or in contemplation of death.

§ 878. Remedies of bondholders and noteholders. (1) In the event that the agency shall default in the payment of principal or of interest on any issue of the bonds or notes after the same shall become due, whether

at maturity or upon call for redemption, and such default shall continue for a period of thirty days, or in the event that the agency shall fail or refuse to comply with the provisions of this title, or shall default in any agreement made with the holders of any issue of the bonds or notes, the holders of twenty-five per centum in aggregate principal amount of the bonds of such issue then outstanding, by instrument or instruments filed in the office of the clerk of the county and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such bonds for the purposes herein provided.

(2) Such trustee may, and upon written request of the holders of twenty-five per centum in principal amount of such bonds or notes, then outstanding shall, in his or its own name:

(a) by suit, action or special proceeding enforce all rights of the bondholders or noteholders, including the right to require the agency to collect revenues adequate to carry out any agreement as to, or pledge of, such revenues, and to require the agency to carry out any other agreements with the holders of such bonds or notes and to perform its duties under this title;

(b) bring suit upon such bonds or notes;

(c) by action or special proceeding, require the authority to account as if it were the trustee of an express trust for the holders of such bonds or notes;

(d) by action or special proceeding, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such bonds or notes;

(e) declare all such bonds or notes due and payable, and if all defaults shall be made good then with the consent of the holders of

twenty-five per centum of the principal amount of such bonds or notes then outstanding, to annul such declaration and its consequences.

(3) The supreme court shall have jurisdiction of any suit, action or proceeding by the trustee on behalf of bondholders or noteholders. The venue of any such suit, action or proceeding shall be laid in the county in which the project or projects are located.

(4) Before declaring the principal of all such bonds due and payable, the trustee shall first give thirty days' notice in writing to the agency.

(5) Any such trustee, whether or not the issue of bonds represented by such trustee has been declared due and payable, shall be entitled as of right to the appointment of a receiver of any part or parts of a project, the revenues of which are pledged for the security of the bonds of such issue, and such receiver may enter and take possession of such part or parts of the project and, subject to any pledge or agreement with bondholders or noteholders, shall take possession of all moneys and other property derived from or applicable to the acquisition, construction, operation, maintenance and reconstruction of such part or parts of the project and proceed with the acquisition of any necessary real property in connection with the project that the agency has covenanted to construct, and with any construction which the agency is under obligation to do and to operate, maintain and reconstruct such part or parts of the project and collect and receive all revenues thereafter arising therefrom subject to any pledge thereof or agreement with bondholders or noteholders relating thereto and perform the public duties and carry out the agreements and obligations of the agency under the direction of the court. In any suit, action or proceeding by the trustee, the fee, counsel fees and expenses of the trustee and of the



receiver, if any, shall constitute taxable disbursements and all costs and disbursements allowed by the court shall be a first charge on any revenues derived from such project.

(6) Such trustee shall, in addition to the foregoing, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

§ 880. Actions against the agency. (1) In an action against the agency founded upon tort, the complaint shall contain an allegation that at least thirty days have elapsed since the demand, claim or claims upon which the action is founded were presented to a member of the agency and to its secretary or to its chief executive officer, and that the agency has neglected or refused to make an adjustment or payment thereof for thirty days after the presentment.

(2) In a case founded upon tort, a notice of claim shall be required as a condition precedent to the commencement of an action or special proceeding against the agency or an officer, appointee or employee thereof, and the provisions of section fifty-e of the general municipal law shall govern the giving of such notice. No action shall be commenced more than one year after the cause of action therefor shall have accrued.

§ 882. Termination of the agency. Whenever all of the bonds or notes issued by the agency shall have been redeemed or cancelled, the agency

shall cease to exist and all rights, titles, and interest and all obligations and liabilities thereof vested in or possessed by the agency shall thereupon vest in and be possessed by the municipality.

§ 883. Conflicts of interest. All members, officers, and employees of an agency or authority shall be subject to the provisions of article eighteen of this chapter.

§ 884. Public bidding. The provisions of any law relating to the requirement of public bidding with respect to the construction of public facilities or projects shall not be applicable to the acquisition, construction, reconstruction, improvement, maintenance, equipping and furnishing of projects authorized by this act.

§ 886. Title not affected if in part unconstitutional or ineffective. If any section, clause or provision of this title shall be unconstitutional or be ineffective in whole or in part, to the extent that it is not unconstitutional or ineffective, it shall be valid and effective and no other section, clause or provision shall on account thereof be deemed invalid or ineffective.

§ 888. Inconsistent provisions in other acts superseded. Insofar as the provisions of this title are inconsistent with the provisions of any other act, general or special, or of any local laws of the municipality,

the provisions of this title shall be controlling except in cases of inconsistency with the Indian law.

* § 917. New York City Industrial Development Agency. (a) Legislative intent. It is the policy and intent of the City of New York to promote the economic welfare of its inhabitants and to actively promote, attract, encourage and develop economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration by the creation of a New York City Industrial Development Agency. It is recognized that the viability and integrity of the residential communities in New York City should be protected and maintained so that no person be deprived of his place of residence by any condemnation for economic or industrial development undertaken pursuant to this article.

(b) For the purpose of this section "city" means the city of New York.

(b-1) For the purposes of this section, "rail freight facility" shall mean, but shall not be limited to, railroad rights-of-way, beds, bridges, viaducts, tracks, switches and any other attendant structure, facility, fixture or property necessary or appropriate for rail freight transportation conducted in conjunction with industrial, commercial, manufacturing, or warehousing operations solely for the purpose of providing or improving freight rail service between an industrial or commercial facility or group of such facilities in physical proximity to one another and a main line railroad track, freight yard or other means of connection to main line railroad facilities; provided, however, that (i) with respect to any rail freight facility project the New York City Industrial Development Agency shall be restricted solely to the

provision of financial assistance for such rail freight facility; (ii) that the project may not include any main line track (except to the extent that the project may include replacement of the amount of main line track used for passenger and/or freight service required to provide a suitable connection), any passenger facilities of any kind, or any rights-of-way, bridges or viaducts used for any purpose other than the rail transportation of freight from the industrial, commercial, manufacturing or warehousing facility or facilities to be served by the rail service to the main line track or other freight facility, provided, however, that nothing herein shall prohibit the project from including bridges or viaducts with separate provision for pedestrian traffic when it is determined that a separate pedestrian walkway is necessary or desirable for safety purposes; (iii) prior to undertaking the financing of any rail freight facility the New York City Industrial Development Agency shall submit a written description of such rail freight facility project to the commissioner of transportation who shall, within thirty days of receipt of such description, provide written comments on such project to the New York City Industrial Development Agency; and (iv) the New York City Industrial Development Agency shall not enter into any contract for providing financial assistance to such rail freight facility project until the earlier of either the date on which the New York City Industrial Development Agency addresses the comments of the commissioner of transportation to the satisfaction of such commissioner, or, if such commissioner has not submitted written comments, forty-five days after the New York City Industrial Development Authority submitted the written project description required by paragraph (iii) of this subdivision.

** (c) For the benefit of the city and the inhabitants thereof an industrial development agency, to be known as the New York City Industrial Development Agency, is hereby established for the accomplishment of any or all of the purposes specified in title one of article eighteen-A of this chapter, except that it shall not have the power to construct or rehabilitate any residential facility or housing of any nature and kind whatsoever, nor shall it use any of its funds to further the construction or rehabilitation of any residential facility or housing of any nature and kind whatsoever. It shall constitute a body corporate and politic, and be perpetual in duration. It shall only have the powers and duties conferred by title one of article eighteen-A of this chapter upon industrial development agencies as of January 1, 1973 except that it shall have the power to finance a rail freight facility and it shall have the power to finance a civic facility as such project is defined in subdivision thirteen of section eight hundred fifty-four of this chapter and it shall not have the power of condemnation. In the exercise of the powers conferred upon such agency with respect to the acquisition of real property by article eighteen-A of this chapter such agency shall be limited to the geographical jurisdictional limits of the city.

** NB Effective until July 2, 2006

** (c) For the benefit of the city and the inhabitants thereof an industrial development agency, to be known as the New York City Industrial Development Agency, is hereby established for the accomplishment of any or all of the purposes specified in title one of article eighteen-A of this chapter, except that it shall not have the power to construct or rehabilitate any residential facility or housing of any nature and kind whatsoever, nor shall it use any of its funds to

further the construction or rehabilitation of any residential facility or housing of any nature and kind whatsoever. It shall constitute a body corporate and politic, and be perpetual in duration. It shall only have the powers and duties conferred by title one of article eighteen-A of this chapter upon industrial development agencies as of January 1, 1973 except that it shall have the power to finance a rail freight facility and it shall not have the power of condemnation. In the exercise of the powers conferred upon such agency with respect to the acquisition of real property by article eighteen-A of this chapter such agency shall be limited to the geographical jurisdictional limits of the city.

** NB Effective July 2, 2006

(d) It shall be organized in a manner prescribed by and be subject to the provisions of title one of article eighteen-A of this chapter, except that its board shall consist of fifteen members. Among its membership shall be the city comptroller, the city administrator of the economic development administration, the corporation counsel of such city and the chairman of the city planning commission of such city, each of whom shall have the power to designate an alternate to represent them at board meetings with all the rights and powers, including the right to vote, reserved to all board members, provided that such designation be in writing to the chairman of the board. Six of the remaining eleven members shall be appointed by the mayor of such city upon consultation with the economic development council, business and labor organizations and elected officials and five shall be appointed by the mayor upon designation by the borough improvement boards of such city, one member from each borough.

(e) The Mayor shall designate the chairman of the board, who shall serve at the pleasure of the Mayor.

(f) The terms of the directors first appointed by the Mayor, other than the chairman of the board shall be as follows:

four shall serve for terms of one year each, two of whom shall have been designated by the borough improvement boards;

three shall serve for terms of two years each, two of whom shall have been designated by the borough improvements boards;

three shall serve for terms of three years each, one of whom shall have been designated by the borough improvement boards; thereafter the successors of all ten such directors shall serve for terms of three years each. The Mayor shall fill any vacancy which may occur by reason of death, resignation, or otherwise in a manner consistent with the original appointment. Members may be removed by the Mayor for cause after a hearing upon ten days' written notice. Such members shall receive no compensation for their services but shall be entitled to the necessary expenses, including traveling expenses, incurred in the discharge of their duties.

(g) The chief executive officer of the agency shall be appointed by a two-thirds vote of the board of directors.

(h) The agency, its members, officers, and employees, shall be subject to article fourteen of the civil service law and for all such purposes the agency shall be deemed the "public employer" and its members, officers and employees shall be deemed "public employees"; provided, however, that chapter fifty-four of the New York City Charter, chapter fifty-four of the Administrative Code of the City of New York, and executive order number fifty-two dated September twenty-ninth, nineteen hundred sixty-seven, issued by the Mayor of the City, shall apply to the agency, its members, officers and employees except that section eight of said executive order shall not be applicable. The agency shall establish

general and special grievances as defined in chapter fifty-four of the Administrative Code of the City except as otherwise provided in collective bargaining agreements.

(i) The City shall have the power to make, or contract to make grants or loans, including but not limited to grants or loans of money, to the agency in such amounts, upon such terms and conditions and for such period or periods of time as in the judgment of the City and the agency are necessary or appropriate for the accomplishment of any of the purposes of the agency.

(j) The city shall have the power to condemn property for transfer to the New York City Industrial Development Agency under title one of article eighteen-A of this chapter upon the request of two-thirds of the members of the Board of Directors of the New York city industrial development agency. No property shall be condemned on behalf of the agency which is zoned "residential" as defined in the zoning resolution of the city, or which is occupied in whole or in part as a dwelling or residence.

(k) For the purpose of this section "governing body" as used in such title one of article eighteen-A of this chapter shall mean the Mayor of the City. Except as otherwise provided in this section, the agency, its members, officers and employees, and its operations and activities shall be governed by the provisions of title one of article eighteen-A of this chapter.

(l) The city shall save harmless and indemnify any person who is serving or has served as a director or officer or as employee of the New York City Industrial Development Agency against any financial loss arising out of or in connection with any claim, demand, suit or judgment, based on a cause of action involving allegations that

pecuniary harm was sustained by any person as a result of any transaction, act or omission to act of the Industrial Development Agency or of any action or inaction or vote of any director, officer or employee of such Agency unless such individual is found by a final judicial determination not to have acted in good faith for a purpose he reasonably believed to be in the best interests of the Agency or not to have had reasonable cause to believe that his conduct was lawful. Provided, however, that such individual must transmit to the corporation counsel of the city of New York any notice of claim, summons or complaint or other analogous paper served on him within ten days of its receipt unless prevented from doing so by compelling circumstances. The corporation counsel shall, without charge, represent any such individual unless unable to do so by reason of conflict of interest. In the event that the corporation counsel is unable to give such representation, the city of New York shall indemnify the individual for any reasonable litigation expense incurred by him.

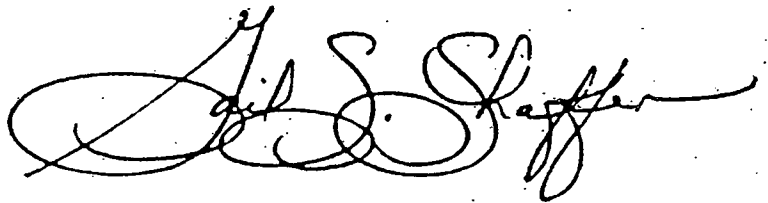
* NB There are 2 § 917's



State of New York
DEPARTMENT OF STATE

It is Hereby Certified, That the attached copy of the certificate of establishment for the New York City Industrial Development Agency and the certificates of appointment of the members, filed November 27, 1974 and the certificates of appointment of the members, filed December 13, 1976, July 11, 1977, February 14, 1977, July 11, 1977, October 7, 1977, December 27, 1977, October 3, 1978, December 4, 1978, May 14, 1982, and March 3, 1987, are true copies of the originals thereof on file in this office.

Witness my hand and the official seal of the
Department of State at the City of
Albany, this 15th day
of October one thousand
nine hundred and eighty-seven



Secretary of State

CERTIFICATE OF ESTABLISHMENT

OF

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

For Filing with Secretary of State

THIS is to certify that the NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY (the "Agency") has been established by special act of the New York State Legislature. The following facts and information are set forth pursuant to Section 856 of the New York State Industrial Development Agency Act:

1. The special act establishing the Agency was passed by the New York State Legislature on June 15, 1974, and became Chapter 1082 of the Laws of 1974, effective immediately.

2. The name of the Agency is: NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY.

3. The names of the members of the Agency, their Chairman, and their terms of office are as follows:

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
William S. Brennan	Chairman	At pleasure of the Mayor of the City of New York
Richard Lewisohn	Member	Three-year term
Harrison J. Goldin Comptroller of the City of New York	Member	Terminates at the expiration of the term of his municipal office

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED NOV 27 1974

John J. [Signature]

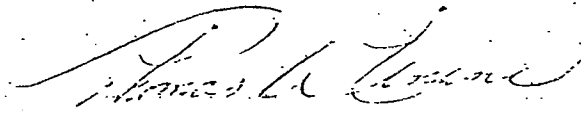
<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Alfred Eisenpreis Administrator of Economic Development Administration	Member	Terminates at the expiration of the term of his municipal office.
Adrian P. Burke Corporation Counsel	Member	Terminates at the expiration of the term of his municipal office.
John Zuccotti Chairman - City Planning Commission	Member	Terminates at the expiration of the term of his municipal office.
Edgardo N. Vazquez Basso	Member	1-year term
Joseph J. Holzka	Member	2-year term
Bruce Llewellyn	Member	3-year term
Joseph J. Solar	Member	1-year term
Dr. Eugene Callender	Member	2-year term
Samuel Plotkin	Member	3-year term
Bernard Richards	Member	1-year term
Thomas Schleier	Member	1-year term
Jerome B. Sheir	Member	2-year term

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED NOV 27 1974
John J. Schaefer
Secretary of State

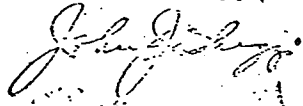
4. The facts establishing the need for the Agency in the municipality are as follows: The City of New York desires (i) to promote the economic welfare and the health of its

inhabitants, (ii) to actively promote, attract, encourage and develop an economically sound commerce and industry for the purpose of preventing unemployment and economic deterioration and (iii) to abate and control pollution of land, air and water. The purpose of the Agency is to promote, develop and encourage and assist in the acquiring, construction, reconstructing, improving, maintaining and equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and pollution control facilities and thereby to advance the job opportunities, general prosperity, economic welfare and health of the inhabitants of the City of New York.

THE MAYOR OF THE CITY OF NEW YORK

By: 
Clerk of the City of New York
First Deputy City Clerk

STATE OF NEW YORK
SENATE
NOV 27 1974


Secretary of State

IDA BOARD OF DIRECTORS
MEMBERS (15)

Mayoral Appointments (6):

- Andrew M. Alper, Chairman
- Barbara Basser-Bigio
- Robert D. Santos
- Joshua Sirefman
- Albert V. De Leon
- Derek B. Park, Vice Chairman

Mayoral Appointments based on Borough President Designations (5):

- José L. Orengo - Manhattan
- Joseph I. Douek - Brooklyn
- Rafael A. Salaberrios - Bronx
- Bernard Haber - Queens
- Julius Rendinaro - Staten Island

Ex Officio Members (4):

- Michael A. Cardozo, Esq., Corporation Counsel of The City of New York
- Daniel L. Doctoroff, Deputy Mayor for Economic Development and Rebuilding of The City of New York
- Amanda M. Burden, Chair of the City Planning Commission of The City of New York
- William C. Thompson, Jr., Comptroller of The City of New York



CITY PLANNING COMMISSION
CITY OF NEW YORK

OFFICE OF THE CHAIR

February 17, 2004

Andrew M. Alper, Chairman
New York City Industrial Development Agency
110 William Street
New York, New York 10038

Dear Mr. Alper:

Please be advised that, pursuant to Section 917(a) of the General Municipal Law of the State of New York, I hereby designate Harry Dinerstein to act as my alternate and to represent me at the meetings of the Board of Directors of New York City Industrial Development Agency, with all rights and powers, including the right in vote, reserved to me as an ex officio member of such Board of Directors.

Very sincerely,

Amanda M. Burden

cc: Barry Dinerstein

Amanda M. Burden, AICP, Chair
22 Rector Street, New York, N.Y. 10037-1234
(212) 789-3224 Fax (212) 720-3213
nyc.gov/planning



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N. Y. 10007

June 13, 2005

Ms. Barbara Basser-Bigio
40 East 80th Street, Apt. 15B
New York, New York 10021

Dear Ms. Basser-Bigio:

Pursuant to the authority vested in me as Mayor by Section 917 of the General Municipal Law of the State of New York, I am pleased to appoint you as a member of the New York City Industrial Development Agency (IDA).

Your appointment is effective immediately and is for the remainder of a three-year term ending on September 30, 2005, to be immediately followed by a full three-year term ending on September 30, 2008.

On behalf of the people of New York City, I extend my thanks and congratulations to you. I am grateful you have agreed to share your time and experience with the IDA Board, and I wish you the very best.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Bloomberg".

Michael R. Bloomberg
Mayor

MRB:jb

cc: Andrew M. Alper, IDA Chair



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

June 13, 2005

Robert D. Santos, Esq.
39-12 Packard Street
Sunnyside Gardens, New York 11104

Dear Mr. Santos:

Pursuant to the authority vested in me as Mayor by Section 917 of the General Municipal Law of the State of New York, I am pleased to appoint you as a member of the New York City Industrial Development Agency (IDA).

Your appointment is effective immediately and is for the remainder of a three-year term ending on September 30, 2005, to be immediately followed by a full three-year term ending on September 30, 2008.

On behalf of the people of New York City, I extend my thanks and congratulations to you. I am grateful you have agreed to share your time and experience with the IDA Board, and I wish you the very best.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Bloomberg".

Michael R. Bloomberg
Mayor

MRB:jb

cc: Andrew M. Alper, IDA Chair



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N. Y. 10007

June 13, 2005

Mr. Josh Sirefman
60 Pineapple Street, Apt. 4A
Brooklyn, New York 11201

Dear Mr. Sirefman:

Pursuant to the authority vested in me as Mayor by Section 917 of the General Municipal Law of the State of New York, I am pleased to appoint you as a member of the New York City Industrial Development Agency (IDA).

Your appointment is effective immediately for the remainder of a three-year term expiring on September 30, 2006.

On behalf of the people of New York City, I extend my thanks and congratulations to you. I am grateful you have agreed to share your time and experience with the IDA Board, and I wish you the very best.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Bloomberg".

Michael R. Bloomberg
Mayor

MRB:jb



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

June 13, 2005

Albert V. De Leon, Esq.
140 8th Avenue, Apt. 2P
Brooklyn, New York 11215

Dear Mr. De Leon: ✓

Pursuant to the authority vested in me as Mayor by Section 917 of the General Municipal Law of the State of New York, I am pleased to appoint you as a member of the New York City Industrial Development Agency (IDA).

Your appointment is effective immediately and is for the remainder of a three-year term expiring on September 30, 2007.

On behalf of the people of New York City, I extend my thanks and congratulations to you. I am grateful you have agreed to share your time and experience with the IDA Board, and I wish you the very best.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Bloomberg".

Michael R. Bloomberg
Mayor

MRB:jb

cc: Andrew M. Alper, IDA Chair



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N. Y. 10007

June 13, 2005

Derek B. Park, Ph.D.
Trump Parc Tower
106 Central Park South
New York, New York 10019

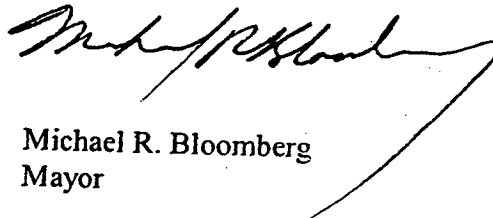
Dear Dr. Park:

Pursuant to the authority vested in me as Mayor by Section 917 of the General Municipal Law of the State of New York, I am pleased to appoint you as a member of the New York City Industrial Development Agency (IDA).

Your appointment is effective immediately for a three-year term expiring on September 30, 2007.

On behalf of the people of New York City, I extend my thanks and congratulations to you. I am grateful you have agreed to share your time and experience with the IDA Board, and I wish you the very best.

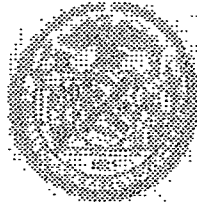
Sincerely,



Michael R. Bloomberg
Mayor

MRB:jb

cc: Andrew M. Alper, IDA Chair



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N. Y. 10007

July 11, 2005

José L. Orengo, Esq.
260 East 10th Street, Apt. 9
New York, New York 10009

Dear Mr. Orengo: ✓

Following your designation by the Manhattan Borough President, and pursuant to the authority vested in me as Mayor by Section 917 of the General Municipal Law of the State of New York, I am pleased to appoint you as a member of the New York City Industrial Development Agency (IDA).

Your appointment is effective immediately and is for the remainder of a three-year term expiring on November 20, 2006.

On behalf of the people of New York City, I extend my thanks and congratulations to you. I am grateful you have agreed to share your time and experience with the IDA Board, and I wish you the very best.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Bloomberg".

Michael R. Bloomberg
Mayor

MRB:jb

cc: Andrew M. Alper
C. Virginia Fields



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

#835
5/15/02
C. Edwards
B. B. Bijn
J. Farr
C. Marshall

May 13, 2002

Mr. Joseph I. Douck
1761 East 8th Street
Brooklyn, New York 11223

Dear Mr. Douck ✓

By the authority vested in me as Mayor by Section 917 of the General Municipal Law of the State of New York, I hereby appoint you as a member of the Board of Directors of the New York City Industrial Development Agency.

On February 5, 2002, the President of the Borough of Brooklyn designated you for appointment to the Industrial Development Agency. Your appointment is for the remainder of a three-year term that commenced on December 10, 2001 and that expires on December 9, 2004.

On behalf of the people of New York City, I send my thanks and congratulations to you.

Sincerely,


Michael R. Bloomberg
Mayor


MRB: asd

cc: Honorable Marty Markowitz
Andrew Alper, IDA Chair

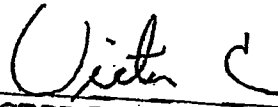
CERTIFICATE AS TO APPOINTMENT
as a member of the
NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
for filing with the
SECRETARY OF STATE OF
THE STATE OF NEW YORK

This is to certify that RAFAEL A. SALABERRIOS has been appointed, as of February
10, 2004, as a MEMBER of the NEW YORK CITY INDUSTRIAL DEVELOPMENT
AGENCY, which has been duly established by Chapter 1082 of the Laws of 1974, as amended.

New York, New York
Dated: February 10, 2004


MICHAEL R. BLOOMBERG
Mayor

New York, New York
Dated: Feb 12, 2004


VICTOR L. ROBLES
City Clerk, Clerk of the Council

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED

FEB 20 2004

MISCELLANEOUS
& STATE RECORDS

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED:





THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

March 3, 1987

Mr. Bernard Haber
29-25 211th Street
Bayside, New York 11360

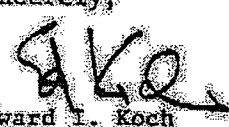
Dear Mr. Haber:

It is with great pleasure that I notify you of your appointment to a three year term effective immediately as a Director of the New York City Industrial Development Agency.

The Industrial Development Agency plays a key role in the financing of development projects in the City of New York. With the changes in federal tax law, as well as the on-going competitiveness of policy issues, I am confident that your presence on the Board will contribute to thoughtful consideration and resolution of these issues, which are of great concern to me.

Economic Development is a priority of my administration and I am pleased someone with your background and skills will have an important role in our continuing efforts to invigorate the City's economy through a comprehensive program.

Sincerely,


Edward I. Koch
MAYOR



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

June 11, 1992

Mr. Julius Rendinaro
373 Tysens Lane
Staten Island, New York 10306

Dear Mr. Rendinaro:

I am please to appoint you, upon nomination by the Borough President of Staten Island, a Director of the New York City Industrial Development Agency, for a three-year term, effective immediately.

The New York City Industrial Development Agency plays a key role in the financing of economic development projects in the City of New York. Economic Development is a priority of my administration and I am pleased that someone of your background and skills will have an important role in our continuing efforts to invigorate the City's economy.

Sincerely,

A handwritten signature in dark ink, appearing to read "D. Dinkins", written over a circular stamp or seal.

David N. Dinkins
MAYOR

cc: The Honorable Guy Molinari

AGENCY GENERAL CERTIFICATE

We, the undersigned Deputy Executive Director and an Assistant Secretary of New York City Industrial Development Agency (the "Agency"), a corporate governmental agency constituting a body corporate and politic and a public benefit corporation organized and existing under the laws of the State of New York, HEREBY CERTIFY as follows (all capitalized terms used but not defined herein shall have the respective meanings set forth in the Lease Agreement referred to herein):

1. The following persons are the members of the Agency, holding the offices, if any, set forth opposite their names:

Joshua Sirefman	Chairman
Derek B. Park	Vice Chairman
Daniel L. Doctoroff	Deputy Mayor for Economic Development and Rebuilding of The City of New York (ex officio)
Michael A. Cardozo, Esq.	Corporation Counsel of The City of New York (ex officio)
William C. Thompson, Jr.	Comptroller of The City of New York (ex officio)
Amanda M. Burden	Chairperson of the City Planning Commission of The City of New York (ex officio)
Barbara Basser-Bigio	
Albert V. DeLeon	
Joseph I. Douek	
Bernard Haber	
José L. Orengo	
Rafael A. Salaberrios	
Robert D. Santos	

Steven Berzin is the Executive Director of the Agency.

Kei Hayashi is the Deputy Executive Director of the Agency.

Meredith J. Jones, Esq. is the General Counsel of the Agency.

Jason Wright is the Chief Financial Officer of the Agency.

Richard E. Marshall, Esq. is the Vice President for Legal Affairs of the Agency.

Deo Singh is the Treasurer of the Agency.

Christopher Malin is the Assistant Treasurer of the Agency.

2. That attached hereto is a true and correct copy of the bylaws of the Agency as in effect on the date hereof, and that said copy has been compared by us with the original thereof on file in the Minute Book of the Agency and that said copy is a correct copy thereof and of the whole of said bylaws, and that the same has not been altered, amended or repealed, but is in full force and effect.

3. That attached hereto are true, correct and complete copies of the notice of the meetings of the Agency held on December 13, 2005 and on March 14, 2006, which notices

were given pursuant to the bylaws of the Agency and duly sent to each member of the Agency, all in accordance with the applicable provisions of the Agency's bylaws.

4. That attached to the Record of Proceedings (being those documents delivered on the date hereof referred to below (the "Record of Proceedings")) is a true, correct and complete copy of each of the Lease Agreement, dated as of September 1, 2006 (the "Lease Agreement"), between the Agency and MGC Realty, Inc., as lessee (the "Lessee"); the Company Lease Agreement, dated as of September 1, 2006 (the "Company Lease"), between the Lessee and the Agency; the Guaranty Agreement, dated as of September 1, 2006, from the Lessee, Meurice Garment Care of Manhasset, Inc. (the "Sublessee"), Magoo's Crew, Inc. and Natsac, Inc. (together, the "Corporate Guarantors") and Wayne Edelman, as individual guarantor (the "Individual Guarantor"), to the Agency; and two certain Mortgage Agreements, each dated September 6, 2006, from the Agency and the Lessee to HSBC (each of the documents and agreements referred to above in this paragraph 4 being, collectively, the "Agency Documents"), each of which was duly approved and authorized by the members of the Agency by a resolution on March 14, 2006, and each of which was executed and delivered by the officers of the Agency authorized to do so, and that none of the Agency Documents has been modified, supplemented, amended, rescinded, repealed or canceled, but each continues in full force and effect.

5. That attached hereto is a true, correct and complete copy of the resolutions duly adopted by the Agency on December 13, 2005 and on March 14, 2006 (collectively, the "Resolutions"), accepting the application of the Sublessee for processing and undertaking a straight-lease transaction for the Project, and (1) authorizing financial assistance in the form of a straight-lease transaction for the acquisition, construction and equipping of the Facility, the leasing of the Facility Realty to the Agency, and the subleasing of the Facility Realty to the Lessee; (2) authorizing the execution and delivery of the Agency Documents; and (3) approving other matters in connection therewith.

6. That the Resolutions were duly adopted at meetings of the Agency duly called and held on December 13, 2005 and on March 14, 2006, that a quorum was present and acted throughout each such meeting, and that the Resolutions are in full force and effect and have not been further modified or amended, and the form of each of the Agency Documents as approved at the March 14, 2006 meeting is substantially in the form as executed and delivered on the date hereof.

7. The Agency is a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York duly organized and existing under the laws of the State of New York, particularly the Act. The Agency is authorized to provide financial assistance to the Lessee and the Sublessee in accordance with the Act pursuant to a straight-lease transaction for the acquisition, construction and equipping of the Facility, to lease the Facility Realty from the Lessee, and to sublease the Facility Realty to the Lessee for sub-sublease of the Facility Realty to the Sublessee for the purpose of promoting, developing, encouraging and assisting in the acquisition, construction and equipping of a commercial facility and thereby advancing the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their standard of living.

8. The Agency has complied with the provisions of the Act and has full power and authority pursuant to law and the Act to act with respect to all transactions contemplated by the Resolutions and each of the Agency Documents and to carry out and consummate all other transactions contemplated by each of the aforesaid documents.

9. The execution and delivery of each of the Agency Documents, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Agency a violation of the Constitution of the State of New York or a violation of, breach of or default under its bylaws or any statute, indenture, mortgage, deed of trust, note agreement or other agreement or instrument to which the Agency is a party or by which the Agency is bound, or, to the knowledge of the Agency, any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Agency or any of its activities or properties; and all consents, approvals, authorizations and orders of governmental or regulatory authorities that are required of the Agency for the consummation of the transactions contemplated thereby have been obtained.

10. There is no action, suit, proceeding or investigation at law or in equity, of which the Agency has notice, by or before any court or public agency, nor, to the best knowledge of the Agency, is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by any of the Agency Documents, or that in any way would adversely affect the validity of the Agency Documents, the Resolutions or any agreement or instrument to which the Agency is a party and that is used or contemplated for use in consummation of the transactions contemplated by the Lease Agreement.

11. The Agency makes no representation or warranty concerning the financial position or business condition of the Lessee, the Sublessee, the Corporate Guarantors or the Individual Guarantor, nor does it represent or warrant as to the correctness of any statements or representations made or materials furnished by or on behalf of the Lessee, the Sublessee, either of the Corporate Guarantors or the Individual Guarantor in connection with the Project.

12. No controversy or litigation of any nature of which the Agency has notice is now pending or, to the best knowledge of the Agency, threatened (either in state or Federal courts) against or affecting the Agency restraining or enjoining or questioning or affecting, directly or indirectly, the validity of or the authority for the making and entering into of any of the Agency Documents or any proceedings taken by the Agency with respect to the foregoing, or the organization, creation, corporate existence or powers of the Agency or the title of any of the present officers to the respective offices, or the right or power of the Agency to acquire, construct, improve or equip the Project or mortgage, sell, assign, lease or sublease the Project property.

13. The seal that has been impressed upon this certificate is the legally adopted, proper and only official corporate seal of the Agency.

14. To the best knowledge of the Agency, each of the representations, warranties and covenants of the Agency set forth in Section 1.3 of the Lease Agreement is true and correct in all material respects as of the date hereof as if such representations, warranties and

covenants were made as of the date hereof, and the Agency has complied with all of the terms of the Lease Agreement to be complied with by the Agency on or prior to the date hereof.

15. The copies of each of the Agency Documents being delivered this day are true, correct and complete copies of such documents as executed, and attached hereto are true, correct and complete copies of the Resolutions as adopted, and neither the Agency Documents nor the Resolutions have been further modified, amended or rescinded as of the date hereof.

16. The Agency Documents and any and all other agreements and documents required to be executed and delivered by the Agency in order to carry out, give effect to and consummate the transactions contemplated by the Lease Agreement have each been duly authorized, executed and delivered by the Agency, and, as of the date hereof, each is in full force and effect, and each constitutes the valid, binding and enforceable obligation of the Agency, and the Agency is entitled to the benefits of the same.

17. To the best knowledge of the Agency, no legislation, ordinance, rule or regulation has been enacted or introduced or favorably reported for passage by any governmental body, department or agency of the State of New York or of The City of New York, and no decision by any court of competent jurisdiction of such State or City has been rendered that would adversely affect the exemption from all taxation (except for transfer and estate taxes) in the State of New York or The City of New York of the Agency or of any similar body and all properties owned by it or by such similar body.

18. With respect to each of the Agency Documents, we further certify that we have made a careful inquiry of each member, officer and employee of the Agency having the power or duty to (a) negotiate, prepare, authorize or approve any of the Agency Documents or authorize or approve payment thereunder, (b) audit bills or claims under any of the Agency Documents, or (c) appoint an officer or employee who has any of the powers or duties as set forth above, as to whether or not such member, officer or employee has an interest (as defined pursuant to Article 18 of the General Municipal Law) in any of the Agency Documents, and, upon information and belief, as a result of such inquiry, no such member, officer or employee has any such interest in any of the Agency Documents.

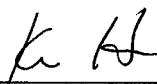
19. Attached hereto is a true, correct and complete copy of (i) the notice of public hearing published on October 24, 2005 in the *New York Post* in compliance with Section 859-a of the New York State Industrial Development Agency Act, (ii) a transcript of the hearing so held on November 3, 2005, and (iii) notice of such hearing given to the Mayor of The City of New York.

WE FURTHER CERTIFY that on the date or dates of the execution of each of the Agency Documents, and on the date hereof, we are the duly appointed and qualified incumbents of the offices of the Agency set forth below our respective names, and the signatures appearing above our respective names are our signatures.

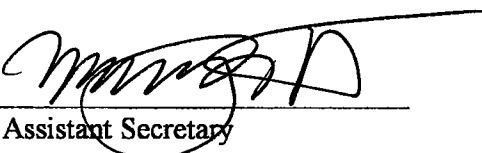
IN WITNESS WHEREOF, the undersigned have hereunto set their official signatures and the corporate seal of the Agency this September 14, 2006.

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

(SEAL)

By: 

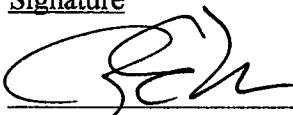
Kei Hayashi
Deputy Executive Director

By: 

Assistant Secretary

I HEREBY CERTIFY that the signatures of the officers of New York City Industrial Development Agency that appear above are true and genuine, and that I know said officers and know them to hold the offices set opposite their names.

Signature



Richard E. Marshall, Esq.

Title

Vice President for Legal Affairs
New York City Industrial Development Agency

REVISED 7/09/96

BY-LAWS OF NEW YORK CITY
INDUSTRIAL DEVELOPMENT AGENCY

Pursuant to the authority contained in Section 858, Title I of Article 18-A of the General Municipal Law, as set out in Chapter 1030 of the Laws of 1969, and Section 917 of the General Municipal Law as set out in Chapter 1082 of the Laws of 1974 of the State of New York, the New York City Industrial Development Agency hereby approves the following by-laws for the regulation of its activities:

ARTICLE I
The Agency

Section 1.1. Description. The New York City Industrial Development Agency (the "Agency") is a corporate governmental agency of the State of New York, constituting a body corporate and politic and a public benefit corporation, created by and having the powers and functions set forth in the General Municipal Law, Article 18-A, and Section 917 thereunder (collectively referred to as the "Act").

Section 1.2. Membership. The membership of the Agency shall consist of fifteen members, who shall constitute the Board of Directors (the "Board") and shall be selected and shall hold office as provided in the Act.

Section 1.3. Offices. The principal office of the Agency shall be located in the City, County and State of New York. The Agency may also have other offices at such places within the State of New York as it may from time to time designate by resolution.

Section 1.4. Seal. (1) The official seal of the Agency shall be in the form of a circle and shall bear the name of the Agency and the year of its creation. Such seal may also include such other insignia as may be approved by the Board.

(2) In the execution on behalf of the Agency of any instrument, document, writing, notice or paper it shall not be necessary to affix the official seal of the Agency thereon, and any such instrument, document, writing, notice or paper when executed without said seal affixed thereon shall be of the same force and effect and as binding on the Agency as if said official seal had been affixed thereon in each instance.

(3) The official seal need not be impressed on any instrument, document, writing, notice or paper, but the same shall be sufficiently sealed if the official seal or a facsimile thereof is engraved, imprinted or otherwise reproduced thereon.

(4) The Secretary or the Executive Director, or in the absence of the Secretary or the Executive Director, the Chairman may certify as to the official seal or its facsimile as of any date or with respect to any instrument, document, writing, notice or paper and any such certification shall be conclusive as to the form of said official seal and that any such instrument, document, writing, notice or paper has been duly and properly sealed by the Agency.

Section 1.5. Fiscal Year. The fiscal year of the Agency shall begin on the first day of July in each calendar year and shall end at the close of business on the 30th day of June in the following calendar year.

ARTICLE II Officers

Section 2.1. Appointment. The officers of the Agency shall be a Chairman and a Vice-Chairman, who shall be members, and an Executive Director, Treasurer, Secretary, Assistant Treasurers and such other officers as it may be determined by the Board, who shall have such duties, powers and functions as hereinafter provided, all of whom shall be elected by the Board, except the Chairman, who shall be designated by the Mayor of The City of New York.

Section 2.2. Terms of Office. All officers of the Agency other than the Chairman, shall hold office at the pleasure

of the Board. The Chairman shall serve as such at the pleasure of the Mayor of The City of New York as provided in the Act.

Section 2.3. Chairman. The Chairman shall preside at all meetings of the Agency, but, for any particular meeting of the Agency, the Chairman may delegate the responsibility to so preside to any member or officer of the Agency. He shall sign by manual or facsimile signature and execute on behalf of the Agency all agreements, deeds, contracts, notes, bonds, trust indentures or other evidences of indebtedness when so authorized by resolution of the Agency, and shall perform such other duties as may be prescribed for him by law or by the Agency. The Chairman shall submit to the Board such recommendations and information as he may consider proper concerning the business, affairs and polices of the Agency.

Section 2.4. Vice-Chairman. The Vice-Chairman, during the absence or disability of the Chairman, shall have all the powers and perform all the duties of the Chairman. The Vice-Chairman shall also perform such other duties as the Board shall prescribe or designate. In case of the resignation or the death of the Chairman, the Vice-Chairman shall perform such duties as are imposed on the Chairman until such time as the Mayor of The City of New York designates a new Chairman.

Section 2.5. Secretary. The Secretary shall record all the votes and record the minutes of the Agency in a journal to be kept for that purpose; attend to the serving of notices of all meetings when required; shall keep in safe custody the seal of the Agency and shall have power to affix such seal to all papers or other documents as may be required and may certify by manual or facsimile signature to the seal of the Agency or its facsimile; shall perform all duties as the Agency may designate.

Section 2.5(1). Assistant Secretary. The Assistant Secretary shall exercise such powers and perform such duties as from time to time may be assigned to him by the Board. At the request of the Secretary or in his absence or disability, the Assistant Secretary shall perform all the duties of the Secretary and when so acting shall have all the powers of and shall be subject to all the restrictions upon the Secretary.

Section 2.6. Treasurer. The Treasurer shall be the chief financial officer of the Agency and shall exercise general supervision over the receipt, custody and disbursement of all Agency funds and securities, except as otherwise provided by resolution and shall cause the same to be deposited forthwith in the name of the Agency in such bank or banks as the Board may designate.

The Treasurer shall sign all instruments of indebtedness, orders and checks for the payments of moneys by the Agency pursuant to the direction of the Board, unless otherwise authorized by resolution of the Board. Except as otherwise authorized by resolution of the Board, all such instruments of indebtedness, orders and checks shall be countersigned by the Chairman, Vice-Chairman or Executive Director.

The Treasurer shall have charge of the treasury and supervision of receipts, deposits and disbursements of all Agency moneys. He shall cause to be maintained full and accurate and separate accounts of the various funds and moneys under his supervision. The Treasurer shall at a reasonable time exhibit the said books and accounts showing all receipts and expenditures, to any member of the Agency during business hours and he shall cause to be rendered an accounting of the current financial condition of the Agency at each regular meeting and a full financial report at each annual meeting covering the Agency's prior fiscal year. He shall have such other powers and duties as are conferred upon him by the Board or by any special or general law.

Section 2.7. Assistant Treasurer. The Assistant Treasurer shall exercise such powers and perform such duties as from time to time may be assigned to him by the Board. At the request of the Treasurer or in his absence or disability, the Assistant Treasurer shall perform all the duties of the Treasurer and when so acting shall have all the powers of and shall be subject to all the restrictions upon the Treasurer.

Section 2.8. Executive and other Committees. The Board may by resolution passed by a majority of the members of the Board then in office, designate an Executive Committee which to the extent provided in such resolution shall have all the authority of the Board which may be delegated and shall have and exercise such powers of the Board in the management of the business and affairs

of the Agency and may authorize the seal of the Agency to be affixed to all papers which may require it. The Executive Committee may consist of the Chairman of the Board, Vice-Chairman, the Secretary, the Treasurer, the Assistant Secretary and Deputy Mayor/Administrator of the Economic Development Administration, his or her representative, or such other or additional persons designated by resolution of the Board. The Board may by resolution designate other committees of the Board each to consist of at least three members which to the extent provided in such resolution shall have the authority of the Board which may be delegated. The Board may by resolution designate members to act as alternative members of any committee, other than the Executive Committee, to replace absent members at meetings of the Committee. The Board may establish a Chairman of the Executive Committee with such powers, duties or responsibilities as are imposed pursuant to the resolutions of the Board or Executive Committee. The Executive Committee shall keep minutes of all proceedings and report such minutes to the Board when required. Each other committee shall keep such minutes to carry out its delegated duties and to report thereon to the Board.

Section 2.9. Other Officers. All other officers of the Agency shall perform such duties pertaining to their respective offices as may be assigned to them from time to time by the Board or the Chairman. Such other officers who are not members shall receive such compensation as may be authorized by the Board.

Section 2.10. Officers Holding Two or More Offices. Any two or more offices may be held by the same person, except as otherwise provided by Law. No officer shall execute or verify any instrument in more than one capacity if such instrument be required by law or otherwise to be executed or verified by any two or more officers.

Section 2.11. Duties of Officers may be Delegated. In case of the absence or disability of any officer of the Agency, or in the case of a vacancy in any office or for any other reason that the Board or the Chairman may deem sufficient, the Board or the Chairman, except as otherwise provided by law or these By-Laws, may delegate, for the time being, the powers or duties of any officer to any other officer or to any member.

Section 2.12. Executive Director. The Executive Director shall be the chief executive officer and shall be appointed by the Board by a two-thirds vote of the members of the Board then in office and shall be responsible for the administration of its affairs. He shall be the general manager of the Agency. He shall exercise supervision and control of all administrative functions of the Agency. He shall be responsible for the implementation of all resolutions, orders, programs or projects of the Agency. He shall act for and in place of any absent officer or employee of the Agency, except the Chairman, Vice-Chairman, Secretary or Treasurer of the Agency. The Executive Director, as well as the Chairman, shall have the power to sign and execute on behalf of the Agency all contracts, notes, bonds or other evidence of indebtedness and to affix and attest to the seal of the Agency when so authorized by resolution of the Agency. He shall attend all meetings of the Agency with the right to take part in the discussion and to recommend such measures as he may deem necessary or expedient, and shall perform such other duties and have such other powers as may be prescribed for him by law of the Board. He shall have all necessary incidental powers to perform and exercise any of the duties and functions specified above or lawfully delegated to him.

Section 2.12(1). Deputy Executive Director. The Deputy Executive Director shall be appointed by the Board by a majority vote of the members of the Board. At the request of the Executive Director or in his absence or disability, the Deputy Executive Director shall perform all the duties of the Executive Director and when so acting shall have the powers of and shall be subject to all the restrictions upon the Executive Director.

Section 2.13. Additional Duties. The Officers of the Agency shall perform such other duties and functions as may, from time to time, be required by the Board, by its By-Laws, or its rules and regulations.

Section 2.14. Additional Personnel. The Board may appoint such other officers and employees as the Agency may require for the performance of its duties, and fix and determine their qualifications, duties and compensation. The Board may also appoint counsel, fixing compensation for services, which, if permitted by law, shall be payable in addition to other official

compensation, and may retain and employ private consultants for professional and technical assistance and advice.

Section 2.15. Compensation of Members. Members shall receive no compensation for their services as members. The Board may by resolution provide for reimbursement of all necessary expenses, including travel expenses incurred in the discharge of their duties as members.

Section 2.16. Removal of Officers. Any officer appointed by the Agency shall serve at the pleasure of the Board. The Executive Director may be removed by a two-thirds vote of the members of the Board then in office at a meeting providing notice thereof; all other officers may be removed upon a vote of a majority of the Board then in office at a meeting providing notice thereof.

Section 2.17. General Counsel. The General Counsel shall be appointed by the Board by a majority vote of the members of the Board present at such meeting. The General Counsel shall provide legal representation in connection with all of the Agency's proceedings and activities, and shall perform all the duties as the Agency may designate.

ARTICLE III Meetings

Section 3.1. (a) Annual Meeting. The Annual Meeting of the Board shall be held on the second Tuesday in November of each year or such earlier or later date in each calendar year as may be designated in the notice or waiver of notice of such meeting.

(b) Regular Meetings. Regular meetings of the Board for the transaction of any lawful business of the Agency shall be held on the second Tuesday in each month at such time and place as designated in a notice to be given to the members by the Chairman, Vice-Chairman or Executive Director. When any regular meeting of the Board falls upon a holiday observed by the Agency, the meeting of the Board shall be held upon such other day as the members may previously designate by resolution, and if no such day is designated the meeting shall be held at the same hour on the

next Tuesday following the said holiday or holidays. Any regular meeting of the Agency may be dispensed with by appropriate resolution adopted by the members at any prior meeting of the Board, or by an appropriate resolution adopted by the members at a special meeting held in lieu of a monthly regular meeting.

Section 3.2. Special Meetings. The Chairman, may, when he deems it desirable, and shall upon a written request of three members, call or direct the Executive Director to call a special meeting of the Board for the purpose of transacting any business designated in the notice, or a written agenda accompanying the notice. At such special meeting, no business shall be considered other than as designated in the notice, but if all members of the Board are present at a special meeting, with or without notice thereof, and all are agreeable thereto, any and all business may be transacted at such special meeting.

Section 3.3. Notice. Notice of the time and place of each meeting of the Agency shall be given to each member by mail at least five calendar days before such meeting or personally or by telegram or cable at least twenty-four hours before such meeting. Except as otherwise provided in Article IV, relating to the amendment of these By-Laws, Section 2.16, relating to removal of officers, and in Section 3.2 relating to special meetings, such notice need not specify the matters to be considered at the meeting. Notices by mail shall be deemed to have been given when mailed to each member at his address appearing on records of the Agency, and notices by telegram or cable shall be deemed to have been given when presented for transmission to an office of the telegram or cable company, addressed as in the case of notices by mail.

Section 3.4. Waiver of Notice. Notice of any meeting of the Agency need not be given to a member if waived in writing by him either before or after such meeting, or if he shall be present at such meeting. No notice need be given of any meeting if all the members then in office shall be present thereat. Notice of an adjourned meeting need not be given to any member present at the time of the adjournment.

Section 3.5. Quorum and Notice. A majority of the members shall constitute a quorum for the transaction of any business or the exercise of any power or function of the Board and,

except as otherwise provided in these By-Laws or by any special or general law, any act taken by vote of a majority of those present at any meeting at which a quorum is present shall be the act of the Board. A majority of the members present at any meeting, whether or not constituting a quorum, may adjourn the meeting to another time and place.

Section 3.6. Order of Business. At the regular meeting of the Board, the following shall be the order of business:

1. Roll Call
2. Reading and approval of minutes of previous meeting
3. Reports of the Treasurer
4. Bond Resolutions
5. Reports of Committees
6. Inducement Resolutions.
7. Unfinished Business
8. New Business
9. Adjournment

All resolutions shall be in writing and shall be recorded in the journal of the proceedings of the Agency.

The foregoing order of business may be changed or modified at any regular meeting by a resolution of the members made immediately following the roll call or prior to such meeting by service upon each member of a written agenda with the notice of meeting provided in Section 3.3. of this Article.

Section 3.7. Certification of Instruments. Each officer of the Agency shall have the authority, when necessary or appropriate, to certify the records, proceedings, rules and regulations, and other instruments of the Agency and to affix and attest to the official seal of the Agency on contracts and other instruments of the Agency.

Section 3.8. Action by Written Consent of Members. Any action required or permitted to be taken by the Board, other than adoption of a bond resolution or an inducement resolution, or any action required or permitted to be taken by any committee of the Board may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution

authorizing the action. The resolution and the written consents thereto by the members of the Board or committee shall be filed with the minutes of the proceedings of the Board or committee.

Section 3.9. Action Taken by Telephone Communications. Any action required or permitted to be taken by the Board, other than adoption of a bond resolution or in inducement resolution, or any action required or permitted to be taken by any committee thereof may be taken when any one or more members of the Board or any committee thereof participates in a meeting of such Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

ARTICLE IV By-Laws

Section 4.1. Amendments. These By-Laws may be amended, supplemented or repealed by majority vote of the members then in office at any meeting of the Board if either all the members then in office are present at such meeting or notice of the proposed amendment, supplement, or repeal shall have been included in the notice or waiver of notice of such meetings.

ARTICLE V Policies and Procedures

Section 5.1. The Agency by resolution may adopt such rules, regulations, policies, and procedures as it may deem necessary and appropriate to the operation so long as the same shall not be contrary to these By-Laws as they may be amended from time to time.

Section 5.2. Audit of Records and Accounts. (1) The Agency shall annually secure a certified audit by accountants designated by the Board of its financial records and accounts in its possession and under its supervision and shall file a copy of such certified audit with the Mayor, and upon request, with the Council of the City of New York, within one-hundred and twenty days

after the close of the Agency's fiscal year for its proceedings and its activities during the preceding fiscal year.

(2) The Board may authorize any other operating statement which it may determine is required for its operation.

ARTICLE VI
Miscellaneous Provisions

Section 6.1. Indemnification. The Agency shall, to the fullest extent permitted by law, indemnify any person made or threatened to be made, a party to any action or proceeding, other than a criminal action, by reason of the fact that such person, his testator or intestate, was a director or an officer or employee of the Agency or served at the request of the Agency, as a director or an officer or employee of any subsidiary of the Agency, against judgments, fines, amounts paid in settlement and reasonable expenses, including, attorneys' fees, actually and necessarily incurred as a result of such action or proceeding (including any appeal therein), providing (a) such director, officer or employee acted in good faith for a purpose which he reasonably believed to be in the best interests of the Agency and (b) it is not determined in any action or proceeding that such director, officer or employee acted without reasonable cause to believe that this conduct was lawful, and (c) such person, his testator or intestate, shall have first exhausted all the rights and remedies granted, and shall have satisfied all the obligations imposed by subdivision (1) of Section 917 of the General Municipal Law as set out in Chapter 958 of the Laws of 1977 of the State of New York.



December 7, 2005

To the Members of the Board of Directors and their Alternates:

Andrew M. Alper, Chairman
Derek Park, Vice Chairman
Amanda M. Burden, Chair of the City Planning Commission of The City of New York
Michael A. Cardozo, Esq., Corporation Counsel of The City of New York
Daniel L. Doctoroff, Deputy Mayor for Economic Development and Rebuilding
William C. Thompson, Jr., Comptroller of The City of New York
Barbara Basser-Bigio
Albert V. De Leon
Barry Dinerstein
Joseph Douek
Bernard Haber
Michael Kalt
Jose L. Orengo, Esq.
Rafael Salaberrios
Rita Sallis
Robert D. Santos, Esq.
Josh Sirefman
Leonard Wasserman, Esq.

A meeting of the Board of Directors of the New York City Industrial Development Agency (the "Agency") will be held at 9:00 a.m. on Tuesday, December 13, 2005, at the offices of the New York City Economic Development Corporation ("NYCEDC"), 4th Floor Conference Room, 110 William Street, New York, New York. Please confirm your attendance by calling Ilir Sadikay at (212) 312-3831.

As required by law, a public hearing on projects to be presented at this Board meeting will be held at 10 a.m. on Thursday, December 8, 2005, at the offices of the NYCEDC. Applications and related information to be discussed at the December hearing were made available starting Friday, December 2. Please notify David Shelley at (212) 312-3581 if you are interested in obtaining any of this background material. You are of course welcome to attend the hearing. In any event, we will send to you in advance of the Board meeting a summary of any issues raised and a copy of any written testimony submitted.

Following the December Board meeting, the Agency's next public hearing will take place at 10:00 a.m. on Thursday, January 5, 2006 and the next Board meeting will be held on Tuesday, January 10, 2006.

We look forward to seeing you on December 13.


Sincerely,

Steven M. Berzin
Executive Director

NOTICE OF MEETING OF THE BOARD OF DIRECTORS

A meeting of the Board of Directors of the New York City Industrial Development Agency will be held at 9:00 a.m. on Tuesday, December 13, 2005 at the offices of the New York City Economic Development Corporation, 4th Floor Conference Room, 110 William Street, New York, New York.

- A. Minutes of the November 9, 2005 Meeting
- B. Interim Financial Statements (October 2005)
- C. New Transaction Resolutions
 - a. LJJ, INC.
 - b. Meurice Garment Care of Manhasset Inc.
 - c. Montebello Food Corporation
 - d. New York Law School
 - e. Pepsi-Cola Bottling Company of New York, Inc.
- D. Additional Resolutions
 - a. Air Tech Cooling, Inc. and Major Air Service Corporation
 - b. Comprehensive Care Management Corporation
 - c. Federal Express Corporation and McMahon Development Group
 - d. Modell's Sporting Goods, Inc.
 - e. NBC Universal Inc. (previously known as National Broadcasting Company, Inc.)
- E. Other Items for Consideration
 - a. Item Regarding Fiscal Year 2006 Budget
- F. Progress Report
- G. Ratio Definitions



Steven M. Berzin
Executive Director

March 8, 2006

To the Members of the Board of Directors and their Alternates:

Andrew M. Alper, Chairman
Derek Park, Vice Chairman
Amanda M. Burden, Chair of the City Planning Commission of The City of New York
Michael A. Cardozo, Esq., Corporation Counsel of The City of New York
Daniel L. Doctoroff, Deputy Mayor for Economic Development and Rebuilding
William C. Thompson, Jr., Comptroller of The City of New York
Barbara Basser-Bigio
Albert V. De Leon
Barry Dinerstein
Joseph Douek
Bernard Haber
Jose L. Orengo, Esq.
Rafael Salaberrios
Rita Sallis
Robert D. Santos, Esq.
Josh Sirefman
Matthew Wambua
Leonard Wasserman, Esq.

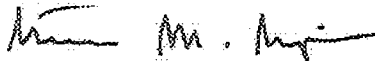
A meeting of the Board of Directors of the New York City Industrial Development Agency (the "Agency") will be held at 9:00 a.m. on Tuesday, March 14, 2006, at the offices of the New York City Economic Development Corporation ("NYCEDC"), 4th Floor Conference Room, 110 William Street, New York, New York. Please confirm your attendance by calling Ilir Sadikay at (212) 312-3831.

As required by law, public hearings on projects to be presented at this Board meeting will be held at 10 a.m. on Thursday, March 9, 2006, at the offices of the NYCEDC. Applications and related information to be discussed at the March hearings were made available starting Friday, March 3, 2006. Please notify David Shelley at (212) 312-3581 if you are interested in obtaining any of this background material. You are of course welcome to attend the hearings. In any event, we will send to you in advance of the Board meeting a summary of any issues raised and a copy of any written testimony submitted.

Following the March Board meeting, the Agency's next public hearing will take place at 10:00 a.m. on Thursday, April 6, 2006 and the next Board meeting will be held on Tuesday, April 11, 2006.

We look forward to seeing you on March 14.

Sincerely,



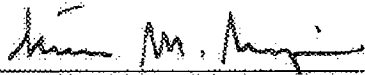
Steven M. Berzin
Executive Director

NOTICE OF MEETING OF THE BOARD OF DIRECTORS

A meeting of the Board of Directors of the New York City Industrial Development Agency will be held at 9:00 a.m. on Tuesday, March 14, 2006 at the offices of the New York City Economic Development Corporation, 4th Floor Conference Room, 110 William Street, New York, New York.

- A. Minutes of the January 10, 2006 Meeting
- B. Interim Financial Statements (January 2006)
- C. Charter for the Audit Committee of the Board of Directors of New York City Industrial Development Agency
- D. Appointments to Audit Committee
- E. New Transaction Resolutions
 - a. College of Mount Saint Vincent
 - b. Tiago Holdings LLC
 - c. Wartburg Nursing Home for the Aging/
Wartburg Nursing Home
 - d. Queens Ballpark Company, L.L.C.
 - e. Yankees Ballpark Company
- F. Additional Resolutions
 - a. Ares Printing & Packaging Corporation
 - b. C & J Picture Frames, Inc.
 - c. CBS Broadcasting Inc.
 - d. Koenig Iron Works, Inc.
 - e. LJJ INC.
 - f. Meurice Garment Care of Manhasset, Inc.
 - g. Montebello Food Corporation
 - h. New York Christmas Lights and Decorating Ltd.
and John Cappelli Erectors, Inc.

- G. Other Items for Consideration
 - a. Proposal for Purchase Contract for Incentives Program Review with New York City Economic Development Corporation
 - b. Proposal for Purchase Contract for Piers 7-12 Development Strategy with New York City Economic Development Corporation
- H. Progress Report
- I. Ratio Definitions



Steven M. Berzin
Executive Director

**RESOLUTION INDUCING THE FINANCING OF A COMMERCIAL
FACILITY FOR MEURICE GARMENT CARE OF MANHASSET
INC. AS A SMALL INDUSTRY INCENTIVE PROGRAM
(STRAIGHT-LEASE) TRANSACTION**

WHEREAS, New York City Industrial Development Agency (the "Agency") is authorized under the laws of the State of New York, and, in particular, the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the "Act"), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, civic, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York (the "State") and to improve their prosperity and standard of living; and

WHEREAS, the Agency proposes to obtain the aforementioned public benefits and to accomplish the purposes of the Act by (i) inducing a real estate holding company to be determined (the "Company") on behalf of Meurice Garment Care of Manhasset Inc. (the "Applicant"), to undertake the acquisition, construction and equipping of a "project" within the meaning of the Act, consisting of: the acquisition of an approximately 12,500 square foot parcel of land located at 535 Manida Street, in Bronx, New York and the construction and equipping of an approximately 12,500 square foot building thereon (the "Facility") by the Company on behalf of the Applicant, all for use by the Applicant as a dry cleaning processing plant (the "Project"), for lease to the Agency from, through or for the benefit of the Applicant, sublease to the Company and subsequent sub-sublease to the Applicant; and

WHEREAS, the Applicant submitted a Project Application to the Agency to initiate the accomplishment of the above; and

WHEREAS, the Project Application sets forth certain information with respect to the Applicant and the Project, including the following: that based upon the relative size and location of its existing facility in Manhasset, Long Island, and the location and servicing needs of its existing clients, it is necessary that the Applicant relocate in order to maintain its current competitive position in the industry; that the Applicant has investigated as an alternative relocating an estimated 22 jobs and creating an additional 14 jobs to various locations in Hackensack, Englewood or Newark, New Jersey and has determined that a relocation to New Jersey would result in lower operating costs to the Applicant; and that, therefore, Agency financial assistance is reasonably necessary to encourage the Applicant to remain in the State, to preserve its competitive position in the industry and to proceed with the Project; and

WHEREAS, the Applicant expects to enter into, or has entered into, loan commitments with a bank or banks and certain governmental entities that will provide funds to the Applicant in the form of loans to finance a portion of the costs of the Project; and

WHEREAS, the Agency desires further to encourage the Applicant with respect to the acquisition, construction and equipping of the Project, if by so doing it is able to induce the Applicant to remain in the State and proceed with the Project;

**NOW, THEREFORE, NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
HEREBY RESOLVES AS FOLLOWS:**

Section 1. The Agency hereby determines that the acquisition, construction and equipping of the Project and the providing of financial assistance to the Applicant pursuant to the Act in the form of a

straight lease transaction will promote and is authorized by and will be in furtherance of the policy of the State as set forth in the Act and hereby authorizes the Applicant and the Company to proceed with the Project. The Agency further determines that:

(a) financial assistance is reasonably necessary to encourage the Applicant to remain in the State and to preserve its competitive position in the industry; and

(b) no funds of the Agency shall be used in connection with the Project for the purpose of preventing the establishment of an industrial manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given in connection with the Project to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State of New York; and

(c) not more than one-third of the total cost of the Project is in respect of facilities or property primarily used in making retail sales of goods or services to customers who personally visit such facilities within the meaning of Section 862 of the New York General Municipal Law.

Section 2. The officers of the Agency and other appropriate officials of the Agency and its agents and employees are hereby authorized and directed to take whatever steps may be necessary to cooperate with the Applicant and the Company to assist in the acquisition, construction and equipping of the Project.

Section 3. The Applicant and the Company are authorized to proceed with the Project on behalf of the Agency as set forth in this Resolution; provided, however, that it is acknowledged and agreed by the Applicant and the Company that (i) leasehold title to or other interest of the Agency in the Project shall be in the Agency solely for purposes of granting financial assistance, and (ii) the Applicant and the Company are hereby constituted the agents for the Agency solely for the purpose of effecting the Project, and neither the Agency, nor any of its members, directors, officers, employees, agents or servants, shall have any personal liability for any such action taken by the Applicant and/or the Company for such purpose.

Section 4. The officers of the Agency are hereby designated the authorized representatives of the Agency, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution.

Section 5. Any expenses incurred by the Agency with respect to the Project shall be paid by the Applicant. By acceptance hereof, the Applicant agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Project and the financing thereof.

Section 6. This Resolution is subject to the approval of a private investigative report with respect to the Applicant. The provisions of this Resolution shall continue to be effective until one year from the date hereof whereupon the Agency may, at its option, terminate the effectiveness of this Resolution (except with respect to the matters contained in Section 5 hereof) unless prior to the expiration of such year the Agency shall by subsequent resolution extend the effective period of this Resolution.

Section 7. The Agency, as lead agency, hereby determines, based upon information furnished to the Agency by the Applicant and such other information as the Agency has deemed necessary to make this determination, that the Project, an unlisted action, pursuant to the State Environmental Quality Review Act, being Article 8 of the New York State Environmental Conservation Law and the implementing regulations, will not have a significant effect on the environment and that a Draft Environmental Impact Statement will not be prepared. The reasons supporting this determination are as follows:

- (a) The Project will not result in a substantial adverse change in existing air quality, traffic or noise levels.
- (b) The Project will not result in the impairment of the character or quality of important historical, archeological, architectural, or aesthetic resources or of existing community or neighborhood character.
- (c) The Project will not result in the creation of a hazard to human health.
- (d) No other significant effects upon the environment that would require the preparation of an Environmental Impact Statement are foreseeable.

Section 8. In connection with the Project, the Agency intends to grant the Applicant real estate tax abatements, building tax stabilization, mortgage recording tax exemption and sales and/or use tax exemptions.

Section 9. This Resolution shall take effect immediately.

Adopted: December 13, 2005

Accepted: _____, 2005

**MEURICE GARMENT CARE OF
MANHASSET INC.**

By: _____
Name:
Title:

Resolution Authorizing and Approving the Execution and Delivery of Agreements in Connection with the Small Industry Incentive Program (Straight-Lease) Project for Meurice Garment Care of Manhasset, Inc.

WHEREAS, the New York City Industrial Development Agency (the "Agency") is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the "Act"), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, civic, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, Meurice Garment Care of Manhasset, Inc. (the "Applicant") has entered into negotiations with officials of the Agency for the acquisition, construction and equipping of a commercial facility (the "Facility"), consisting of the acquisition of an approximately 12,500 square foot parcel of land located at 535 Manida Street, Bronx, New York, and the construction and equipping of an approximately 12,500 square foot building thereon, all for use by the Applicant as a dry cleaning processing plant, for lease to the Agency by MGC Realty, Inc., a company affiliated with the Applicant or any other affiliate of the Applicant (the "Company"), and sublease by the Agency to the Company for subsequent sub-sublease in whole to the Applicant, and having an approximate total project cost of \$2,600,000 (the "Project"); and

WHEREAS, on December 13, 2005, the Agency adopted a resolution approving the taking of preliminary action with respect to providing financial assistance in the form of a Small Industry Incentive Program (Straight-Lease) transaction; and

WHEREAS, in order to finance a portion of the costs of the Project, (i) HSBC Bank USA, National Association (such financial institution, or any other financial institution as may be approved by a certificate of determination of an Agency officer, the "Bank") has agreed to enter into a loan arrangement with the Company pursuant to which the Bank will lend approximately \$1,075,000 (and an interim loan in the approximate amount of \$860,000) to the Company, and the Agency and the Company will grant mortgages on the Facility to the Bank (collectively, the "Bank Mortgages"), (ii) Empire State Certified Development Corporation ("ESCDC") has agreed to enter into a loan arrangement with the Company pursuant to which ESCDC will lend approximately \$866,000 to the Company, and the Agency and the Company will grant subordinate mortgages on the Facility to ESCDC (collectively, the "ESCDC Mortgages"), (iii) the Bank will provide a loan to the Applicant in the amount of approximately \$150,000, which loan proceeds will be applied to the acquisition of new dry cleaning equipment, and which loan will be secured by certain personalty to be pledged by the Agency, the Company and/or the Applicant (the "Bank Security Agreement"), and (iv) Statewide Zone Capital Corporation will provide a loan to the Applicant in the amount of approximately \$300,000, which loan proceeds will be applied to the acquisition of machinery and equipment at the

Facility, and which loan will be secured by a security interest in the machinery and equipment acquired with the proceeds of the loan (the "SZCC Security Agreement"); and

WHEREAS, in order to provide financial assistance to the Company for the Project, the Agency intends to grant the Company financial assistance through an Industrial Incentive Program (Straight-Lease) transaction in the form of real property tax abatements and exemptions, sales tax exemptions and mortgage recording tax exemptions, all pursuant to the Act;

NOW, THEREFORE, NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, HEREBY RESOLVES AS FOLLOWS:

Section 1. To accomplish the purposes of the Act and to provide financial assistance to the Company for the financing of the acquisition, construction and equipping of the Facility, an Industrial Incentive Program (Straight-Lease) transaction is hereby authorized subject to the provisions of this Resolution and the Lease Agreement hereinafter authorized.

Section 2. The execution and delivery of a Company Lease Agreement from the Company leasing the Facility to the Agency, a Lease Agreement from the Agency subleasing the Facility to the Company (the "Lease Agreement") (for sub-sublease to the Applicant), a Sales Tax Letter from the Agency to the Company and the Applicant, the Bank Mortgages, the ESCDC Mortgages, the Bank Security Agreement, the SZCC Security Agreement and a Guaranty Agreement from the Company, the Applicant and the Applicant's and the Company's owners and/or principals in favor of the Agency (the "Guaranty Agreement") (each document referenced in this Section 2 being, collectively, the "Agency Documents"), each being substantially in the form approved by the Agency for prior transactions, is hereby authorized. The Chairman, Vice Chairman, Executive Director, Deputy Executive Director, General Counsel and Vice President for Legal Affairs of the Agency are each hereby authorized to execute, acknowledge and deliver each such Agency Document. The execution and delivery of each such agreement by one of said officers shall be conclusive evidence of due authorization and approval.

Section 3. All covenants, stipulations, obligations and agreements of the Agency contained in this Resolution and contained in the Agency Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Agency to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Agency and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Agency or the members thereof by the provisions of this Resolution or the Agency Documents shall be exercised or performed by the Agency or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Agency Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Agency in his or her individual capacity and

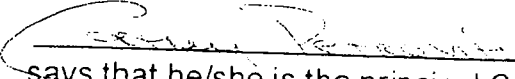
neither the members nor the directors of the Agency nor any officer executing any Agency Document shall be liable personally for any amounts payable thereunder or arising from claims thereon or be subject to any personal liability or accountability by reason of the execution and delivery or acceptance thereof.

Section 4. The officers of the Agency are hereby designated the authorized representatives of the Agency, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution. The Agency recognizes that due to the unusual complexities of the transaction it may become necessary that certain of the terms approved hereby may require modifications which will not affect the intent and substance of the authorizations and approvals by the Agency herein. The Agency hereby authorizes the Chairman, Vice Chairman, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs to approve modifications to the terms approved hereby which do not affect the intent and substance of this Resolution. The approval of such modifications shall be evidenced by the certificate of determination of an Agency officer.

Section 5. This Resolution shall take effect immediately.

ADOPTED: March 14, 2006

519712


being duly sworn,
says that he/she is the principal Clerk of the Publisher of the

New York Post

a daily newspaper of general circulation printed and published
in the English language, in the County of New York, State of
New York; that advertisement hereto annexed has been
regularly published in the said "NEW YORK POST" once,
on the 04 day of October, 2005


Sworn to before me this

4 day of OCT 2005


Notary Public

BYRON STEVENS
Notary Public, State of New York
No. 01ST6117803
Qualified in New York County

INDUSTRIAL DEVELOPMENT AGENCY

■ PUBLIC HEARINGS

The New York City Industrial Development Agency (the "Agency") is empowered under the New York State Industrial Development Agency Act (constituting Title 1 of Article 18-A of the General Municipal Law), and Chapter 1082 of the 1974 Laws of New York, as amended, to issue nonrecourse revenue bonds to provide financing for qualified projects, and to enter into industrial and small industry incentive program transactions and other straight-lease transactions for the benefit of qualified projects, and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York (the "State") and to improve their prosperity and standard of living. The Agency has been requested (i) to make available the proceeds of its bonds to be issued in the approximate aggregate dollar amounts, to be used by the persons, for the purposes, and at the addresses identified below, and (ii) to participate in industrial and small industry incentive program straight-lease transactions and other straight-lease transactions for the purposes and at the addresses also identified below. As used herein, "bonds" are bonds, the interest on which may be exempt from local and/or State and/or Federal income taxes; and the "City" shall mean The City of New York. As used herein with reference to bond amounts, "approximately" shall be deemed to mean up to such stated bond amount or a greater principal amount not to exceed 10 % of such stated bond amount.

Approximately \$8,000,000 industrial development revenue bond transaction for a real estate holding company to be formed for the benefit of Ares Printing and Packaging Corporation, a manufacturer of packaging products, in connection with the construction, furnishing, and equipping of a building not to exceed 82,500 square feet located upon an approximately 175,000 square foot parcel of land located at 31-00 College Point Blvd, Queens, New York. The financial assistance proposed to be conferred by the Agency will consist of such bond financing, payments in lieu of City real property taxes, exemption from City and State mortgage recording taxes, and exemption from City and State sales and use taxes.

Approximately \$20,800,000 civic facility revenue bond transaction for the benefit of Comprehensive Care Management Corporation, a not-for-profit managed care program which offers home health care medical services, rehabilitative services, day care services, and nursing care, in connection with the acquisition, renovation, equipping, furnishing, and/or refinancing of facilities at the following addresses: (i) approximately \$3,500,000 for an approximately 9,900 square foot building on an approximately 12,500 square foot parcel of land located at 216 E. 99th Street, New York, New York, (ii) approximately \$3,300,000 for an approximately 9,000 square foot building on an approximately 11,000 square foot parcel of land located at 2301-2331 Stillwell Avenue, Brooklyn, New York, (iii) approximately \$1,700,000 for an approximately 4,600 square foot building on an approximately 6,500 square foot parcel of land located at 705 Franklin Avenue, Brooklyn, New York, (iv) approximately \$3,300,000 for an approximately 10,780 square foot building on an approximately 12,100 square foot parcel of land located at 1920 Amsterdam Avenue, New York, New York, (v) approximately \$4,700,000 for an approximately 7,500 square foot building on an approximately 12,500 square foot parcel of land located at 1140 Seneca Avenue, Ridgewood, Queens, New York, and (vi) approximately \$4,300,000 for an approximately 10,000 square foot building on an approximately 10,500 square foot parcel of land located at 183 Chrystie Street, New York, New York. The financial assistance proposed to be conferred by the Agency will consist of such bond financing and exemption from City and State mortgage recording taxes.

Straight Lease transaction for the benefit of Federal Express Corporation ("FedEx Express"), a wholly-owned subsidiary of FedEx Corporation, and McMahon Development Group ("McMahon"), which will develop the build-to-suit facility, in connection with the construction, furnishing and equipping of an approximately 98,000 square foot facility to be used by FedEx Express as a distribution facility, all to be located on an approximately 435,600 square foot parcel of land located along the Bronx riverfront below East 132nd Street at the Harlem River Yards in the Bronx, New York and further identified as Block 2543, part of Lot 1. The financial assistance proposed to be conferred by the Agency to FedEx Express will consist of payments in lieu of City real property taxes. The financial assistance proposed to be conferred by the Agency to McMahon, which will be passed through to FedEx Express, will consist of exemption from City and State mortgage recording taxes and exemption from City and State sales and use taxes.

Approximately \$25,000,000 Civic Facility bond transaction for the benefit of the New York Quarterly Meeting of the Religious Society of Friends (the "Quarterly Meeting") and the Friends Seminary School (the "School"), both located at 222 East 16th Street, New York, New York. The Quarterly Meeting, a legally incorporated body of the Religious Society of Friends, is responsible for the oversight and functioning of the School. The School operates a co-educational, non-residential school for kindergarten through Grade 12 at 222 East 16th Street, New York, New York. The bond transaction would be in connection with one or more of the following purposes: (i) to acquire certain real property in the Borough of Manhattan located at 212 East 16th Street (Block 897, Lot 29), New York, New York, of approximately 5,769 square feet near the School, (ii) to renovate, enlarge and improve the facilities located on such real estate, (iii) to renovate, enlarge and improve other facilities currently used by the School located at 222 East 16th Street, 226 East 16th Street, New York, New York, 216 East 16th Street (collectively Block 897, Lot 16) and respectively approximately 28,744, 19,989, and 6,898 square feet, and 214 East 16th Street (Block 897, Lot 28) of approximately 6,753 square feet (iv) to refund the Quarterly Meeting's outstanding New York City Industrial Development Agency Civic Facility Revenue Bonds (Friends Seminary School Project), Series 2000 Bonds and (v) to pay a portion of the expenses incidental to the issuance of the Bonds. The financial assistance proposed to be conferred by the Agency will consist of such triple tax-exempt bond financing and exemption from City and State mortgage recording taxes.

Straight-lease (Small Industrial Incentive Program) transaction for a real estate holding company to be determined for the benefit of Maurice Garment Care of Manhasset Inc., a commercial laundry, in connection with the acquisition, renovations and equipping of an approximately 12,500 square foot building located on an approximately 12,500 square foot parcel of land located at 535 Manida Street, the Bronx, New York. The financial assistance proposed to be conferred by the Agency will consist of payments in lieu of City real property taxes, exemption from City and State mortgage recording taxes, and exemption from City and State sales and use taxes.

Not to exceed \$20,000,000 civic facility revenue bond transaction for the benefit of MMC Corporation, a not-for-profit corporation and an affiliate of Montefiore Medical Center, in connection with the financing or refinancing of the acquisition and renovation of a portion of an approximately 55,000 square foot, 2-story building located on approximately 27,125 square feet of land at block 4083, lots 1, 5, 11 and 27 in Bronx, New York (street addresses 1516 Jarrett Place, 1621 Eastchester Road and 1515 Blondell Avenue) which building is leased to Montefiore Medical Center and used as a community health center; and not to exceed \$8,000,000 tax-exempt civic facility revenue bonds for the benefit of a project for MMC Corporation, a not-for-profit corporation and an affiliate of Montefiore Medical Center, in connection with the financing or refinancing of the acquisition and renovation of a portion of an approximately 38,305 square foot, 2-story building located on approximately 28,750 square feet of land at block 4085, lot 119 (street addresses 1625 and 1635 Poplar Street and 1695A Eastchester Road, Bronx New York) which building is leased to Montefiore Medical Center and used in part for a medical laboratory, nuclear medicine services, radiology services and administrative offices. The financial assistance proposed to be conferred by the Agency for both projects will consist of such bond financing and exemption from City and State mortgage recording taxes.

Straight-lease (Industrial Incentive Program) transaction for a real estate holding company to be determined for the benefit of Montebello Food Corp., a wholesale distributor of food and paper products, in connection with the purchase and construction of an approximately 40,000 square foot building on an approximately 40,000 square foot parcel of land located at 100 Varick Avenue, Brooklyn, New York. The financial assistance proposed to be conferred by the Agency will consist of payments in lieu of City real property taxes, exemption from City and State mortgage recording taxes and exemption from City and State sales and use taxes.

Straight Lease transaction for the benefit of Moveway Transfer & Storage, a commercial moving and storage company, through a lease with Red Rock Resources, a real estate holding company, in connection with the acquisition, renovation and equipping of an approximately 83,315 square foot building on an approximately 48,440 square foot parcel of land located at 314 Scholes Street, Block 3047, Lot 15, Brooklyn, New York. The financial assistance proposed to be conferred by the Agency will consist of payments in lieu of City real property tax, exemption from City and State mortgage recording taxes and exemption from City and State sales and use taxes.

Straight-lease (commercial retention) transaction for the benefit of National Broadcasting Company, Inc. and its eligible affiliates, in connection with the renovation of approximately 24,120 square feet of office space on the 11th floor and approximately 25,350 square feet on the 12th floor at 30 Rockefeller Plaza, New York, New York and for the acquisition and/or leasing and installation of machinery, equipment, furniture, fixtures and other tangible personal property all for use at the above additional locations. The financial assistance proposed to be conferred by the Agency will consist of exemption from City and State sales and use taxes, and real estate taxes. This project was induced December 8, 1987. No additional financial assistance is being provided.

Approximately \$145,000,000 civic facility revenue bond transaction for the benefit of New York Law School, a not-for-profit corporation, of which approximately \$6,300,000 will be issued to defease and/or to refinance taxable debt used to defease approximately \$6,000,000 in outstanding Series 1997 bonds issued by the Dormitory Authority of the State of New York to finance certain renovations and the cost of equipment and machinery at facilities located at 47, 53 and 57 Worth Street, New York, New York, which facilities are used as a law school. Approximately \$138,700,000 will be issued for (i) the reimbursement of funds used to purchase a parcel of land consisting of approximately 2,510 square feet and the building located thereon consisting of approximately 10,000 square feet, located at 54 Leonard Street, New York, New York, (ii) the demolition of such building located at 54 Leonard Street, and (iii) the construction and equipping of an approximately 337,100 square foot building, comprised of approximately 5 floors above grade and 4 floors below grade, to be used as a law school facility providing academic, student and administrative services and to be located at 40 and 54 Leonard Street, New York, New York. The financial assistance proposed to be conferred by the Agency will consist of such bond financing and exemption from City and State mortgage recording taxes.

Straight Lease transaction for the benefit of Q International Courier, Inc. d/b/a Quick International Courier, Inc. ("Quick"), in connection with the construction by Vista Maro LLC ("Vista Maro"), as the owner and developer, of a two-story facility having a foot print of approximately 80,000 square feet on an approximately 225,000 square foot parcel of land located on property formerly part of JFK Airport, bordered by the North Boundary Road and further identified as Block 14260, tentative Lot 60, and the construction of a portion of the interior thereof and the acquisition and installation of equipment therein by Quick, all for the use of Quick, a domestic and international courier of time-critical materials including human organs, computer chips, mechanical parts and clinical trial specimens. The new facility will be leased by Quick from Vista Maro. Any benefits conferred by the Agency will solely benefit Quick. The financial assistance proposed to be conferred by the Agency will consist of payment in lieu of City real estate taxes, exemption from City and State mortgage recording taxes, and exemption from sales and use taxes.

Approximately \$9,300,000 civic facility revenue bond transaction for the benefit of Ruach Chaim Institute, an independent, not-for-profit private, boys school serving students in nursery through grade eight, in connection with the (i) refinancing of outstanding taxable debt used to purchase an approximately 6,300 square foot parcel of land located at 2911 Avenue L, 2901 Avenue L and 1189 East 29th Street, Brooklyn, New York; (ii) financing of the acquisition of an approximately 2,100 square foot parcel of land located at 1187 East 29th Street, Brooklyn, New York and (iii) financing of the construction and equipping of an approximately 30,000 square foot facility including three stories above-ground and one story below-ground to be located on an approximately 8,400 square foot parcel of land, located at 2911 Avenue L, 2901 Avenue L, 1187 East 29th Street and 1189 East 29th Street, Brooklyn, New York to be used as a school. The financial assistance proposed to be conferred by the Agency will consist of such bond financing and exemption from City and State mortgage recording taxes.

Straight-lease (Small Industry Incentive Program) transaction for Yorkville Van Storage Co., Inc. d/b/a ECB Moving & Storage, Inc., a commercial storage company for museums, banks, auction houses and other companies, in connection with the acquisition, renovation and equipping of an approximately 39,868 square foot facility on an approximately 9,967 square foot parcel of land, located at 270 Rider Avenue, Block 2333, Lot 12, Bronx, New York. The financial assistance proposed to be conferred by the Agency will consist of payments in lieu of City real property taxes, exemption from City and State mortgage recording taxes, and exemption from City and State sales and use taxes.

To amend the Agency's Uniform Tax Exemption Policy established pursuant to Section 874(4)(a) of Article 18-A, Title 1 of the General Municipal Law (the "Act"), which is applicable to the provision of financial assistance pursuant to Section 859(a) of the Act, to provide, inter alia, guidelines for the provision of financial assistance by the Agency for projects within Industrial Business Zones that are established pursuant to Section 22-626 of the New York City Administrative Code.

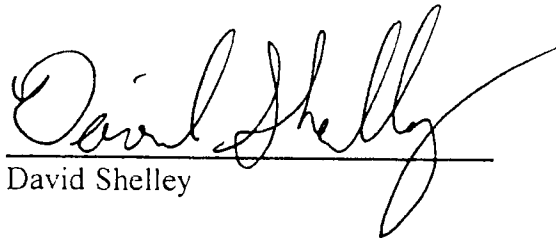
Pursuant to Section 859a of the General Municipal Law of the State of New York and Internal Revenue Code Section 147(f), the Agency will hold a hearing on the proposed financings and transactions set forth above at the office of the New York City Economic Development Corporation ("NYCEDC"), 110 William Street, 6th Floor, New York, New York commencing at 10:00 A.M. on Thursday, November 3, 2005. Interested members of the public are invited to attend. The Agency will present information at such hearing on the proposed financings and transactions set forth above. Pursuant to subdivision 3 of the above-referenced Section 859a, the Agency will, in addition, provide an opportunity for the public to review at such hearing the project application and the cost-benefit analysis for each of the proposed financings and transactions. For those members of the public desiring to review project applications and cost benefit analyses before the date of the hearing, copies of these materials will be made available, starting on or about noon on the Friday preceding the hearing. Persons desiring to obtain copies should call (212) 312-3543. Persons desiring to make a brief statement regarding the proposed financings and transactions should give prior notice to the Agency at the address or phone number shown below. Written comments may be submitted to the Agency to the attention of Mr. David Shelley at the address shown below. Please be advised that certain of the aforementioned proposed financings and transactions may possibly be removed from the hearing agenda prior to the hearing date. Information regarding such removals will be posted on NYCEDC's web site, www.nycedc.com on or about noon on the Friday preceding the hearing.

New York City Industrial Development Agency
110 William Street, 6th Floor
New York, New York 10038
(212) 312-3543

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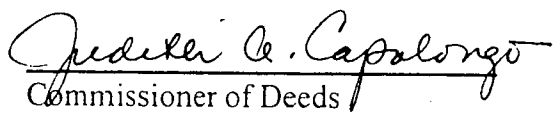
State of New York)
County of New York } ss.

I, David Shelley, Paralegal at New York City Economic Development Corporation, hereby depose and say that the notice attached hereto was taken from and published in the *City Record* dated October 24, 2005, volume CXXXII, Number 205.



David Shelley

Sworn to before me this
8th day of November 2005.



Commissioner of Deeds

JUDITH A. CAPOLONGO
Commissioner of Deeds, City of New York
No. 5-1425
Cert. Filed in New York County
Commission Expires October ~~20~~ 1, 2007

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

NOTICE OF PUBLIC HEARING

The New York City Industrial Development Agency (the "Agency") is empowered under the New York State Industrial Development Agency Act (constituting Title 1 of Article 18-A of the General Municipal Law), and Chapter 1082 of the 1974 Laws of New York, as amended, to issue nonrecourse revenue bonds to provide financing for qualified projects, and to enter into industrial and small industry incentive program transactions and other straight-lease transactions for the benefit of qualified projects, and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York (the "State") and to improve their prosperity and standard of living. The Agency has been requested (i) to make available the proceeds of its bonds to be issued in the approximate aggregate dollar amounts, to be used by the persons, for the purposes, and at the addresses identified below, and (ii) to participate in industrial and small industry incentive program straight-lease transactions and other straight-lease transactions for the purposes and at the addresses also identified below. As used herein, "bonds" are bonds, the interest on which may be exempt from local and/or State and/or Federal income taxes; and the "City" shall mean The City of New York. As used herein with reference to bond amounts, "approximately" shall be deemed to mean up to such stated bond amount or a greater principal amount not to exceed 10 % of such stated bond amount.

Approximately \$8,000,000 industrial development revenue bond transaction for a real estate holding company to be formed for the benefit of Ares Printing and Packaging Corporation, a manufacturer of packaging products, in connection with the construction, furnishing, and equipping of a building not to exceed 82,500 square feet located upon an approximately 175,000 square foot parcel of land located at 31-00 College Point Blvd, Queens, New York. The financial assistance proposed to be conferred by the Agency will consist of such bond financing, payments in lieu of City real property taxes, exemption from City and State mortgage recording taxes, and exemption from City and State sales and use taxes.

Approximately \$20,800,000 civic facility revenue bond transaction for the benefit of Comprehensive Care Management Corporation, a not-for-profit managed care program which offers home health care medical services, rehabilitative services, day care services, and nursing care, in connection with the acquisition, renovation, equipping, furnishing, and/or refinancing of facilities at the following addresses: (i) approximately \$3,500,000 for an approximately 9,900 square foot building on an approximately 12,500 square foot parcel of land located at 216 E. 99th Street, New York, New York, (ii) approximately \$3,300,000 for an approximately 9,000 square foot building on an approximately 11,000 square foot parcel of land located at 2301-2331 Stillwell Avenue, Brooklyn, New York, (iii) approximately \$1,700,000 for an approximately 4,600 square foot building on an approximately 6,500 square foot parcel of land located at 705 Franklin Avenue, Brooklyn, New York, (iv) approximately \$3,300,000 for an approximately 10,780 square foot building on an approximately 12,100 square foot parcel of land located at 1920 Amsterdam Avenue, New York, New York, (v) approximately \$4,700,000 for an

approximately 7,500 square foot building on an approximately 12,500 square foot parcel of land located at 1140 Seneca Avenue, Ridgewood, Queens, New York, and (vi) approximately \$4,300,000 for an approximately 10,000 square foot building on an approximately 10,500 square foot parcel of land located at 183 Chrystie Street, New York, New York. The financial assistance proposed to be conferred by the Agency will consist of such bond financing and exemption from City and State mortgage recording taxes.

Straight Lease transaction for the benefit of Federal Express Corporation (“FedEx Express”), a wholly-owned subsidiary of FedEx Corporation, and McMahon Development Group (“McMahon”), which will develop the build-to-suit facility, in connection with the construction, furnishing and equipping of an approximately 98,000 square foot facility to be used by FedEx Express as a distribution facility, all to be located on an approximately 435,600 square foot parcel of land located along the Bronx riverfront below East 132nd Street at the Harlem River Yards in the Bronx, New York and further identified as Block 2543, part of Lot 1. The financial assistance proposed to be conferred by the Agency to FedEx Express will consist of payments in lieu of City real property taxes. The financial assistance proposed to be conferred by the Agency to McMahon, which will be passed through to FedEx Express, will consist of exemption from City and State mortgage recording taxes and exemption from City and State sales and use taxes.

Approximately \$25,000,000 Civic Facility bond transaction for the benefit of the New York Quarterly Meeting of the Religious Society of Friends (the “Quarterly Meeting”) and the Friends Seminary School (the “School”), both located at 222 East 16th Street, New York, New York. The Quarterly Meeting, a legally incorporated body of the Religious Society of Friends, is responsible for the oversight and functioning of the School. The School operates a co-educational, non-residential school for kindergarten through Grade 12 at 222 East 16th Street, New York, New York. The bond transaction would be in connection with one or more of the following purposes: (i) to acquire certain real property in the Borough of Manhattan located at 212 East 16th Street (Block 897, Lot 29), New York, New York, of approximately 5,769 square feet near the School, (ii) to renovate, enlarge and improve the facilities located on such real estate, (iii) to renovate, enlarge and improve other facilities currently used by the School located at 222 East 16th Street, 226 East 16th Street, New York, New York, 216 East 16th Street (collectively Block 897, Lot 16) and respectively approximately 28,744, 19,989, and 6,898 square feet, and 214 East 16th Street (Block 897, Lot 28) of approximately 6,753 square feet (iv) to refund the Quarterly Meeting’s outstanding New York City Industrial Development Agency Civic Facility Revenue Bonds (Friends Seminary School Project), Series 2000 Bonds and (v) to pay a portion of the expenses incidental to the issuance of the Bonds. The financial assistance proposed to be conferred by the Agency will consist of such triple tax-exempt bond financing and exemption from City and State mortgage recording taxes.

Straight-lease (Small Industrial Incentive Program) transaction for a real estate holding company to be determined for the benefit of Meurice Garment Care of Manhasset Inc., a commercial laundry, in connection with the acquisition, renovations and equipping of an approximately 12,500 square foot building located on an approximately 12,500 square foot parcel of land located at 535 Manida Street, the Bronx, New York. The financial assistance proposed to be conferred by the Agency will consist of payments in lieu of City real property taxes,

exemption from City and State mortgage recording taxes, and exemption from City and State sales and use taxes.

Not to exceed \$20,000,000 civic facility revenue bond transaction for the benefit of MMC Corporation, a not-for-profit corporation and an affiliate of Montefiore Medical Center, in connection with the financing or refinancing of the acquisition and renovation of a portion of an approximately 55,000 square foot, 2-story building located on approximately 27,125 square feet of land at block 4083, lots 1, 5, 11 and 27 in Bronx, New York (street addresses 1516 Jarrett Place, 1621 Eastchester Road and 1515 Blondell Avenue) which building is leased to Montefiore Medical Center and used as a community health center; and not to exceed \$8,000,000 tax-exempt civic facility revenue bonds for the benefit of a project for MMC Corporation, a not-for-profit corporation and an affiliate of Montefiore Medical Center, in connection with the financing or refinancing of the acquisition and renovation of a portion of an approximately 38,305 square foot, 2-story building located on approximately 28,750 square feet of land at block 4085, lot 119 (street addresses 1625 and 1635 Poplar Street and 1695A Eastchester Road, Bronx New York) which building is leased to Montefiore Medical Center and used in part for a medical laboratory, nuclear medicine services, radiology services and administrative offices. The financial assistance proposed to be conferred by the Agency for both projects will consist of such bond financing and exemption from City and State mortgage recording taxes.

Straight-lease (Industrial Incentive Program) transaction for a real estate holding company to be determined for the benefit of Montebello Food Corp., a wholesale distributor of food and paper products, in connection with the purchase and construction of an approximately 40,000 square foot building on an approximately 40,000 square foot parcel of land located at 100 Varick Avenue, Brooklyn, New York. The financial assistance proposed to be conferred by the Agency will consist of payments in lieu of City real property taxes, exemption from City and State mortgage recording taxes and exemption from City and State sales and use taxes.

Straight Lease transaction for the benefit of Moveway Transfer & Storage, a commercial moving and storage company, through a lease with Red Rock Resources, a real estate holding company, in connection with the acquisition, renovation and equipping of an approximately 83,315 square foot building on an approximately 48,440 square foot parcel of land located at 314 Scholes Street, Block 3047, Lot 15, Brooklyn, New York. The financial assistance proposed to be conferred by the Agency will consist of payments in lieu of City real property tax, exemption from City and State mortgage recording taxes and exemption from City and State sales and use taxes.

Straight-lease (commercial retention) transaction for the benefit of National Broadcasting Company, Inc. and its eligible affiliates, in connection with the renovation of approximately 24,120 square feet of office space on the 11th floor and approximately 25,350 square feet on the 12th floor at 30 Rockefeller Plaza, New York, New York and for the acquisition and/or leasing and installation of machinery, equipment, furniture, fixtures and other tangible personal property all for use at the above additional locations. The financial assistance proposed to be conferred by the Agency will consist of exemption from City and State sales and use taxes, and real estate

taxes. This project was induced December 8, 1987. No additional financial assistance is being provided.

Approximately \$145,000,000 civic facility revenue bond transaction for the benefit of New York Law School, a not-for-profit corporation, of which approximately \$6,300,000 will be issued to defease and/or to refinance taxable debt used to defease approximately \$6,000,000 in outstanding Series 1997 bonds issued by the Dormitory Authority of the State of New York to finance certain renovations and the cost of equipment and machinery at facilities located at 47, 53 and 57 Worth Street, New York, New York, which facilities are used as a law school. Approximately \$138,700,000 will be issued for (i) the reimbursement of funds used to purchase a parcel of land consisting of approximately 2,510 square feet and the building located thereon consisting of approximately 10,000 square feet, located at 54 Leonard Street, New York, New York, (ii) the demolition of such building located at 54 Leonard Street, and (iii) the construction and equipping of an approximately 337,100 square foot building, comprised of approximately 5 floors above grade and 4 floors below grade, to be used as a law school facility providing academic, student and administrative services and to be located at 40 and 54 Leonard Street, New York, New York. The financial assistance proposed to be conferred by the Agency will consist of such bond financing and exemption from City and State mortgage recording taxes.

Straight Lease transaction for the benefit of Q International Courier, Inc. d/b/a Quick International Courier, Inc. ("Quick"), in connection with the construction by Vista Maro LLC ("Vista Maro"), as the owner and developer, of a two-story facility having a foot print of approximately 80,000 square feet on an approximately 225,000 square foot parcel of land located on property formerly part of JFK Airport, bordered by the North Boundary Road and further identified as Block 14260, tentative Lot 60; and the construction of a portion of the interior thereat and the acquisition and installation of equipment therein by Quick, all for the use of Quick, a domestic and international courier of time-critical materials including human organs, computer chips, mechanical parts and clinical trial specimens. The new facility will be leased by Quick from Vista Maro. Any benefits conferred by the Agency will solely benefit Quick. The financial assistance proposed to be conferred by the Agency will consist of payment in lieu of City real estate taxes, exemption from City and State mortgage recording taxes, and exemption from sales and use taxes.

Approximately \$9,300,000 civic facility revenue bond transaction for the benefit of Ruach Chaim Institute, an independent, not-for-profit private, boys school serving students in nursery through grade eight, in connection with the (i) refinancing of outstanding taxable debt used to purchase an approximately 6,300 square foot parcel of land located at 2911 Avenue L, 2901 Avenue L and 1189 East 29th Street, Brooklyn, New York; (ii) financing of the acquisition of an approximately 2,100 square foot parcel of land located at 1187 East 29th Street, Brooklyn, New York and (iii) financing of the construction and equipping of an approximately 30,000 square foot facility including three stories above-ground and one story below-ground to be located on an approximately 8,400 square foot parcel of land, located at 2911 Avenue L, 2901 Avenue L, 1187 East 29th Street and 1189 East 29th Street, Brooklyn, New York to be used as a school. The financial assistance proposed to be conferred by the Agency will consist of such bond financing and exemption from City and State mortgage recording taxes.

Straight-lease (Small Industry Incentive Program) transaction for Yorkville Van Storage Co., Inc. d/b/a ECB Moving & Storage, Inc., a commercial storage company for museums, banks, auction houses and other companies, in connection with the acquisition, renovation and equipping of an approximately 39,868 square foot facility on an approximately 9,967 square foot parcel of land, located at 270 Rider Avenue, Block 2333, Lot 12, Bronx, New York. The financial assistance proposed to be conferred by the Agency will consist of payments in lieu of City real property taxes, exemption from City and State mortgage recording taxes, and exemption from City and State sales and use taxes.

To amend the Agency's Uniform Tax Exemption Policy established pursuant to Section 874(4)(a) of Article 18-A, Title 1 of the General Municipal Law (the "Act"), which is applicable to the provision of financial assistance pursuant to Section 859(a) of the Act, to provide, *inter alia*, guidelines for the provision of financial assistance by the Agency for projects within Industrial Business Zones that are established pursuant to Section 22-626 of the New York City Administrative Code.

Pursuant to Section 859a of the General Municipal Law of the State of New York and Internal Revenue Code Section 147(f), the Agency will hold a hearing on the proposed financings and transactions set forth above at the office of the New York City Economic Development Corporation ("NYCEDC"), 110 William Street, 6th Floor, New York, New York commencing at 10:00 A.M. on Thursday, **November 3, 2005**. Interested members of the public are invited to attend. The Agency will present information at such hearing on the proposed financings and transactions set forth above. Pursuant to subdivision 3 of the above-referenced Section 859a, the Agency will, in addition, provide an opportunity for the public to review at such hearing the project application and the cost-benefit analysis for each of the proposed financings and transactions. For those members of the public desiring to review project applications and cost benefit analyses before the date of the hearing, copies of these materials will be made available, starting on or about noon on the Friday preceding the hearing. Persons desiring to obtain copies should call (212) 312-3543. Persons desiring to make a brief statement regarding the proposed financings and transactions should give prior notice to the Agency at the address or phone number shown below. Written comments may be submitted to the Agency to the attention of Mr. David Shelley at the address shown below. Please be advised that certain of the aforementioned proposed financings and transactions may possibly be removed from the hearing agenda prior to the hearing date. Information regarding such removals will be posted on NYCEDC's web site, www.nycedc.com on or about noon on the Friday preceding the hearing.

New York City Industrial Development Agency
110 William Street, 6th Floor
New York, New York 10038
(212) 312-3543

SUMMARY OF THE PUBLIC HEARING
of the
NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
held on behalf of the New York City Industrial Development Agency
by the New York City Economic Development Corporation
at 110 WILLIAM STREET, NEW YORK, NEW YORK
on November 3, 2005 10:00 A.M.

MR. MARSHALL:

“This hearing will come to order. This is a hearing on each of the proposed projects to be described in a few minutes, called by the Mayor of The City of New York and the New York City Industrial Development Agency (the “Agency”) pursuant to Section 147(f) of the Internal Revenue Code and Section 859(a) of the General Municipal Law of the State of New York and pursuant to a public notice published in The New York Post on October 4, 2005 and in the City Record on October 24, 2005.

My name is Richard Marshall and I am Deputy General Counsel of the New York City Economic Development Corporation (“NYCEDC”), and I am also the Vice President for Legal Affairs for the Agency. I have been designated to preside at these hearings.”

At this time I will ask for an appearance on behalf of the Agency.”

MR. SHELLEY:

“I am David Shelley, paralegal at the New York City Economic Development Corporation which, under contract, provides administrative and legal services to the Agency. In such connection I assist the General Counsel of the Agency. I make note that in addition to Mr. Marshall and myself, Ms. Maureen Babbis, Ms. Arti Bhatt, Ms. Judith Capolongo, Ms. Kei Hayashi, Mr. Michael Johnson, Ms. Beth Kustina, Mr. Shin Mitsugi and Ms. Marysa Wilcox of NYCEDC and the Agency are attending this public hearing.”

MR. MARSHALL:

“The Agency is empowered under the New York State Industrial Development Agency Act to issue tax-exempt, non-recourse revenue bonds to provide financing and financial assistance for industrial, manufacturing, warehousing, commercial, research and civic projects, and to enter into industrial and small industry incentive (straight-lease) transactions, also to provide financial assistance for the same projects, and thereby advance job opportunities, general prosperity and economic welfare of the people of The City of New York and to improve their prosperity and standard of living.

The Agency has been requested (i) to provide financial assistance to and to make the proceeds of its bonds available for the financing of a number of such projects. and/or (ii) to provide financial assistance through industrial and small industry incentive (straight-lease) transactions, also to a number of such projects. Our purpose at today's public hearing is to provide the public with an opportunity to make comments and to state questions with respect to

the proposed projects which are the subject of this public hearing. All comments and stated questions presented at this public hearing will be summarized in the written summary that will record the proceedings of this public hearing. Officers of the Agency will cause such summary to be prepared after this public hearing is concluded. In addition, at this time and subsequent to the public availability of these documents on or about October 28, 2005, the Agency is providing the public with an opportunity to review the project application and the cost-benefit analysis for each of the proposed projects covered by this public hearing today. Copies of the foregoing materials will be provided at this public hearing upon request by any attendee; copies will also be annexed to the summary that the Agency will cause to be prepared. Finally, a list of those persons requesting copies will also be annexed to this summary.”

MR. SHELLEY:

“The published public notices of this hearing invited written comments from interested persons to be submitted to the Agency at its offices at 110 William Street, New York, New York. To date, the Agency has received no written comments. The public notices also requested that any persons desiring to make a brief statement regarding any of the projects provide prior notice thereof to the Agency. To date the Agency has received no such notice.”

MR. MARSHALL:

“The name of each project will be given, and anybody wishing to be heard in connection with that project should give his or her name and address to Mr. Shelley and he will call upon you in the order in which your names are received. All statements are to be limited to three minutes.”

MR. SHELLEY:

“Let the record show that Mr. Carl Hum from the Mayor's Office of Industrial and Manufacturing Businesses, Mr. Lee Miller from the Mayor's Office of Industrial and Manufacturing Businesses, Mr. Richard Ronde of the New York City Department of Small Business Services, Ms. Dana Rupert from New York Industrial Retention Network (“NYIRN”) and Mr. Dan Steinberg from Good Jobs New York are attending this public hearing.”

MR. SHELLEY:

“At this time I would like to offer copies of the Notice of Public Hearing published in The New York Post on October 4, 2005 and in the City Record on October 24, 2005, together with respective affidavits of publication.”

MR. SHELLEY:

“The first project involves Ares Printing and Packaging Corporation.”

MR. MARSHALL:

“Has anyone registered with you to be heard in connection with this project?”

MR. SHELLEY:

“No one has registered to be heard in connection with this project.”

MR. MARSHALL:

“Is there anyone present who has not registered who wishes to be heard in connection with this project?”

[At this point Ms. Dana Rupert from NYIRN submitted a written statement in support of Ares Printing and Packaging Corporation which is appended hereto.]

MR. MARSHALL:

“There being no statements or submissions, I hereby declare the hearing on the Ares Printing and Packaging Corporation project to be closed.”

MR. SHELLEY:

“The second project involves Comprehensive Care Management Corporation.”

MR. MARSHALL:

“Has anyone registered with you to be heard in connection with this project?”

MR. SHELLEY:

“No one has registered to be heard in connection with this project.”

MR. MARSHALL:

“Is there anyone present who has not registered who wishes to be heard in connection with this project?”

MR. SHELLEY:

“There is no one present who wishes to be heard in connection with this project.”

MR. MARSHALL:

“There being no statements or submissions, I hereby declare the hearing on the Comprehensive Care Management Corporation project to be closed.”

MR. SHELLEY:

“The third project involves Meurice Garment Care of Manhasset Inc.”

MR. MARSHALL:

“Has anyone registered with you to be heard in connection with this project?”

MR. SHELLEY:

“No one has registered to be heard in connection with this project.”

MR. MARSHALL:

“Is there anyone present who has not registered who wishes to be heard in connection with this project?”

MR. SHELLEY:

“There is no one present who wishes to be heard in connection with this project.”

MR. MARSHALL:

“There being no statements or submissions, I hereby declare the hearing on the Meurice Garment Care of Manhasset Inc. project to be closed.”

MR. SHELLEY:

“The fourth project involves Montefiore Medical Center.”

MR. MARSHALL:

“Has anyone registered with you to be heard in connection with this project?”

MR. SHELLEY:

“No one has registered to be heard in connection with this project.”

MR. MARSHALL:

“Is there anyone present who has not registered who wishes to be heard in connection with this project?”

MR. SHELLEY:

“There is no one present who wishes to be heard in connection with this project.”

MR. MARSHALL:

“There being no statements or submissions, I hereby declare the hearing on the Montefiore Medical Center project to be closed.”

MR. SHELLEY:

“The fifth project involves Moveway Transfer & Storage.”

MR. MARSHALL:

“Has anyone registered with you to be heard in connection with this project?”

MR. SHELLEY:

“No one has registered to be heard in connection with this project.”

MR. MARSHALL:

“Is there anyone present who has not registered who wishes to be heard in connection with this project?”

MR. SHELLEY:

“There is no one present who wishes to be heard in connection with this project.”

MR. MARSHALL:

“There being no statements or submissions, I hereby declare the hearing on the Moveway Transfer & Storage project to be closed.”

MR. SHELLEY:

“The sixth project involves New York Law School.”

MR. MARSHALL:

“Has anyone registered with you to be heard in connection with this project?”

MR. SHELLEY:

“No one has registered to be heard in connection with this project.”

MR. MARSHALL:

“Is there anyone present who has not registered who wishes to be heard in connection with this project?”

MR. SHELLEY:

“There is no one present who wishes to be heard in connection with this project.”

MR. MARSHALL:

“There being no statements or submissions, I hereby declare the hearing on the New York Law School project to be closed.”

MR. SHELLEY:

“The seventh project involves Quick International Courier, Inc.”

MR. MARSHALL:

“Has anyone registered with you to be heard in connection with this project?”

MR. SHELLEY:

“No one has registered to be heard in connection with this project.”

MR. MARSHALL:

“Is there anyone present who has not registered who wishes to be heard in connection with this project?”

MR. SHELLEY:

“There is no one present who wishes to be heard in connection with this project.”

MR. MARSHALL:

“There being no statements or submissions, I hereby declare the hearing on the Quick International Courier, Inc. project to be closed.”

MR. SHELLEY:

“The eighth project involves Ruach Chaim Institute.”

MR. MARSHALL:

“Has anyone registered with you to be heard in connection with this project?”

MR. SHELLEY:

“No one has registered to be heard in connection with this project.”

MR. MARSHALL:

“Is there anyone present who has not registered who wishes to be heard in connection with this project?”

MR. SHELLEY:

“There is no one present who wishes to be heard in connection with this project.”

MR. MARSHALL:

“There being no statements or submissions, I hereby declare the hearing on the Ruach Chaim Institute project to be closed.”

MR. SHELLEY:

“The ninth project involves Yorkville Van Storage Co., Inc.”

MR. MARSHALL:

“Has anyone registered with you to be heard in connection with this project?”

MR. SHELLEY:

“No one has registered to be heard in connection with this project.”

MR. MARSHALL:

“Is there anyone present who has not registered who wishes to be heard in connection with this project?”

MR. SHELLEY:

“There is no one present who wishes to be heard in connection with this project.”

MR. MARSHALL:

“There being no statements or submissions, I hereby declare the hearing on the Yorkville Van Storage Co., Inc. project to be closed.”

MR. SHELLEY:

“The tenth project concerns an amendment to the Agency's Uniform Tax Exemption Policy.”

MR. MARSHALL:

“Has anyone registered with you to be heard in connection with this project?”

MR. SHELLEY:

“No one has registered to be heard in connection with this project.”

MR. MARSHALL:

“Is there anyone present who has not registered who wishes to be heard in connection with this project?”

MR. SHELLEY:

“There is no one present who wishes to be heard in connection with this project.”

MR. MARSHALL:

“There being no statements or submissions, I hereby declare the hearing on the amendment to the Agency's Uniform Tax Exemption Policy to be closed. I want to thank everyone for attending and assisting at these hearings which I now declare to be closed.”

(10:10 A.M.)

**Persons Requesting Applications and Cost Benefit Analyses Covered at
the Public Hearing of November 3, 2005**

1. Persons Requesting Applications and Cost Benefit Analyses Prior to the Public Hearing

Dan Steinberg from Good Jobs New York.

2. Persons Requesting Applications and Cost Benefit Analyses at the Public Hearing

Applications and cost benefits were made available to all in attendance.



October 4, 2005

BY HAND

Michael Kalt
Office of the Deputy Mayor for
Economic Development and Rebuilding
City Hall, 1st Floor
New York, New York 10007

Re: Statutory Notice Concerning Benefits for New
York City Industrial Development Agency
Projects

Dear Mr. Kalt:

Enclosed is the notification for the Mayor pursuant to Section 859a of the General Municipal Law of the State of New York, for public hearing with respect to proposed New York City Industrial Development Agency projects providing benefits of more than \$100,000. Such hearing will occur on November 3, 2005.

Please call me at 312-3534 if you have any questions about either the notice or the projects to which it pertains.

Sincerely,

Richard E. Marshall
Vice President for Legal Affairs

Enclosure

JOB STATUS REPORT

TIME : 10/25/2005 14:43
 NAME : NYC ECONOMIC
 FAX # : 212-312-3912
 TEL # :
 SER. # : 000004034059

DATE, TIME 10/25 14:40
 FAX NO./NAME 912126693949
 DURATION 00:03:12
 PAGE(S) 07
 RESULT OK
 MODE STANDARD



New York City
 Economic Development
 Corporation

110 WILLIAM STREET, 6TH FLOOR, NEW YORK, NY 10038

FACSIMILE COVER SHEET

DATE: October 26, 2005
 FROM: David Shelley
 (Phone: 212-312-3581) (FAX: 212-312-3912)
 (e-mail dshelley@nycedc.com)

TO:

NAME	TEL. NO.	FAX NO.
Rebecca Seale Department of Citywide Administrative Services	(212) 669-7285	(212) 669-3949

This facsimile contains CONFIDENTIAL INFORMATION, which may also be LEGALLY PRIVILEGED, that is intended only for use of the addressee(s) named above. If you are not the intended recipient of this facsimile, or the employee responsible for delivering it to the intended recipient, you are hereby notified that any dissemination or copying of this facsimile is prohibited. If you have received this facsimile in error, please notify us by telephone and return the facsimile to us at the above address via the U.S. Postal Service. Thank you.

COMMENTS: **NYCIDA PUBLIC HEARING NOTICE AND NYCIDA BOARD MEETING NOTICE.**

Dear Ms. Seale: Please find following for posting on the public bulletin board, a Notice of Public Hearing and a Notice of the Meeting of the IDA Board of Directors. Thank you for your assistance. David

NUMBER OF PAGES INCLUDING COVER: 7



8



Hawkins Delafield & Wood LLP

ONE CHASE MANHATTAN PLAZA
NEW YORK, NY 10005
WWW.HAWKINS.COM

September 6, 2006

HSBC Bank USA, National Association
New York, New York

Ladies and Gentlemen:

We deliver to you herewith a copy of our legal opinion dated the date hereof relating to the straight-lease transaction of the New York City Industrial Development Agency for the benefit of Meurice Garment Care of Manhasset, Inc., a New York corporation.

You are entitled to rely on such opinion as though the same were addressed to you.

Very truly yours,

Hawkins Delafield & Wood LLP

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
110 William Street, New York, New York 10038

September 6, 2006

Mr. Hammerton Jeanty
New York City Department
of Finance
Municipal Building
One Centre Street, Room 727
New York, New York 10007

Mr. Tim Greene
New York City Department
of Finance
Property Division, Exemption Unit
66 John Street, 12th Floor
New York, New York 10038

Re: MGC Realty, Inc.,
Meurice Garment Care of Manhasset, Inc.
535 Manida Street
Bronx, New York 10474
Block 2768; Lot 253

Dear Sirs:

On the date hereof, the New York City Industrial Development Agency (the "Agency") acquired a leasehold estate in the above-described realty (which is further described in Exhibit A attached hereto) from and MGC Realty, Inc., a New York corporation (the "Lessee"), pursuant to a certain Company Lease Agreement, dated as of September 1, 2006, between the Lessee, as landlord, and the Agency, as tenant, and pursuant to the provisions of the New York State Industrial Development Agency Act (constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, Chapter 1030 of the 1969 Laws of New York), as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the "Act"). On this date, the Agency and the Lessee have entered into a certain Lease Agreement, dated as of September 1, 2006 (the "Lease Agreement"), pursuant to which the Agency subleased its interest in said realty to the Lessee.

Under the Act, the Agency is regarded as performing a governmental function in the exercise of the powers conferred by the Act and "shall be required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction or control or supervision or upon its activities".

However, the Lessee is required under Section 4.3 of the Lease Agreement, attached hereto as Exhibit B, to make payments in lieu of such taxes and assessments in the manner and amounts set forth therein. Pursuant to the Lease Agreement, the Agency hereby requests that you, as tax assessor, determine before such time as said realty shall become tax exempt the taxes that would be due and owing if said realty had remained privately owned, and submit statements directly to the Lessee at MGC Realty, Inc., 535 Manida Street, Bronx, New

York 10474 Attn: President, with a copy and to the Agency at the address in the letterhead, in accordance with the Lease Agreement specifying the amounts and due dates of such payments in lieu of taxes payable by the Lessee therein.

Thank you for your attention to this matter.

Very truly yours,

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By: 
Kei Hayashi
Deputy Executive Director

EXHIBIT A

Description of the Land

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough and County of the Bronx, City and State of New York, bounded and described as follows:

BEGINNING at a point on the westerly side of Manida Street, distant 200 feet southerly from the corner formed by the intersection of the southerly side of Randall Avenue; and

THENCE westerly parallel with the southerly side of Randall Avenue, a distance of 100 feet;

THENCE southerly parallel with the westerly side of Manida Street, a distance of 125 feet;

THENCE easterly parallel with the southerly side of Randall Avenue, a distance of 100 feet to the westerly side of Manida Street; and

THENCE northerly along the westerly side of Manida Street, a distance of 125 feet to the point or place of BEGINNING.

Said premises being known as 535 Manida Street, Bronx, NY

BLOCK 2768 LOT 253

EXHIBIT B

Section 4.3 of Lease

(b) The Lessee shall deliver or cause to be delivered to the Agency any necessary documents conveying to the Agency a leasehold estate in any property installed or placed upon the Facility pursuant to Section 4.2(a) hereof and subjecting such substitute or replacement property to the Company Lease, this Agreement and the Sublease Agreement, and within thirty (30) days after receipt of written request of the Lessee, the Agency shall deliver to the Lessee appropriate documents conveying to the Lessee all of the Agency's right, title and interest in any property removed from the Facility pursuant to Section 4.2(a) hereof. The Lessee agrees to pay all costs and expenses (including reasonable counsel fees) incurred by the Agency in subjecting to the Company Lease, this Agreement and the Sublease Agreement any property installed or placed on the Facility as part of the Facility pursuant to this Section 4.2 or Section 4.1 hereof.

(c) The removal from the Facility of any Existing Facility Property pursuant to the provisions of Section 4.2(a) hereof shall not entitle the Lessee to any abatement or reduction in the Rental Payments payable by the Lessee under this Agreement.

(d) Within 120 days after the close of each Fiscal Year of the Lessee during which (i) action was taken by the Lessee pursuant to Section 4.1(b) hereof or action involving property having a value in the aggregate exceeding \$250,000 was taken by the Lessee pursuant to Section 4.2(a) hereof, the Lessee shall, upon request of the Agency, furnish to the Agency a written report of an Authorized Representative of the Lessee summarizing the action taken by the Lessee, during such preceding Fiscal Year and stating that, in its opinion, such action complied with the applicable provisions of Section 4.1(b) or 4.2(a) hereof, as the case may be; or (ii) no action was taken by the Lessee pursuant to Section 4.1(b) or no action involving property having a value in the aggregate exceeding \$250,000 was taken by the Lessee pursuant to Section 4.2(a) hereof, the Lessee shall, upon request of the Agency, furnish to the Agency a certificate of an Authorized Representative of the Lessee certifying to the fact that no such action was taken by the Lessee pursuant to such Section 4.1(b) or 4.2(a) during such preceding Fiscal Year.

Section 4.3. Payment in Lieu of Real Estate Taxes.

(a) *Description and Address of Project:*

The Project consists of the acquisition, construction and equipping of a commercial facility, consisting of the acquisition of an approximately 12,500 square foot parcel of land located at 535 Manida Street, Bronx, New York and the construction and equipping of an approximately 12,500 square foot building thereon, all for use as a dry cleaning processing plant (the "Project"). The Facility is located at 535 Manida Street, Bronx, New York 10474, being Section 10, Block 2768 and Lot 253.

(b) *Payments Prior to PILOT Commencement Date:*

Until the PILOT Commencement Date, or such later date as the Facility Realty is determined to be exempt from real estate taxes, the Lessee shall pay to the City all real estate taxes with respect to the Facility Realty at such times, in such manner and in such amounts as would be applicable if the Facility Realty were owned by the Lessee and not subleased by the Agency.

(c) *Payments in Lieu of Real Estate Taxes, Generally:*

It is recognized that under the provisions of the Act the Agency is required to pay no real estate taxes upon any of the property acquired by it or under its jurisdiction or control or supervision or upon its activities. The Agency and the Lessee agree, however, that the Lessee shall be required to make payments in lieu of real estate taxes with respect to the Facility Realty in accordance with the provisions of Section 4.3(g) hereof, as follows: (i) with respect to the Land, payments in lieu of real estate taxes shall be in the amounts determined pursuant to subsection (d) below; and (ii) with respect to the Improvements, payments in lieu of real estate taxes shall be in the amounts determined pursuant to subsections (e) and (f) below.

The Agency makes no representation as to the availability of an exemption from real estate taxes for the Facility Realty in the event that the Department of Finance, Assessors' Office of the City, the City Surveyor, or any other relevant official of the City fails to recognize the Agency's exemption from real estate taxes on the basis of a discrepancy existing between the Facility Realty and the tax map of the City or the existence of another impediment to implementation of the Agency's exemption contemplated hereunder.

The Lessee shall take such action as is reasonably necessary to correct any defect or deficiency that may prevent the Facility Realty from being recognized as exempt by the City. The Lessee acknowledges that the Agency has not represented the availability of any such exemption for the Facility Realty, and the Lessee hereby releases the Agency from any claim arising from any loss of the benefits that were contemplated hereunder.

The Lessee acknowledges that the PILOT Commencement Date will not be deferred notwithstanding any loss of benefits contemplated hereunder in the event that the City does not recognize the Agency's exemption from real estate taxes on the PILOT Commencement Date.

(d) *Payments in Lieu of Taxes on the Land:*

For the period commencing on the PILOT Commencement Date and ending on the earliest to occur of (i) the Expiration Date, or (ii) the date on which the Agency no longer has a leasehold interest in the Facility, or (iii) the Termination Date, the Lessee shall make no payments in lieu of real estate taxes with respect to the Land (subject to Section 4.3(i)) except as follows with respect to the below-stated Tax Fiscal Years: for July 1, 2028 to June 30, 2029, a payment equal to 20% of Full Land Taxes (as defined below) for that year; for July 1, 2029 to June 30, 2030, a payment equal to 40% of Full Land Taxes for that year; for July 1, 2030 to June 30, 2031, a payment equal to 60% of Full Land Taxes for that year; and for July 1, 2031 to June 30, 2032, a payment equal to 80% of Full Land Taxes for that year.

Certain terms used in the above formula are defined below:

"City Tax Fiscal Year" shall mean each annual period commencing on July 1, and ending on the immediately succeeding June 30, or such other annual period as shall be established by lawful authority as the City's "tax fiscal year" or its equivalent.

“**Full Land Taxes**” shall mean that amount of taxes with respect to the Land as the Lessee would otherwise be required to pay from time to time if it were the owner of the Land and the Agency had no leasehold interest in the Land.

For the period commencing on the Expiration Date and ending on the date on which the Agency no longer has a leasehold estate in the Facility Realty, the Lessee shall make payments in lieu of real estate taxes equal to Full Land Taxes with respect to the Land.

If the Termination Date has occurred for reasons other than the Agency no longer having a leasehold estate in the Facility Realty, for the period commencing on such Termination Date until the date on which the Agency no longer has a leasehold estate in the Facility Realty, the Lessee shall make payments in lieu of real estate taxes on the Land equal to Full Land Taxes.

(e) *Payments in Lieu of Taxes on the Improvements:*

(i) For the period commencing on the PILOT Commencement Date and ending on the PILOT Termination Date, the Lessee shall make, in accordance with Section 4.3(g) hereof, and subject to Section 4.3(i) hereof, the following payments in lieu of real estate taxes on the Improvements:

- A. from the PILOT Commencement Date through June 30, 2028, an amount, as determined for each City Tax Fiscal Year, equal to the lesser of Adjusted CRET and STRET; and
- B. from July 1, 2028, through the Termination Date, the following amounts as respectively calculated for the following City Tax Fiscal Years:

YEAR	LESSEE PAYS:
July 1, 2028- June 30, 2029	STRET + [(CRET less STRET) x 0.2]
July 1, 2029 - June 30, 2030	STRET + [(CRET less STRET) x 0.4]
July 1, 2030 - June 30, 2031	STRET + [(CRET less STRET) x 0.6]
July 1, 2031 - June 30, 2032	STRET + [(CRET less STRET) x 0.8]

provided, however, with respect to this subsection “B,” if for any City Tax Fiscal Year CRET is equal to or less than STRET, then the payment in lieu of real estate taxes on the Improvements for such year shall be an amount equal to CRET.

Certain terms used in this Section 4.3 with respect to the Improvements shall be defined as follows:

CRET or “**Current Real Estate Taxes**” shall mean, for any City Tax Fiscal Year, an amount equal to the product of:

- (I) the then current assessed value of Improvements, and

(II) the City's then current real estate tax rate;

provided, however, that as defined herein, CRET shall not take into account, or in any way be reduced by, any tax exemption and/or abatement program of whatever nature, including but not limited to ICIP.

STRET or "**Stabilized Real Estate Taxes**" shall mean the CRET applicable on the Closing Date.

ICIP or the "**Industrial and Commercial Incentive Program**" is the program, including any successor program, administered by the New York City Department of Finance (or successor agency) for the exemption from New York City real property taxes of eligible industrial or commercial improvements to real property.

ICIP Exemption shall mean the exemption, from New York City real property taxes, of assessed valuation of industrial or commercial improvements that are eligible under ICIP.

ICIP Abatement shall mean the abatement of New York City real property taxes with respect to eligible industrial or commercial improvements under ICIP.

If the PILOT Termination Date has occurred for reasons other than the Agency no longer owning a leasehold or other controlling interest in the Facility Realty, for the period commencing on such PILOT Termination Date until the date on which the Agency no longer owns a leasehold estate or other controlling interest in the Facility Realty, the Lessee shall make payments in lieu of real estate taxes on the Improvements equal to CRET.

(f) *Subsequent Alterations and Improvements:*

If, at any time after the Operations Commencement Date (as such term is defined in Section 8.5(ii) hereof), the Lessee shall make any alterations of or additions to the Improvements ("**Additional Improvements**"), the Lessee shall: (i) notify an Authorized Representative of the Agency of such Additional Improvements by (y) delivering written notice thereof within thirty (30) days after the completion of the Additional Improvements, and (z) providing requested information about such Additional Improvements on the Employment and Benefits Report (see Schedule C); and (ii) request that the Improvements (including any such Additional Improvements) be reassessed by the appropriate officer or officers of the City; and (iii) make additional payments in lieu of real estate taxes in accordance with Section 4.3(g) hereof in an amount which shall equal the product of:

- A. the increase in the assessed value of the Improvements as first assessed upon completion of the Additional Improvements and which are attributable to such Additional Improvements, less such portion of that incremental assessed value that may be exempt by operation of an ICIP Exemption (if any), and
- B. the City's real property tax rate prevailing at the time of such first assessment.

The product of "A" and "B" immediately hereinabove shall be added to STRET and the resulting sum shall be deemed the new STRET for purposes of subsection (e) of this Section 4.3; provided, however, that if a reduction in the incremental assessed value corresponding to an ICIP Exemption is applicable, then, as the amount of that reduction diminishes over time (in accordance with the schedule of the applicable ICIP Exemption), the new STRET will correspondingly increase. In no event shall the new STRET in any way take into account or be reduced by any tax exemption and/or abatement program of whatever nature, including but not limited to ICIP.

(g) *General Payment Provisions:*

In order to provide for payments in lieu of real estate taxes payable pursuant to subsections (d), (e) and (f) above, the Lessee agrees to pay on a date which is seven (7) Business Days before January 1 and on a date which is seven (7) Business Days before July 1 of every year to the PILOT Depository, or to such other representative of the Agency, or at such other times, in either case as the Agency may designate from time to time by written notice to the Lessee, by certified check or bank draft payable at a bank in New York, New York, an installment payment equal to one-half of the payment in lieu of real estate taxes due for such year. The PILOT Depository shall deposit such installment payment to a special trust fund.

It is agreed that the Agency shall request the appropriate officer or officers of the City charged with the duty of levying and collecting real estate taxes, to submit to the Lessee at the times the levies for such real estate taxes are made, a statement specifying the amounts and due dates for the payments in lieu thereof, so that the Lessee may make such payments in the correct amounts and on a timely basis.

If the Lessee shall fail to make any such installment payments, the amount or amounts so in default shall continue as an obligation of the Lessee until fully paid. The Lessee shall pay a late payment penalty of five percent (5%) of any amount that is not paid when due under this Section 4.3. In addition, for each month or part thereof that a payment under this Section 4.3 is delinquent beyond the first month, interest shall accrue and be payable by the Lessee on the total amount due as provided above, plus a late payment penalty in an amount equal to one percent (1%) per month for each month or part thereof until the payment is made.

Nothing contained herein shall limit or impair the Lessee's right, to the extent permitted by law, to obtain reductions in the valuation of the Facility Realty or the right to obtain exemptions (and discounts, if any) therefrom and to seek to obtain a refund of any such payments made.

(h) *Apportionment of Payments after Transfer:*

The Agency shall cause the Collector of the City to return the Facility Realty to the tax rolls as of the date the Agency shall no longer have a leasehold estate in the Facility Realty. Subject to the paragraph immediately succeeding, the Lessee and/or other subsequent owner of the Facility Realty during the City Tax Fiscal Year in which such cessation of the Agency's leasehold estate occurs, shall be responsible for paying the real estate taxes due for the portion of such City Tax Fiscal Year that remains after such cessation.

With respect to the semi-annual period of the City Tax Fiscal Year in which the Agency has ceased to have a leasehold estate in the Facility Realty, the Agency shall cause the Collector of the City to apportion that part of the installment of the payment in lieu of real estate taxes previously remitted for such semi-annual period (if any), which is attributable to the period commencing on the date of such cessation and ending on the June 30 or December 31 following (as the case may be), as a credit against the real estate taxes owed for such semi-annual period.

(i) *Withdrawal of Real Estate Tax Abatements:*

The Lessee understands and agrees that the Lessee is required, and shall be required throughout the term of this Agreement, to pay or cause to be paid, as additional payments in lieu of real estate taxes, an additional amount (the "Additional Amount") with respect to that portion of the Facility Realty, if any (expressed as a percentage, the "Unqualified Portion"), utilized or occupied by any Person other than the Lessee or the Sublessee but including any sublessee that is pre-approved pursuant to Section 9.3 hereof, if any) for so long as such utilization and/or occupation shall continue. The Additional Amount shall be equal to the Unqualified Portion multiplied by the excess of (1) the amount of taxes that the Lessee would have been required to pay if the Agency did not have a leasehold estate in the Improvements over (2) the amount of payments in lieu of real estate taxes payable pursuant to Section 4.3(e). The Lessee hereby represents to the Agency that no portion of the Facility Realty is utilized and/or occupied or is intended to be utilized and/or occupied by Persons other than the Lessee, the Sublessee or a sublessee that is pre-approved pursuant to Section 9.3 hereof, if any. The Lessee agrees that if ever during the term of this Agreement the Lessee intends to permit any Person (other than itself, the Sublessee or any sublessee that is pre-approved pursuant to Section 9.3 hereof, if any) to use and/or occupy a part of the Facility Realty, then, in such event, the Lessee shall provide to the Agency's Authorized Representative, written notice of such intended use and/or occupancy before such use and/or occupancy actually occur, and shall also obtain from the Agency prior written consent therefor in accordance with the requirements of Section 9.3 hereof.

Commencing as of the date on which the Facility Realty is not used in accordance with the Act and/or this Agreement or upon the occurrence of an Event of Default under this Agreement, the Lessee shall be required to make payments in lieu of real estate taxes on the Facility Realty in such amounts as would result from taxes levied on the Facility Realty if the Facility Realty were owned by the Lessee and the Agency had no leasehold estate in the Facility Realty.

Whenever in this Section 4.3 the Lessee is required to make additional payments in lieu of real estate taxes as if the Facility Realty were owned by the Lessee and the Agency had no leasehold estate in the Facility Realty or specified portions thereof, the applicable tax rate shall be the rate then in effect as shown on the records of the proper City department.

(j) *QEZE Tax Credits:*

Notwithstanding the provisions of subsections "d" and "e" and "f" of this Section 4.3, if at any time during the term of this Agreement (x) the Facility Realty is located in an Empire Zone, and (y) the Lessee is or has taken affirmative steps to become a Qualified Empire

Zone Enterprise (“QEZE”), and (z) the Lessee has qualified or expects to qualify for QEZE tax credits, *then*, the Lessee shall make payments in lieu of real estate taxes for the current and successive year equal to the following amounts: (i) with respect to the Land, Full Land Taxes; and (ii) with respect to the Improvements, Adjusted CRET. In the event the State repeals the Empire Zone program, or that part of it providing for QEZE tax credits, and as a result of such repeal or as a result of the expiration of the period of the Lessee’s entitlement to QEZE benefits, the Lessee is no longer eligible to claim the QEZE tax credits as they are available under current law, the Lessee shall then make payments in lieu of real estate taxes in accordance with the aforesaid subsections “d” and “e” and “f”; *provided, however*, that for any period during which the Lessee receives QEZE tax credits, such period shall not be deemed to extend the term during which payments in lieu of real estate taxes, as provided for in the aforesaid subsections “d” and “e” and “f”, shall apply.

(k) *Survival of Obligations:*

The obligations of the Lessee under this Section 4.3 shall survive the termination or expiration of this Agreement for any reason whatsoever. The Agency, in its sole discretion and in furtherance of the purposes of the Act, may waive, in whole or in part, payments in lieu of taxes set forth in this Section 4.3, for good cause shown.

Section 4.4. Taxes, Assessments and Charges. The Lessee shall pay when the same shall become due all taxes (other than those taxes for which payments in lieu thereof are being paid pursuant to Section 4.3 hereof) and assessments, general and specific, if any, levied and assessed upon or against the Facility, the Company Lease, this Agreement, the Sublease Agreement, any ownership estate or interest of the Agency or the Lessee or the Sublessee in the Facility, or the Rental Payments or other amounts payable under the Company Lease, hereunder or under the Sublease Agreement during the term of this Agreement, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility, all of which are herein called “**Impositions**”. The Agency shall forward, as soon as practicable, to the Lessee any notice, bill or other statement received by the Agency concerning any Imposition. The Lessee may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

In the event the Facility Realty is exempt from Impositions (other than real estate taxes in respect of which amounts are payable under Section 4.3 hereof) solely due to the Agency’s leasehold estate in the Facility Realty, the Lessee shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions that would have been imposed on the Facility Realty if the Lessee were the owner of record of the Facility Realty and the Agency had no leasehold estate in the Facility Realty.

Section 4.5. Insurance. (a) At all times throughout the term of this Agreement, including without limitation during any period of construction or reconstruction of the Facility, the Lessee shall maintain insurance, with insurance companies licensed to do business in the State, against such risks, loss, damage and liability (including liability to third

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
110 William Street, New York, New York 10038

September 6, 2006

Mr. Martin Gbeneky
New York City Department of Finance
Bureau of Treasury
1 Centre Street, Room 727
New York, New York 10007

Re: MGC Realty, Inc.,
Meurice Garment Care of Manhasset, Inc.
535 Manida Street
Bronx, New York 10474
Block 2768; Lot 25

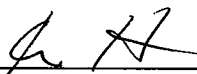
Dear Mr. Gbeneky:

On September 6, 2006, the New York City Industrial Development Agency acquired a leasehold estate in the above-referenced real property for a project for Meurice Garment Care of Manhasset, Inc. and MGC Realty, Inc. (collectively, the "Company") in Bronx County.

Since the acquisition of such leasehold estate in the above-referenced property occurred in the first tax quarter, the Company has not received the remainder of the fiscal year's bill for taxes owed. Please forward a bill for the remainder of the tax year to:

MGC Realty, Inc.
535 Manida Street
Bronx, New York 10474
Attention: President

Very truly yours,



Kei Hayashi
Deputy Executive Director

cc: Matthew Lerner
Compliance Department
New York City Industrial Development Agency
Michael L. Shelton
The Bank of New York

-----X
 In the Matter :
 of :
 Taxation of the New York City :
 Industrial Development Agency :
 -----X

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

RICHARD E. MARSHALL, ESQ., being duly sworn, deposes and says:

1. That I am an attorney-at-law duly licensed in the State of New York and am the Vice President for Legal Affairs of the New York City Industrial Development Agency (the "Agency").
2. That the Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, was established by Chapter 1030 of the 1969 Laws of the State of New York, constituting Title I of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of the State of New York, as amended (collectively the "Act").
3. That on or about September 6, 2006, the Agency will enter into a "straight-lease transaction" within the meaning of the Act, in which the Agency will acquire a leasehold estate in the Facility (as defined below) from MGC Realty, Inc., a New York corporation (the "Lessee") pursuant to a Company Lease Agreement, dated as of September 1, 2006, between the Lessee and the Agency (the "Company Lease"), and the Agency will sublease its interest therein to the Lessee to provide financial assistance for the acquisition, construction and equipping of a commercial facility (the "Facility"), consisting of the acquisition of an approximately 12,500 square foot parcel of land and an approximately 12,500 square foot building thereon, and the constructing and equipping thereof, located at 535 Manida Street, Bronx, New York 10474, all for use as a dry cleaning processing plant for sub-sublease to Meurice Garment Care of Manhasset, Inc., which is a corporation organized under the laws of the State of New York (the "Sublessee").
4. That simultaneously therewith, the Agency will enter into a Lease Agreement, dated as of September 1, 2006 (the "Lease Agreement"), with the Lessee, pursuant to which the Agency will sublease the Facility to the Lessee.

5. That simultaneously therewith, the Agency, the Lessee and HSBC Bank USA, National Association will enter into two certain Mortgage and Security Agreements, dated September 10, 2006 (the "Mortgages").

6. That pursuant to Section 874 of the Act, the Agency is regarded as performing a governmental function and is required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction or control or supervision or upon its activities.

7. That pursuant to the provisions of Section 8017 of the Civil Practice Law and Rules of the State of New York, no clerk of any county within The City of New York shall charge or collect a fee for filing, recording or indexing any paper, documents, map or proceeding filed, recorded or indexed for the county, or an agency or officer thereof acting in an official capacity.

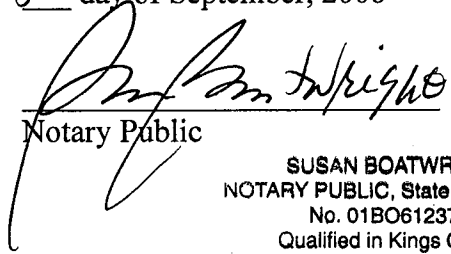
8. That pursuant to the provisions of Section 8019(d) of the Civil Practice Law and Rules of the State of New York, no clerk of any county within The City of New York shall charge or receive any fee from The City of New York or the State of New York, or from any agency or officer thereof acting in an official capacity.

9. I hereby submit that no mortgage recording tax or fee for filing, recording or indexing should be imposed in connection with the filing and recording of the Mortgages, the Company Lease and the Lease Agreement, as hereinbefore described.



Richard E. Marshall, Esq.

Sworn to before me this
5th day of September, 2006



Notary Public

SUSAN BOATWRIGHT
NOTARY PUBLIC, State of New York
No. 01BO6123733
Qualified in Kings County
Commission Expires March 14, 2009

September 6, 2006

Hawkins Delafield & Wood LLP
New York, New York

HSBC Bank USA, National Association
New York, New York

Meurice Garment Care of Manhasset, Inc.
Bronx, New York

Re: New York City Industrial Development Agency
Small Industrial Incentive Program
(Meurice Garment Care of Manhasset, Inc. Project)

Ladies and Gentlemen:

This opinion is being furnished to you in connection with the straight-lease transaction by the New York City Industrial Development Agency (the "Agency") for the benefit of Meurice Garment Care of Manhasset, Inc., a New York corporation (the "Sublessee"), and MGC Realty, Inc. (the "Lessee"), a New York corporation, and pursuant to which the Agency will enter into (i) a Company Lease Agreement, dated as of September 1, 2006 (the "Company Lease"), with the Lessee, by which the Lessee will lease the Facility Realty (as defined in the Lease Agreement referred to below) to the Agency, and (ii) a Lease Agreement, dated as of September 1, 2006 (the "Lease Agreement"), with the Lessee, by which the Agency will sublease the Facility Realty (as defined in the Lease Agreement) to the Lessee. The Lessee will sub-sublease the Facility Realty to the Sublessee pursuant to a Sublease Agreement, dated as of September 1, 2006, between the Lessee and the Sublessee (the "Sublease Agreement").

I am the Vice President for Legal Affairs to the Agency, and, in such capacity, I am familiar with the acts and proceedings heretofore had or taken by the Agency relative to the authorization of the Company Lease, the Lease Agreement, the Sublease Agreement, the Guaranty Agreement, dated as of September 1, 2006 (the "Guaranty Agreement"), from the Lessee, the Sublessee, Magoo's Crew, Inc. and Natsac, Inc., as corporate guarantors (together, the "Corporate Guarantors"), and Wayne Edelman, as individual guarantor (the "Individual Guarantor"), to the Agency, two certain Mortgage Agreements, each dated September 6, 2006 (the "Mortgages") from the Agency and the Lessee to HSBC Bank USA, National Association (the "First Mortgagee"), and a Sales Tax Letter, dated the date hereof, from the Agency to the Lessee. I have further caused to be entrusted to Fidelity National Title Insurance Company (the "Title Insurance Company") for due recording the Company Lease and the Lease Agreement in

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the Office of the Register of The City of New York in Queens County, New York. Based on the foregoing, I am of the opinion that:

(a) The Company Lease has been entrusted to the Title Insurance Company for due recording in proper form in the Office of the Register of The City of New York in Queens County, New York, which recording is the only recording necessary to give notice of the lease of the real property therein as against all creditors of the Lessee and subsequent purchasers. No rerecording is required in order to maintain notice of the Company Lease.

(b) The Lease Agreement has been entrusted to the Title Insurance Company for due recording in proper form in the office of the Register of The City of New York in Queens County, New York, which recording is the only recording necessary to give notice of the sublease of the real property therein described as against all creditors of the Agency or of the Lessee and subsequent purchasers. No rerecording is required in order to maintain notice of the Lease Agreement.

(c) There is no action, suit, proceeding or investigation at law or in equity by or before any court, public board or body, of which the Agency has notice, pending or, to the best of my knowledge, threatened against or affecting the Agency, or to the best of my knowledge is there any basis for such action, suit, proceeding or investigation, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Company Lease, the Lease Agreement, the Mortgages, or the Guaranty Agreement or the validity or the enforceability of the Company Lease, the Lease Agreement, the Mortgages, or the Guaranty Agreement.

(d) No legislation has been enacted by the Legislature of the State of New York or the Council of The City of New York that in any way affects the creation, organization or existence of the Agency or the titles to office of any officers thereof, or the power of the Agency to lease, sublease, or renovate the Facility or improve, sell, assign, lease or sublease the Facility referred to in the Lease Agreement.

In rendering this opinion, I have assumed the due authorization, execution and delivery by and enforceability against (i) the Lessee of the Company Lease, the Lease Agreement, the Sublease Agreement, the Mortgages and the Guaranty Agreement; (ii) the Sublessee of the Sublease Agreement and the Guaranty Agreement; and (iii) the Individual Guarantor and the Corporate Guarantors of the Guaranty Agreement.

This opinion is delivered to the addressees solely in connection with the transaction described herein, and it may be relied upon by the parties to whom this opinion is addressed and their counsel. This opinion may not be relied upon by any other person, firm or entity without the Agency's prior written consent.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Marshall", written over a horizontal line.

Richard E. Marshall, Esq.,
Vice President for Legal Affairs

LETTER OF REPRESENTATION

September 6, 2006

New York City Industrial
Development Agency
New York, New York

HSBC Bank USA, National Association
New York, New York

Dear Sir/Madam:

In order to induce New York City Industrial Development Agency (the "Agency") to enter into a straight-lease transaction for the benefit of Meurice Garment Care of Manhasset, Inc. a New York corporation (the "Sublessee"), and MGC Realty, Inc., a New York corporation (the "Lessee"), and in consideration of the foregoing, Wayne Edelman, as individual guarantor (the "Individual Guarantor"), Magoo's Crew, Inc. and Natsac, Inc., each a New York corporation, as corporate guarantors (the "Corporate Guarantors"), the Lessee and the Sublessee hereby certify, represent, warrant, and covenant to and with the Agency and HSBC Bank USA, National Association (the "First Mortgagee") as follows (capitalized terms used but not defined herein shall have the respective meanings set forth in the Lease Agreement referred to herein):

1. There is no pending or threatened action, suit, proceeding, inquiry or investigation, at law or in equity, by or before any court, public board or body, known by the Lessee, the Sublessee, the Corporate Guarantors or the Individual Guarantor, nor to the best of knowledge of the Lessee, the Sublessee, the Corporate Guarantors or the Individual Guarantor is there any basis therefor, looking toward the dissolution or liquidation of the Lessee or the Sublessee or wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Company Lease Agreement, dated as of September 1, 2006, between the Lessee and the Agency, as tenant (the "Company Lease"); the Lease Agreement, dated as of September 1, 2006, between the Agency and the Lessee (the "Lease Agreement"); the Sublease Agreement, dated as of September 1, 2006, between the Lessee and the Sublessee; the Guaranty Agreement, dated as of September 1, 2006, from the Lessee, the Sublessee, the Corporate Guarantors and the Individual Guarantor to the Agency; the Sales Tax Letter, dated the date hereof, from the Agency to the Lessee; two certain Mortgage Agreements, each dated September 6, 2006, from the Agency and the Lessee to the First Mortgagee; or this Letter of Representation (the documents referenced in this paragraph above being referred to collectively as the "Transaction Documents", and those Transaction Documents to which the Lessee, the Sublessee, the Corporate Guarantors and the Individual Guarantor shall be a party, shall be referred to as the "Lessee Documents", the "Sublessee Documents", the "Corporate Guarantor Documents" and the "Individual Guarantor Documents", respectively); or might result in any materially adverse condition (financial or otherwise), in the business or the property or assets of the Lessee, the Sublessee, either of the Corporate Guarantors or the Individual Guarantor.

2. The Lessee is a corporation, duly organized, validly existing and in good standing under the laws of the State of New York, has the authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Letter of Representation and the other of the Lessee Documents.

3. The Sublessee is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, has the authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Letter of Representation and the other of the Sublessee Documents.

4. Each Corporate Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, has the authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Letter of Representation and each other of the Corporate Guarantor Documents to which it is a party.

5. The execution, delivery and performance of the Lessee Documents have been duly authorized by all requisite action on the part of the Lessee, and the execution and delivery thereof and compliance with the provisions thereof have not and will not violate any provision of law, the certificate of incorporation or bylaws of the Lessee, any order, judgment or decree of any court or agency of government, or any indenture, agreement or other instrument to which the Lessee is a party or by which it or any of its property is subject to or bound, or be in conflict with, or constitute (with due notice and/or lapse of time) a breach of or default under any such indenture, agreement or other such instrument.

6. The execution, delivery and performance of the Sublessee Documents have been duly authorized by all requisite corporate action on the part of the Sublessee, and the execution and delivery thereof and compliance with the provisions thereof have not and will not violate any provision of law, the certificate of incorporation or bylaws of the Sublessee, any order, judgment or decree of any court or agency of government, or any indenture, agreement or other instrument to which the Sublessee is a party or by which it or any of its property is subject to or bound, or be in conflict with, or constitute (with due notice and/or lapse of time) a breach of or default under any such indenture, agreement or other such instrument.

7. The execution, delivery and performance by the Individual Guarantor of the Individual Guarantor Documents and compliance with the provisions thereof have not and will not violate any provision of law, any order, judgment or decree of any court or agency of government, or any indenture, agreement or other instrument to which the Individual Guarantor is a party or by which the Individual Guarantor or any of their respective property is subject to or bound, or be in conflict with, or constitute (with due notice and/or lapse of time) a breach of or default under any such indenture, agreement or other such instrument.

8. The execution, delivery and performance of the Corporate Guarantor Documents have been duly authorized by all requisite corporate action on the part of each Corporate Guarantor, and the execution and delivery thereof and compliance with the provisions thereof have not and will not violate any provision of law, the certificate of incorporation or bylaws of each Corporate Guarantor, any order, judgment or decree of any court or agency of

government, or any indenture, agreement or other instrument to which either Corporate Guarantor is a party or by which it or any of its property is subject to or bound, or be in conflict with, or constitute (with due notice and/or lapse of time) a breach of or default under any such indenture, agreement or other such instrument.

9. The Lessee Documents, and any and all other agreements and documents required to be executed and delivered by the Lessee in order to carry out, give effect to and consummate the transactions contemplated by the Lease Agreement, have been duly authorized, executed and delivered by the Lessee and have not been amended, modified or rescinded, remain in full force and effect and are the legal, valid and binding obligations of the Lessee enforceable against the Lessee in accordance with their terms.

10. The Sublessee Documents, and any and all other agreements and documents required to be executed and delivered by the Sublessee in order to carry out, give effect to and consummate the transactions contemplated by the Lease Agreement, have been duly authorized, executed and delivered by the Sublessee and have not been amended, modified or rescinded, remain in full force and effect and are the legal, valid and binding obligations of the Sublessee, jointly and severally, enforceable against the Sublessee in accordance with their terms.

11. The Individual Guarantor Documents, and any and all other agreements and documents required to be executed and delivered by the Individual Guarantor in order to carry out, give effect to and consummate the transactions contemplated by the Lease Agreement, have been duly executed and delivered by the Individual Guarantor and have not been amended, modified or rescinded, remain in full force and effect and are the legal, valid and binding obligations of the Individual Guarantor enforceable against the Individual Guarantor in accordance with their terms.

12. The Corporate Guarantor Documents, and any and all other agreements and documents required to be executed and delivered by the Corporate Guarantors in order to carry out, give effect to and consummate the transactions contemplated by the Lease Agreement, have been duly authorized, executed and delivered by each Corporate Guarantor and have not been amended, modified or rescinded, remain in full force and effect and are the legal, valid and binding obligations of each of the Corporate Guarantors enforceable against each Corporate Guarantor in accordance with their terms.

13. The representations and warranties of the Lessee contained in the Lessee Documents are true, complete and correct and in full force and effect as of the date hereof, with the same effect as if those representations and warranties were made on and as of the date hereof. As of the date hereof, no Event of Default or default has occurred and is continuing with respect to any of the Lessee Documents.

14. The representations and warranties of the Sublessee contained in the Sublessee Documents are true, complete and correct and in full force and effect as of the date hereof with the same effect as if those representations and warranties were made on and as of the date hereof. As of the date hereof, no Event of Default or default has occurred and is continuing with respect to any of the Sublessee Documents.

15. The representations and warranties of the Individual Guarantor contained in the Individual Guarantor Documents and in the Company Lease are true, complete and correct and in full force and effect as of the date hereof with the same effect as if those representations and warranties were made on and as of the date hereof. As of the date hereof, no Event of Default or default has occurred and is continuing with respect to the Individual Guarantor Documents.

16. The representations and warranties of the Corporate Guarantors contained in the Corporate Guarantor Documents are true, complete and correct and in full force and effect as of the date hereof with the same effect as if those representations and warranties were made on and as of the date hereof. As of the date hereof, no Event of Default or default has occurred and is continuing with respect to any of the Corporate Guarantor Documents.

17. All out-of-pocket costs, expenses and fees of the Agency incident to the preparation, execution and delivery of the Transaction Documents, and all other agreements and documents contemplated hereby and thereby, and the fees and disbursements of Hawkins Delafield & Wood LLP and the Agency shall be paid by the Lessee and the Sublessee.

18. The Lessee is not a party to or bound by any contract, agreement or other instrument, or subject to any judgment, order, writ, injunction, decree, rule or regulation which, in the Lessee's opinion, materially adversely affects, or in the future may, so far as the Lessee can now foresee, materially adversely affect, the business, operations, affairs, properties, assets or condition, financial or otherwise, of the Lessee.

19. The Sublessee is not a party to or bound by any contract, agreement or other instrument, or subject to any judgment, order, writ, injunction, decree, rule or regulation which, in the Sublessee's opinion, materially adversely affects, or in the future may, so far as the Sublessee can now foresee, materially adversely affect, the business, operations, affairs, properties, assets or condition, financial or otherwise of the Sublessee.

20. Neither of the Corporate Guarantors is a party to or bound by any contract, agreement or other instrument, or subject to any judgment, order, writ, injunction, decree, rule or regulation which, in the opinion of either Corporate Guarantor, materially adversely affects, or in the future may, so far as either Corporate Guarantor can now foresee, materially adversely affect, the business, operations, affairs, properties, assets or condition, financial or otherwise, of either Corporate Guarantor.

21. The Individual Guarantor is not a party to or bound by any contract, agreement or other instrument, or subject to any judgment, order, writ, injunction, decree, rule or regulation which, in the opinion of the Individual Guarantor, materially adversely affects, or in the future may, so far as the Individual Guarantor can now foresee, materially adversely affect, the business, operations, affairs, properties, assets or condition, financial or otherwise of the Individual Guarantor.

22. Neither this Letter of Representation nor any other document, certificate or statement furnished to you by or on behalf of the Lessee, the Sublessee, the Individual Guarantor or either of the Corporate Guarantors contains any untrue statement of a material fact

or omits to state a material fact necessary in order to make such statements contained herein and therein not misleading. There is no fact known to the Lessee, the Sublessee, the Individual Guarantor or either of the Corporate Guarantors which materially adversely affects or in the future may (so far as the Lessee, the Sublessee, the Individual Guarantor or either of the Corporate Guarantors can now foresee) materially adversely affect the business, operations, affairs, conditions, properties or assets of the Lessee, the Sublessee, the Individual Guarantor or either of the Corporate Guarantors, which has not been set forth in this Letter of Representation or in a document, certificate or statement furnished to you by or on behalf of the Lessee, the Sublessee, the Individual Guarantor or the Corporate Guarantors prior to or on the date hereof as provided therein.

23. The Lessee and the Sublessee have been induced to proceed with the Project by, among other things, the ability of the Agency to provide financial assistance for the Project.

24. The operation of the Facility in the manner presently contemplated and as described in the Lease Agreement will not conflict with any zoning, environmental, water or air pollution law, ordinance or regulation or any similar law, ordinance or regulation applicable thereto as they exist as of the date hereof.

25. The Project is not within the type of actions or classes of actions identified by the New York State Department of Environmental Conservation under the State Environmental Quality Review Act, being Article 8 of the New York State Environmental Conservation Law, which will in almost every instance have a significant effect on the environment and are therefore likely to require the preparation of environmental impact statements.

26. All provisions contained herein shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Agency, and shall survive the delivery of the Transaction Documents.

27. The validity, interpretation and performance of this Letter of Representation shall be governed by the laws of the State of New York.

28. This letter may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**CERTIFICATE OF THE LESSEE AS TO COMPLIANCE
WITH SECTIONS 4.5 AND 6.2 OF THE LEASE AGREEMENT**

The undersigned HEREBY CERTIFIES that he is an Authorized Representative (as defined in the Lease Agreement referred to below) of MGC Realty, Inc., a corporation organized and existing under and by virtue of the laws of the State of New York (the "Lessee"), and HEREBY FURTHER CERTIFIES on behalf of the Lessee that the Lessee is in full compliance as of the date hereof with those requirements imposed on the Lessee under Sections 4.5 and 6.2 of the Lease Agreement, dated as of September 1, 2006 (the "Lease Agreement"), between the New York City Industrial Development Agency and the Lessee, and that attached hereto is a true and correct copy of that certificate of insurance evidencing the compliance by the Lessee with the insurance requirements set forth in Sections 4.5 and 6.2 of the Lease Agreement.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this September 6, 2006.

MGC REALTY, INC.

By: MS 9/6/06
Name: Wayne Edelman
Title: President

ACORD CERTIFICATE OF LIABILITY INSURANCE		OP ID FS MGCRE-1	DATE (MM/DD/YYYY) 09/06/06
PRODUCER CLG Financial 172 Main Street Nanuet NY 10954 Phone: 845-623-3434 Fax: 845-623-4332		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED MGC Realty Inc. Maurice Garment Care of Manhasset Inc (Sublessee) Wayne Edelman 535 Manida Street Bronx NY 10474		INSURERS AFFORDING COVERAGE	NAIC #
		INSURER A: Harleysville Group	
		INSURER B:	
		INSURER C:	
		INSURER D:	
		INSURER E:	


COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	RDDL INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	HAR12345	08/17/06	08/17/07	EACH OCCURRENCE \$ 1000000
		DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100000 MED EXP (Any one person) \$ 5000 PERSONAL & ADV INJURY \$ 1000000 GENERAL AGGREGATE \$ 2000000 PRODUCTS - COMP/OP AGG \$ 2000000				
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
A		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE RETENTION \$	BE6J9955	04/01/06	04/01/07	EACH OCCURRENCE \$ 4000000
		AGGREGATE \$ 4000000 \$ \$ \$				
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER				<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A		Builders Risk	HAR081706	08/17/06	08/17/07	Building 150000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder is included as an Additional Insured for project location 535 Manida Street, Bronx NY 10474 with respect to General Liability and Umbrella. Contractual liability insurance is in accordance with sections 4.5 and 6.2 of the lease agreement between New York City Industrial Development Agency and MGC Realty Inc dated as of September 1, 2006.

CERTIFICATE HOLDER	CANCELLATION
0000000 The New York City Industrial Development Authority (IDA) Executive Director 110 William Street New York NY 10038	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>10</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER CLG Financial 172 Main Street Nanuet NY 10954 Frank P. Costa		PHONE/FAX (AG, No, Ext): 845-623-3434 /845-623-4332		COMPANY Harleysville Group 355 Maple Avenue Harleysville PA 19441-0002	
CODE: 81-4402		SUB CODE:			
AGENCY CUSTOMER ID #: MGCRE-1		INSURED MGC Realty Inc. Wayne Edelman 535 Manida Street Bronx NY 10474		LOAN NUMBER	
				POLICY NUMBER HAR081706	
		EFFECTIVE DATE 08/17/06		EXPIRATION DATE 08/17/07	
				<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:					

PROPERTY INFORMATION

LOCATION/DESCRIPTION
001

535 Manida Street
Bronx NY 10474

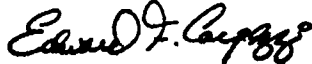
COVERAGE INFORMATION		
COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Builders Risk/RC	1500000	5000

REMARKS (including Special Conditions)

CANCELLATION

THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 10 DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST

NAME AND ADDRESS HSBC Bank, USA, National Assoc 9201 3rd Avenue Brooklyn NY 11201	<input checked="" type="checkbox"/> MORTGAGEE	ADDITIONAL INSURED
	<input checked="" type="checkbox"/> LOSS PAYEE	
LOAN #		
AUTHORIZED REPRESENTATIVE 		

Received By:

CLG Financial
172 Main Street
Nanuet, NY 10954

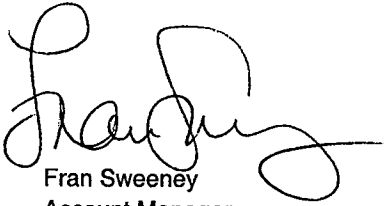
Received From:

MGC Realty Inc.
Wayne Edelman
535 Manida Street
Bronx, NY 10474

RECEIPT FOR PAYMENT

ACCOUNT NO.		DATE
MGCRE-1		09/05/2006
General Liability	HAR12345	08/17/06
Excess Liability	BE6J9955	04/01/06
Builders Risk	HAR081706	08/17/06
Company	Harleysville Ins. Co. of NY	
Amount Received	\$12,589.00	

This will certify that we have received payment in full for the above captioned policies with Harleysville Ins. Co. of NY.



Fran Sweeney
Account Manager

SECRETARY'S CERTIFICATE OF THE LESSEE

The undersigned Secretary of MGC Realty, Inc., a New York corporation (the "Lessee"), HEREBY CERTIFIES THAT:

1. This certificate is furnished in connection with the straight-lease transaction with the New York City Industrial Development Agency (the "Agency"), the Lessee and Meurice Garment Care of Manhasset, Inc. (the "Sublessee") in connection with the acquisition, construction and equipping of a commercial facility (the "Facility"), consisting of the acquisition of an approximately 12,500 square foot parcel of land and an approximately 12,500 square foot building thereon, and the construction and equipping thereof, located at 535 Manida Street, Bronx, New York 10474, all for use as a dry cleaning processing plant (the "Project").

2. Attached hereto as Exhibit A is a true, correct and complete copy of the certificate of incorporation of the Lessee, certified by the Secretary of State of the State of New York as in effect on the date hereof.

3. Attached hereto as Exhibit B is a true, correct and complete copy of the By-laws of the Lessee, together with all amendments thereto as in effect on the date hereof.

4. Attached hereto as Exhibit C is a true, correct and complete copy of the resolutions duly adopted by the Board of Directors of the Lessee, which resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect, and authorize the obligations of the Lessee with respect to the Project, and which further authorize the execution and delivery of all necessary documents by the undersigned.

5. Each document relating to the Project required to be executed by the Lessee has been executed on behalf of the Lessee by the person named below, who is duly authorized and empowered to execute such documents. The below-named person is the duly elected and qualified officer of the Lessee holding the office set forth opposite his name, and the signature below set forth opposite his name is his genuine signature:

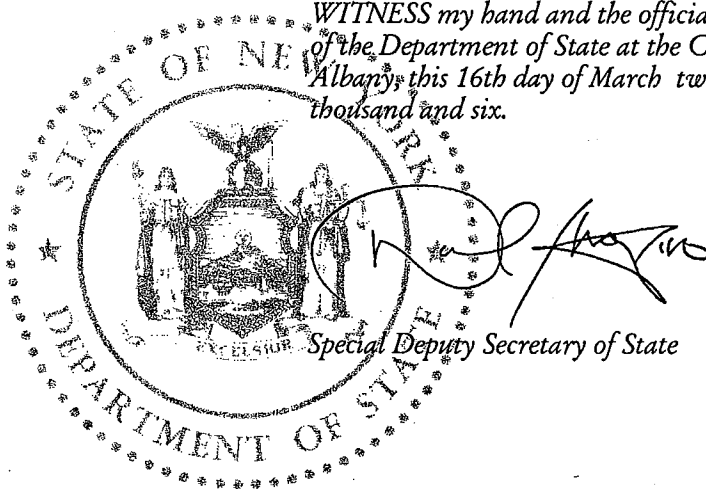
<u>Name</u>	<u>Office</u>	<u>Signature</u>
Wayne Edelman	President	WE 9/6/06

State of New York
Department of State } **ss:**

I hereby certify, that the Certificate of Incorporation of MGC REALTY, INC. was filed on 10/21/2005, with perpetual duration, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.

I further certify, that no other documents have been filed by such Corporation.

*WITNESS my hand and the official seal
of the Department of State at the City of
Albany, this 16th day of March two
thousand and six.*



FILING RECEIPT

=====

ENTITY NAME: MGC REALTY, INC.

DOCUMENT TYPE: INCORPORATION (DOM. BUSINESS)

COUNTY: BRON

SERVICE COMPANY: BLACKSTONE CORPORATE SERVICES

SERVICE CODE: 06 *

=====

FILED:10/21/2005 DURATION:PERPETUAL CASH#:051021000271 FILM #:051021000244

ADDRESS FOR PROCESS

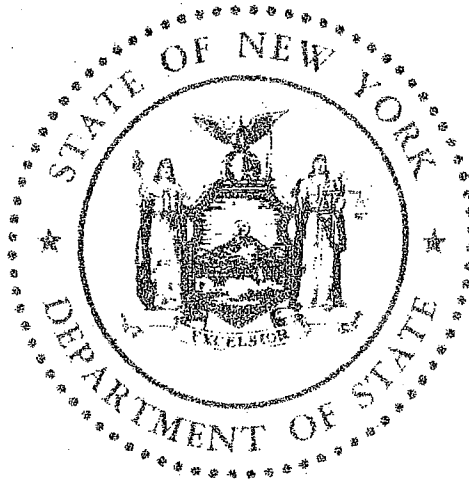
EXIST DATE

BARBARA ALBOM, ESQ.
591 BROADWAY - STE. 3A
NEW YORK, NY 10012

10/21/2005

REGISTERED AGENT

STOCK: 200 NPV



FILER	FEES		PAYMENTS	
-----	-----	160.00	160.00	-----
NICHOLAS J. FERRAR	FILING	125.00	CASH	0.00
1100 FRANKLIN AVENUE, SUITE 202	TAX	10.00	CHECK	0.00
GARDEN CITY, NY 11530	CERT	0.00	CHARGE	0.00
	COPIES	0.00	DRAWDOWN	160.00
	HANDLING	25.00	OPAL	0.00
			REFUND	0.00

CERTIFICATE OF INCORPORATION

OF

MGC REALTY, INC.

Under Section 402 of the Business Corporation Law

The undersigned, a natural person of the age of eighteen years or over, desiring to form a corporation pursuant to the provisions of the Business Corporation Law of the State of New York, hereby certifies as follows:

FIRST: The name of the corporation is:

MGC REALTY, INC.

SECOND: The purpose for which it is formed is as follows:

To engage in any lawful act or activity for which corporations may be formed under the Business Corporation Law provided that the corporation is not formed to engage in any act or activity which requires the consent or approval of any state official, department, board agency or other body, without such approval or consent first being obtained.

For the accomplishment of the aforesaid purposes, and in furtherance thereof, the corporation shall have and may exercise all of the powers conferred by the Business Corporation Law upon corporations formed thereunder, subject to any limitations contained in Article 2 of said law or in accordance with the provisions of any other statute of the State of New York.

THIRD: The office of the corporation in the State of New York is to be located in the County of Bronx.

FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is 200 No Par Value.

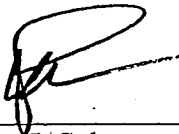
FIFTH: The Secretary of State is designated as agent of the corporation upon whom process against the corporation may be served, and the address to which the Secretary of State shall mail a copy of any process against the corporation served upon him is:

Barbara Albom, Esq.
591 Broadway - Ste. 3A
New York, N.Y. 10012

SIXTH: A director of the corporation shall not be personally liable to the corporation or its shareholders for damages for any breach of duty in such capacity except for liability if a judgment or other final adjudication adverse to a director establishes that his or her acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that the director personally gained in fact a financial profit or other advantage to which he or she was not legally entitled or that the director's acts violated Section 719 of the Business Corporation Law; or liability for any act or omission prior to the adoption of this provision.

IN WITNESS WHEREOF, I hereunto sign my name and affirm that the statements made herein are true under the penalties of perjury.

Dated: October 20, 2005



Scott J. Schuster, Incorporator
283 Washington Avenue
Albany, NY 12206

CERTIFICATE OF INCORPORATION
OF

MGC REALTY, INC.

FILER:

Nicholas J. Ferrar

1100 Franklin Avenue, Suite 202

Garden City, NY 11530

Acct. #

CUSTOMER REFERENCE NUMBER: 7166

MINUTES

and

BY LAWS

of

MGC REALTY, INC.

WAIVER OF NOTICE OF ORGANIZATION MEETING

OF

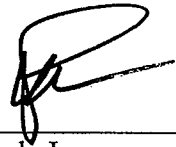
MGC REALTY, INC.

I, The undersigned, being the Sole Incorporator named in the Certificate of Incorporation of the above corporation hereby agree and consent that the organization meeting thereof be held on the date and at the time and place stated below and hereby waive all notice of such meeting and of any adjournment thereof.

Place of Meeting

Date of Meeting

Time of Meeting



Sole Incorporator

MINUTES OF ORGANIZATION MEETING OF
MGC REALTY, INC.

The undersigned, being the sole incorporator of this corporation, held an organization meeting at the date and place set forth below, at which meeting the following action was taken:

It was resolved that a copy of the certificate of incorporation together with the receipt issued by the Department of State showing payment of the statutory organization tax and the date and payment of the fee for filing the original certificate of incorporation be appended to these minutes.

By-laws regulating the conduct of the business and affairs of the corporation, as prepared by **BARBARA ALBOM, ESQ.**,

counsel for the corporation were adopted and ordered appended hereto.

The persons whose name appear below were named as directors.

The board of directors was authorized to issue all of the unsubscribed shares of the corporation at such time and in such amounts as determined by the board and to accept in payment or other property, tangible or intangible, actually received or labor or services actually performed for the corporation or for its benefit or in its formation.

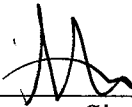
The principal office of the corporation was fixed at
Dated at Albany, NY as of: October 20, 2005



Sole Incorporator

The undersigned accept their nomination as directors.

WAYNE EDELMAN
Type Director's Name



Signature

The following are appended to the minutes of this meeting:
Copy of certificate of incorporation, filed on
Receipt of department of state
By-laws

COPY OF CERTIFICATE OF INCORPORATION

RECEIPT ISSUED BY SECRETARY OF STATE

BY-LAWS

OF

MGC REALTY, INC.

ARTICLE I. SHAREHOLDERS' MEETING

Section 1. Annual Meeting.

The annual meeting of the shareholders shall be held within five months after the close of the fiscal year of the Corporation, for the purpose of electing directors, and transacting such other business as may properly come before the meetings.

Section 2. Agenda at the Shareholders' Annual Meeting.

- (a) Calling the meeting to order;
- (b) Roll call;
- (c) Reading of the minutes of the last meeting;
- (d) Reports of the Officers;
- (e) Reports of the Committees;
- (f) Election of the Directors;
- (g) Adjournment

Section 3. Special Meetings.

Special meetings of the shareholders may be called at any time by the Board of Directors or by the President or the Secretary at the written request of the holders of fifty percent (50%) of the shares then outstanding and entitled to vote thereat, or as otherwise required under the provisions of the Business Corporation Law.

Section 4. Place of Meetings.

All meetings of shareholders shall be held at the principal office of the Corporation, or at such other places within or without the State of New York as shall be designated in the notices or waivers of notices of such meetings.

Section 5. Notice of Meetings.

(a) Written notice of each meeting of shareholders, whether annual or special, stating the time when and place it is to be held, shall be served either personally or by mail, not less than ten or more than fifty days before the meeting, upon each shareholder of record entitled to vote at such meeting, and to any other shareholder to whom the giving of notice may be required by law. Notice of a special meeting shall also state the purpose or purposes for which the meeting is called, and shall indicate that it is being issued by, or at the direction of, the person or persons calling the meeting. If, at any meeting, action is proposed to be taken that would, if taken, entitle shareholders to receive payment for their shares pursuant to the Business Corporation Law, the notice of such meeting shall include a statement of that purpose and to that effect. If mailed, such notice shall be directed to each such shareholder at his address, as it appears on the records of the shareholders of the Corporation, unless he shall have previously filed with the Secretary of the corporation a written request that notices intended for him be mailed to some other address, in which such case, if shall be mailed to the address designated in such request.

(b) Notice of any meeting need not be given to any person who may become a shareholder of record after the mailing of such notice and prior to the meeting, or to any shareholder who attends such meeting, in person or by proxy, or to any shareholder who, in person or by proxy, submits a signed waiver of notice either before or after such meeting. Notice of any adjourned meeting of shareholders need not be given, unless otherwise required by statute.

Section 6. Quorum of Shareholders.

(a) Except as otherwise provided herein, or by statute, or in the Certificate of Incorporation (such Certificate and any amendments thereof being hereinafter collectively referred to as the "Certificate of Incorporation"), at all meetings of shareholders of the Corporation, the presence at the commencement of such meetings in person or by proxy of shareholders holding of record a majority of the total number of shares of the Corporation then issued and outstanding and entitled to vote, shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any shareholder after the commencement of a meeting shall have no effect on the existence of a quorum, after a quorum has been established at such meeting.

(b) Despite the absence of a quorum at any annual or special meeting of shareholders, the shareholders, by a majority of the votes cast by the holders of shares entitled to vote thereon, may adjourn the meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called if a quorum had been present. However, if after the adjournment, the Board of Directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record on the new record date.

Section 7. Voting.

(a) Except as otherwise provided by statute or by the Certificate of Incorporation, any corporate action, other than the election of directors to be taken by vote of the shareholders, shall be authorized by a majority of votes cast at a meeting of the shareholders by the holders of shares entitled to vote thereon. Election of directors shall be accomplished by a candidate receiving a plurality of the votes cast at a shareholder's meeting by the shareholders entitled to vote in the election.

(b) Except as otherwise provided by statute or by the Certificate of Incorporation, at each meeting of shareholders, each holder of record of stock of the Corporation entitled to vote thereat, shall be entitled to one vote for each share of stock registered in his name on the books of the Corporation. Upon demand of the shareholders holding ten percent (10%) in interest of the shares, present in person or by proxy, and entitled to vote, and voting shall be by ballot.

Section 8. Proxies.

Each shareholder entitled to vote or to express consent or dissent without a meeting, may do so by proxy; provided, however, that the instrument authorizing such proxy to act shall have been executed in writing by the shareholder himself, or by his attorney-in-fact thereunto duly authorized in writing. No proxy shall be valid after the expiration of eleven months from the date of its execution, unless the persons executing it shall have specified therein the length of time it is to continue in force. Such instrument shall be exhibited to the Secretary at the meeting and shall be filed with the records of the Corporation.

Section 9. Action Without Meeting.

Any resolution in writing, signed by all of the shareholders entitled to vote thereon, shall constitute action by such shareholders to the effect therein expressed, with the same force and effect as if the same had been duly passed by unanimous vote at a duly called meeting of shareholders, and such resolutions so signed shall be inserted in the minute book of the Corporation under its proper date.

ARTICLE II. DIRECTORS

Section 1. Number.

The affairs and the business of the Corporation, except as otherwise provided in the Certificate of Incorporation, shall be managed by the Board of Directors. The number of the directors of the Corporation shall be ONE (1) unless and until otherwise determined by vote of a majority of the entire Board of Directors. The "entire Board" as used in this Article shall mean the total number of directors which the Corporation would have if there were no vacancies. The number of directors shall not be less than three, unless all of the outstanding shares are owned beneficially and of record by less than three shareholders, in which event the number of directors shall not be less than the number of shareholders.

Section 2. How Elected.

At the annual meeting of shareholders, the persons duly elected by the votes cast at the election held thereat shall become the directors for the ensuing year.

Section 3. Term of Office and Qualifications.

The term of office of each of the directors shall be until the next annual meeting of shareholders and thereafter until a successor has been elected and qualified. Each director shall be at least eighteen years of age.

Section 4. Duties of Directors.

The Board of Directors shall have the control and general management of the affairs and business of the Corporation unless otherwise provided in the certificate of Incorporation. Such directors shall in all cases act as a Board regularly convened by a majority, and they may adopt such rules and regulations for the conduct of their meetings, and the management and business of the Corporation as they may deem proper, not inconsistent with these By-Laws and the Laws of the State of New York.

Section 5. Directors' Meetings.

Regular meetings of the Board of Directors shall be held immediately following the annual meetings of the shareholders, and at such other times as the Board of Directors may determine. Special meetings of the Board of Directors may be called by the President at any time and must be called by the President or the Secretary upon the written request of two directors. All meetings, both regular and special, shall be held at the principal office of the Corporation or at such other location, within or without the State of New York, as the Board of the Directors may from time to time determine.

Section 6. Notice of Meetings.

Notice of the place, day and hour of every regular and special meeting shall be given to each director by delivering the same to him personally or sending the same to him to telegraph or leaving the same at his residence or usual place of business, at least one (1) day before the meeting, or shall be mailed to each director, postage prepaid and addressed to him at the last known Post Office address according to the records of the Corporation, at least three (3) days before the meeting. No notice of any adjourned meeting of the Board of Directors needs to be given other than by announcement at the meeting, subject to the provisions of Section 7 of this Article.

Section 7. Quorum of Directors.

At any meeting of the Board of Directors, except as otherwise provided by the Certificate of Incorporation, or by these By-Laws, a majority of the Board of Directors shall constitute a quorum for the transaction of business. However, a lesser number, when not constituting a quorum, may adjourn the meeting until a quorum shall be present or represented.

Section 8. Director and Committee Action by Conference Telephone.

Any one or more members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or similar equipment which allows all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such a meeting.

Section 9. Voting.

Except as otherwise provided by statute, or by the Certificate of Incorporation, or by these By-Laws, the affirmative vote of a majority of the Directors present at any meeting of the Board of Directors at which a quorum is present shall be necessary for the transaction of any item of business thereat. Any resolution in writing, signed by all of the directors entitled to vote thereon, shall constitute action by such directors to the effect therein expressed, with the same force and effect as if the same had been duly passed by unanimous vote at a duly called meeting of directors and such resolution so signed shall be inserted in the minute book of the Corporation under its proper date.

Section 10. Vacancies.

Unless otherwise provided in the Certificate of Incorporation, vacancies in the Board of Directors occurring between annual meetings of the shareholders, other than vacancies due to the removal of directors without cause, shall be filled for the unexpired portion of the term by a majority vote of the remaining directors, even though less than a quorum exists. Vacancies occurring in the Board by reason of the

removal of directors without cause may be filled only by vote of the shareholders. A director so elected shall hold office for the unexpired term of his predecessor, and until his successor has been elected and qualified.

Section 11. Removal of Directors.

Any or all of the directors may be removed, either with or without cause at any time by a vote of the shareholders at any meeting called for such purpose, and another director, or more than one may be elected by such shareholders in the place of the directors(s) so removed, to serve for the remainder of the term.

Section 12. Resignation.

Any director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Corporation. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the Board of Directors or such officer, and the acceptance of such resignation shall not be necessary to make it effective. However, such resignation will not be effective to discharge any accrued obligations or duties of a director.

Section 13. Salary.

No stated salary shall be paid to directors, as such, for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board, provided, that nothing herein contained shall be construed to prevent any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 14. Contracts.

(a) No contract or other transaction between this Corporation and any other Corporation shall be impaired, affected or invalidated, nor shall any director be liable in any way by reason of the fact that any one or more of the directors of this Corporation is or are interested in, or is a director or officer, or are directors or officers of such other Corporation, provided that such facts are disclosed or made known to the Board of Directors.

(b) Any director, personally and individually, may be interested in any contract or transaction of this Corporation, and no director shall be liable in any way by reason of such interest, provided that the fact of such interest be disclosed or made known to the Board of Directors, and provided that the Board of Directors shall authorize, approve or ratify such contract or transaction by the vote (not counting the vote of any such director) of a majority of a quorum, notwithstanding the presence of any such director at the meeting at which such action is taken. Such director or directors may be counted in determining the presence of a quorum at such meeting. This Section shall not be construed to impair or invalidate or in any way affect any contract or other transaction which would otherwise be valid under the law (common, statutory or otherwise) applicable thereto.

(c) However, if there was no such disclosure or knowledge, or if the vote of such interested director was necessary for the approval of such contract or transaction at a meeting of the Board or committee at which it was approved, the Corporation may avoid the contract or transaction, unless the party or parties thereto shall establish affirmatively that the contract or transaction was fair and reasonable as to the Corporation, at the time it was approved by the Board, a committee or the shareholders.

Section 15. Committees.

The Board of Directors, by resolution adopted by a majority of the entire Board, may designate from among its members an executive committee and such other committees, and alternate members thereof, as they deem desirable, each consisting of three or more members, with such powers and authority (to the extent permitted by law) as may be provided in such resolution. Each such committee shall serve at the pleasure of the Board of Directors.

ARTICLE III. OFFICERS

Section 1. Number of Officers.

The officers of the Corporation shall consist of a President, a Secretary, a Treasurer, and such other officers, including a Chairman of the Board of Directors, and one or more Vice Presidents, as the Board of Directors may from time to time deem advisable. Any officer other than the Chairman of the Board of Directors may be, but is not required to be, Director of the Corporation. Any officer may hold more than one office except the same person may not hold the office of President and Secretary.

Section 2. Election of Officers.

Officers of the Corporation shall be elected at the first meeting of the Board of Directors. Thereafter, and unless otherwise provided in the Certificate of Incorporation, the officers of the Corporation shall be elected annually by the Board of Directors at its meeting held immediately after the annual meeting of shareholders and shall hold office for one year and until their successors have been duly elected and qualified.

Section 3. Removal of Officers.

Any officer elected by the Board of Directors may be removed, with or without cause, and a successor elected, by a vote of the Board of Directors. Any officer elected by the shareholders may be removed, with or without cause, and a successor elected, only by a vote of the shareholders. Additionally, an officer elected by the shareholders may have his authority suspended, for cause, by the Board of Directors.

Section 4. President.

The President shall be the chief executive officer of the Corporation and shall have general charge of business, affairs and property thereof, subject to direction of the Board of Directors, and shall have general supervision over its officers and agents. He shall, if present, preside at all meetings of the Board of Directors in the absence of a Chairman of the Board and at all meetings of shareholders. He may do and perform all acts incident to the office of President.

Section 5. Vice President.

In the absence of or inability of the President to act, the Vice President shall perform the duties and exercise the powers of the President and shall perform such other functions as the Board of Directors may from time to time prescribe.

Section 6. Secretary.

The Secretary shall:

- (a) Keep the minutes of the meetings of the Board of Directors and of the shareholders in appropriate books.
- (b) Give and serve all notice of all meetings of the Corporation.
- (c) Be custodian of the records and of the seal of the Corporation and affix the latter to such instruments or documents as may be authorized by the Board of Directors.
- (d) Keep the shareholder records in such a manner as to show at any time the amount of shares, the manner and the time the same was paid for, the names of the owners thereof alphabetically arranged and their respective places of residence, or their Post Office addresses, the number of shares owned by each of them and the time at which each person became an owner, and keep such shareholder records available daily during the usual business hours at the office of the Corporation subject to the inspection of any person duly authorized, as prescribed by law.
- (e) Do and perform all other duties incident to the office of Secretary.

Section 7. Treasurer.

The Treasurer shall:

- (a) Have the care and custody of and be responsible for all of the funds and securities of the Corporation and deposit such funds in the name and to the credit of the Corporation in such a bank and safe deposit vaults as the directors may designate.
- (b) Exhibit at all reasonable times his books and accounts to any director or shareholder of the Corporation upon application at the office of the Corporation during business hours.
- (c) Render a statement of the condition of the finances of the Corporation at each stated meeting of the Board of Directors if called upon to do so, and a full report at the annual meeting of shareholders. He shall keep at the office of the Corporation correct books of account of all of its business and transactions and such books of account as the Board of Directors may require. He shall do and perform all other duties incident to the office of Treasurer.
- (d) Give the Corporation security for the faithful performance of his duties in such sum and with such surety as the Board of Directors may require.

Section 8. Duties of Officers May be Delegated.

In the case of the absence of any officer of the Corporation, or for any reason the Board may deem sufficient, the Board may, except as otherwise provided in these By-Laws, delegate the powers of such officers to any other officer or any director for the time being, provided a majority of the entire Board concur therein.

Section 9. Vacancies - How Filled.

Should any vacancy in any office occur by death, resignation or otherwise, the Board of Directors may appoint any qualified person to fill such vacancy, without undue delay, at its next regular meeting or at a special meeting called for that purpose, except as otherwise provided in the Certificate of Incorporation.

Section 10. Compensation of Officers.

The officers shall receive such salary or compensation as may be fixed and determined by the Board of Directors, except as otherwise provided in the Certificate of Incorporation. No officer shall be precluded from receiving any compensation by reason of the fact that he is also director of the Corporation.

ARTICLE IV. CERTIFICATES REPRESENTING SHARES

Section 1. Issue of Certificates Representing Shares.

The President shall cause to be issued to each shareholder one or more certificates, under the seal of the Corporation, signed by the President (or Vice-President) and the Treasurer (or Secretary) certifying the number of shares owned by him in the Corporation. Each certificate shall state upon the face thereof: (1) That the Corporation is formed under the laws of this state. (2) The name of the person or persons to whom issued. (3) The number and class of shares, and the designation of the series, if any, which such certificate represents. Any restrictions upon transfers imposed by the Corporation should be conspicuously noted on the certificate.

Section 2. Lost, Destroyed and Stolen Share Certificates.

The holder of any certificate representing shares of the Corporation shall immediately notify the Corporation of any loss, destruction or wrongful taking of the certificate representing the same. The Corporation may issue a new certificate in the place of any certificate thereto issued by it, alleged to have been lost, destroyed or wrongfully taken. On production of such evidence of loss as the board of Directors in its discretion may require, the Board of Directors may require the owner of the missing certificate, or his legal representatives, to give the Corporation a bond in such sum as the Board may direct, and with such surety or sureties as may be satisfactory to the Board, to indemnify the Corporation against any claims, loss, liability or damage it may suffer on account of the issuance of the new certificate. A new certificate may be issued without requiring any such evidence or bond when, in the judgment of the Board of Directors, it is proper to do so.

Section 3. Transfers of Shares.

(a) Transfers of shares of the Corporation shall be made on the shares of the records of the Corporation only by the holder of record thereof, in person or by his duly authorized attorney, upon surrender for cancellation of the certificate or certificates representing such shares, with an assignment or power of transfer endorsed thereon or delivered therewith, duly executed, with such proof of the authenticity of the signature and of authority to transfer and of payment of transfer taxes as the Corporation or its agents may require.

(b) The Corporation shall be entitled to treat the holder of record of any share or shares as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable or other claim to, or interest in, such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, excepts as otherwise expressly provided by law.

ARTICLE V. SEAL

The seal of the Corporation shall be as follows:



ARTICLE VI. INDEMNIFICATION.

The Corporation shall indemnify any person, made a party to an action by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he, his testator or intestate, is or was a director, officer, or employee of the Corporation, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, or in connection with an appeal therein, except in relation to matters as to which such person is adjudged to have breached his duty to the Corporation. The Corporation shall indemnify any person made a party to an action against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action, if such person acted in good faith, for a purpose which he reasonably believed to be in the best interests of the Corporation, and, in criminal actions, had no reasonable cause to believe that his conduct was unlawful. Such rights of indemnification shall not exclude other rights to which such person may be entitled.

ARTICLE VII. DIVIDENDS OR OTHER DISTRIBUTIONS

The Corporation, by vote of the Board of Directors, may declare and pay dividends or make other distributions in cash or its bonds or its property on its outstanding shares to the extent as provided and permitted by law, unless contrary to any restriction contained in the Certificate of Incorporation.

ARTICLE VIII. NEGOTIABLE INSTRUMENTS

All checks, notes or other negotiable instruments shall be signed on behalf of this Corporation by such of the officers, agents and employees as the Board of Directors may from time to time designate, except as otherwise provided in the Certificate of Incorporation.

ARTICLE XI. FISCAL YEAR

The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

ARTICLE X. AMENDMENTS

Section 1. By Shareholders

All by-laws of the Corporation shall be subject to alteration or repeal, and new by-laws may be made, by a majority vote of the shareholders at the time entitled to vote in the election of directors.

Section 2. By Directors.

The Board of Directors shall have power to make, adopt, alter, amend and repeal, from time to time, the by-laws of the Corporation; provided, however, that the shareholders entitled to vote with respect thereto, as in this Article X above -provided, may alter, amend or repeal by-laws made by the Board of Directors; except that the Board of Directors shall have no power to change the quorum for meetings of shareholders or of the Board of Directors, or to change any provisions of the by-laws with respect to the removal of directors or the filling of vacancies in the Board resulting from the removal by the shareholders. If any by-law regulating an impending election of directors is adopted, amended or repealed by the Board of Directors, there shall be set forth in the notice of the next meeting of the shareholders for the election of directors, the by-law so adopted, amended or repealed, together with a concise statement of the changes made therein.

ARTICLE XI. OFFICES

The offices of the Corporation shall be located in the City, County and State designated in the Certificate of Incorporation. The Corporation may also maintain offices at such other places within or without the United States as the Board of Directors may, from time to time, determine.

The undersigned Incorporator certifies that he has adopted the foregoing by-laws as the first by-laws of the Corporation, in accordance with the requirements of the Business Corporation Law.

Dated:

Incorporator

INCORPORATED UNDER THE LAWS OF

THE STATE OF NEW YORK

MCC REALTY, INC.

TOTAL AUTHORIZED ISSUE
200 COMMON SHARES AT NO PAR VALUE

This Certifies That

registered holder of
the shares named Supplemental, fully paid and non-assessable
transferable only on the books of the Corporation by the holder hereof in
pursuance of the authority herein contained of this Certificate properly endorsed

WAYNE EDELMAN

is the
Share

An Officer authorized to sign

for the Corporation has caused this Certificate to be signed
by its duly authorized officers and the Company has caused to be placed
hereon its corporate seal and the date of the signing of this Certificate is

THIS 28th DAY OF

APRIL 1928

at New York City

W. A. ...

President

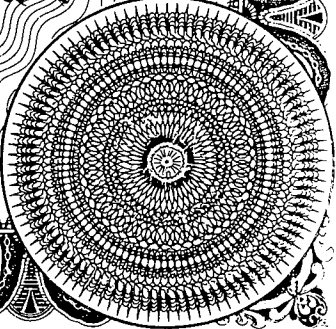


EXHIBIT C

Authorizing Resolutions of Lessee

EXTRACT from the minutes of a meeting of the Board of Directors of MGC Realty, Inc. (this "Company") held on September 6, 2006.

Upon motion duly made and seconded, the following resolutions were unanimously adopted:

"RESOLVED, that this Company authorizes and approves the straight-lease transaction with the New York City Industrial Development Agency (the "Agency") and Meurice Garment Care of Manhasset, Inc. (the "Sublessee") in connection with the acquisition, construction and equipping of a commercial facility (the "Facility"), consisting of the acquisition of an approximately 12,500 square foot parcel of land and an approximately 12,500 square foot building thereon, and the construction and equipping thereof, located at 535 Manida Street, Bronx, New York 10474, all for use as a dry cleaning processing plant (the "Project"); and further

RESOLVED, that each of the following documents, substantially in the form of the drafts on file with the Officers of this Company, is hereby authorized and the President or any officer is directed to execute and deliver each such documents in the name and on behalf of this Company with such additions, deletions or modifications in or affecting each such documents thereof, or the effectiveness thereof, as such executing officer may determine, with advice of counsel, as conclusively evidenced by such officer's execution thereof, to be advisable and in the best interests of this Company:

1. Company Lease Agreement between this Company and the Agency;
2. Lease Agreement between the Agency and this Company;
3. Sublease Agreement between this Company and the Sublessee;
4. Guaranty Agreement from this Company, the Sublessee, Magoo's Crew, Inc. and Natsac, Inc., as corporate guarantors (together, the "Corporate Guarantors") and Wayne Edelman, as individual guarantor (the "Individual Guarantor"), to the Agency;
5. Sales Tax Letter from the Agency to this Company;
6. Letter of Representation from this Company, the Sublessee, the Corporate Guarantors and the Individual Guarantor to the Agency and HSBC Bank USA, National Association (the "First Mortgagee");
7. Security Agreements from this Company to the First Mortgagee and SZCC, respectively;
8. Mortgage Agreements from this Company and the Agency to the First Mortgagee; and further

RESOLVED, that there is hereby approved the execution and delivery of any and all documents, certificates and agreements to effect the Project and all matters related thereto; and further

RESOLVED, that all action taken and all instruments executed by authorized officers of this Company prior to the adoption of this resolution with respect to the Project, and all matters related thereto, are hereby ratified, confirmed and approved; and further

RESOLVED, that in addition to and without limiting the generality of the foregoing resolutions with respect to the Project, any officer or officers of this Company be, and each of them hereby is, authorized and directed to take such further action in connection with the Project and to execute and deliver such instruments and documents as such officers with advice of counsel may deem appropriate to carry out the foregoing resolutions; and the taking of such action or execution of such instruments shall be deemed conclusive evidence of the determination of such executing officer that such action or execution was appropriate and in the best interests of this Company.”

State of New York
Department of State } **ss:**

I hereby certify, that the Certificate of Incorporation of MGC REALTY, INC. was filed on 10/21/2005, with perpetual duration, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.

*WITNESS my hand and the official seal
of the Department of State at the City of
Albany, this 30th day of June two
thousand and six.*



Special Deputy Secretary of State

200607030210 72





New York State Department of Taxation and Finance

Taxpayer Services and Revenue Division
W A Harriman Campus
Albany NY 12227

Monday, August 14, 2006

SN: **120661**

RN:

Corporate Tax Search

NICHOLAS J FERRAR ESQ

**1100 FRANKLIN AVE, STE 202
GARDEN CITY NY 11530
Attention:**

Articles 9, 9-A, 13,
13A, 32, and 33.

Reference ID

Corporation name: **MGC REALTY, INC.**

<u>Incorp Date</u>	<u>Filing period</u>	<u>Termination date</u>	<u>Termination type</u>
10/21/2005	December		

According to our records, tax liens exist for the periods below.

Franchise tax returns are missing for the period(s) ended:

None

Franchise tax payments are past due for period(s) ended:

None

Other fees due

License fee (Article 9, section 181):

Maintenance fee for period (s) ended:

Lien Provision

The tax shall become a lien on the date the return is required to be filed (without regard to any extension of time for filing the return), except that such tax shall become a lien not later than the date the taxpayer ceases to be subject to the tax or to exercise its franchise or to do business in New York State in a corporate or organized capacity. A dissolved corporation that continues to conduct business shall also be subject to the tax imposed by this article.

Need help?

Telephone assistance is available from 8:00 a.m. to 5:00 p.m. (eastern time), Monday through Friday.

Business Tax information: 1 800 972-1233

Forms and Publications: 1 800 462-8100

From outside the U.S. and outside Canada: (518) 485-6800

Fax-on-demand forms: 1 800 748-3676

Hearing and speech impaired (telecommunications device for the deaf (TDD) callers only): 1 800 634-2110 (8:30 a.m. to 4:25 p.m., eastern time)

Internet access: www.nystax.gov

Persons with disabilities: In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call 1 800 225-5829.

If you need to write, address your letter to: NYS Tax Department, Taxpayer Contact Center, W.A. Harriman Campus, Albany, NY 12227

**SECRETARY'S CERTIFICATE OF
MEURICE GARMENT CARE OF MANHASSET, INC.**

The undersigned Secretary of Meurice Garment Care of Manhasset, Inc. ("Company") HEREBY CERTIFIES THAT:

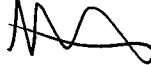
1. This certificate is furnished in connection with the straight-lease transaction with the New York City Industrial Development Agency (the "Agency"), MGC Realty, Inc. (the "Lessee"), and this Company in connection with the acquisition, construction and equipping of a commercial facility (the "Facility"), consisting of the acquisition of an approximately 12,500 square foot parcel of land and an approximately 12,500 square foot building thereon, and the construction and equipping thereof, located at 535 Manida Street, Bronx, New York 10474, all for use as a dry cleaning processing plant (the "Project").

2. Attached hereto as Exhibit A is a true, correct and complete copy of the certificate of incorporation of this Company, certified by the Secretary of State of the State of New York, together with amendments thereto as in effect on the date hereof.

3. Attached hereto as Exhibit B is a true, correct and complete copy of the bylaws of this Company, together with all amendments thereto as in effect on the date hereof.

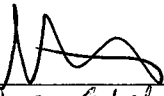
4. Attached hereto as Exhibit C is a true, correct and complete copy of resolutions duly adopted by the Board of Directors of this Company, which resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect, and authorize the obligations of this Company with respect to the Project, and which further authorize the execution and delivery of all necessary documents by the officer of this Company named below.

5. Each document relating to the Project required to be executed by this Company has been executed on behalf of this Company by the person named below, who is duly authorized and empowered to execute such documents. The below-named person is the duly elected and qualified officer of this Company holding the office set forth opposite his name, and the signature below set forth opposite his name is his genuine signature:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
<u>Wayne Edelman</u>	<u>Pres.</u>	

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this September 6, 2006.

MEURICE GARMENT CARE
OF MANHASSET, INC.

By: 
Name: Wayne Edelman
Title: Pres 9/6/06

State of New York
Department of State } ss:

I hereby certify, that the Certificate of Incorporation of MEURICE GARMENT CARE OF MANHASSET INC. was filed on 08/16/1995, with perpetual duration, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation. I further certify the following:

A Biennial Statement was filed 08/07/1997.

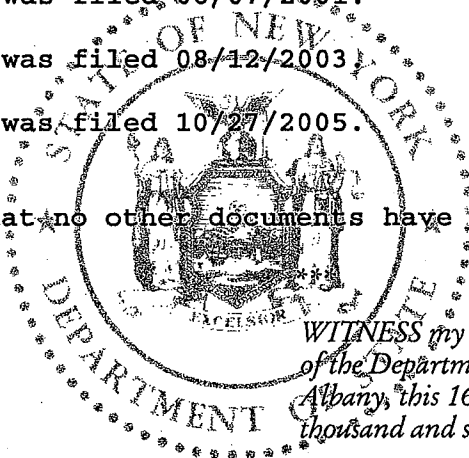
A Biennial Statement was filed 08/24/1999.

A Biennial Statement was filed 08/07/2001.

A Biennial Statement was filed 08/12/2003.

A Biennial Statement was filed 10/27/2005.

I further certify, that no other documents have been filed by such Corporation.



WITNESS my hand and the official seal of the Department of State at the City of Albany, this 16th day of March two thousand and six.

A handwritten signature in black ink, appearing to read "Neil A. ...".

Special Deputy Secretary of State

RECEIPT OF DEPARTMENT OF STATE

N. Y. S. DEPARTMENT OF STATE
DIVISION OF CORPORATIONS AND STATE RECORDS

162 WASHINGTON AVENUE
ALBANY, NY 12231

FILING RECEIPT

ENTITY NAME : NEURICE GARMENT CARE OF MANHASSET INC.

DOCUMENT TYPE : INCORPORATION (DOM. BUSINESS)

COUNTY: NASS

SERVICE COMPANY : XL CORPORATE SERVICES, INC.

SERVICE CODE: 39 *

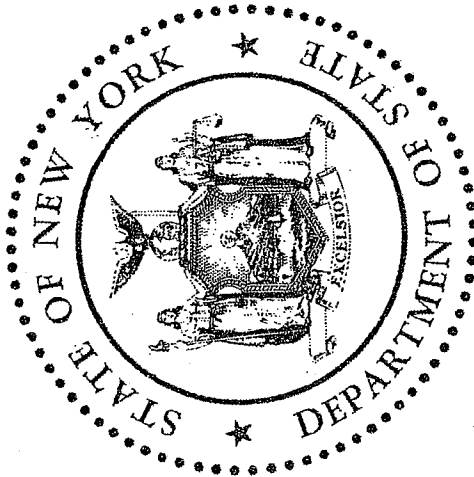
FILED: 08/16/1995 DURATION: PERPETUAL CASH #: 950816000377 FILM #: 950816000357

ADDRESS FOR PROCESS

C/O L. EDELMAN
872 PARK LANE
VALLEY STREAM, NY 11581

REGISTERED AGENT

STOCK: 200 NPV



FILED	160.00	PAYMENTS	160.00
LEONARD GLICKSTEIN		CASH	0.00
# 603		CHECK	0.00
299 BROADWAY		BILLED:	160.00
NEW YORK, NY 10007		COPIES	0.00
		HANDLING:	25.00
		REFUND:	0.00

CERTIFICATE OF INCORPORATION

OF

MEURICE GARMENT CARE OF MANHASSET INC.

Pursuant to Section 402 of the Business Corporation Law

I, the undersigned, a natural person of at least 18 years of age, for the purpose of forming a corporation under Section 402 of the Business Corporation Law of the State of New York hereby certify:

FIRST: The name of the corporation is:

MEURICE GARMENT CARE OF MANHASSET INC.

SECOND: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under Article IV of the Business Corporation Law, except that is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained.

THIRD: The office of the corporation is to be located in the County of **NASSAU** State of New York.

FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is TWO HUNDRED , each of which shall be common stock with no par value.

FIFTH: The Secretary of State is designated as agent of the corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served upon him is:

C/O L. EDELMAN
872 PARK LANE
VALLEY STREAM, NY 11581

SIXTH: No director of the corporation shall have personal liability to the corporation or to its shareholders for damages for any breach of duty in such capacity, provided, however, that the provision shall not eliminate or limit:

(a) the liability of any director of the corporation if a judgment or other final adjudication adverse to him establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or, with respect to any director of the corporation, that his acts violated Section 719 of the Business Corporation Law of the State of New York, or

(b) the liability of a director for any act or omission prior to the final adoption of this article.

IN WITNESS WHEREOF, this certificate of incorporation has been subscribed by the undersigned this 8/16/95 , who affirms the statements made herein are true under the penalties of perjury.

s/ Sherri Cook
Sherri Cook, Incorporator

XL Corporate & Research
Services, Inc.
194 Washington Avenue
Albany, New York 12210

BY-LAWS

of

MEURICE GARMENT CARE OF MANHASSET INC.

ARTICLE I - OFFICES

The principal office of the corporation shall be in the Village of Manhasset County of Nassau State of New York. The corporation may also have offices at such other places within or without the State of New York as the board may from time to time determine or the business of the corporation may require.

ARTICLE II - SHAREHOLDERS

1. PLACE OF MEETINGS.

Meetings of shareholders shall be held at the principal office of the corporation or at such place within or without the State of New York as the board shall authorize.

2. ANNUAL MEETING.

The annual meeting of the shareholders shall be held on the 25th day of August at 10 A.M. in each year if not a legal holiday, and, if a legal holiday, then on the next business day following at the same hour, when the shareholders shall elect a board and transact such other business as may properly come before the meeting.

3. SPECIAL MEETINGS.

Special meetings of the shareholders may be called by the board or by the president and shall be called by the president or the secretary at the request in writing of a majority of the board or at the request in writing by shareholders owning a majority in amount of the shares issued and outstanding. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

4. FIXING RECORD DATE.

For the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or the allotment of any rights, or for the purpose of any other

action, the board shall fix, in advance, a date as the record date for any such determination of shareholders. Such date shall not be more than fifty nor less than ten days before the date of such meeting, nor more than fifty days prior to any other action. If no record date is fixed it shall be determined in accordance with the provisions of law.

5. NOTICE OF MEETINGS OF SHAREHOLDERS.

Written notice of each meeting of shareholders shall state the purpose or purposes for which the meeting is called, the place, date and hour of the meeting and unless it is the annual meeting, shall indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice shall be given either personally or by mail to each shareholder entitled to vote at such meeting, not less than ten nor more than fifty days before the date of the meeting. If action is proposed to be taken that might entitle shareholders to payment for their shares, the notice shall include a statement of that purpose and to that effect. If mailed, the notice is given when deposited in the United States mail, with postage thereon prepaid, directed to the shareholder at his address as it appears on the record of shareholders, or, if he shall have filed with the secretary a written request that notices to him be mailed to some other address, then directed to him at such other address.

6. WAIVERS.

Notice of meeting need not be given to any shareholder who signs a waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him.

7. QUORUM OF SHAREHOLDERS.

Unless the certificate of incorporation provides otherwise, the holders of a majority of the shares entitled to vote thereat shall constitute a quorum at a meeting of shareholders for the transaction of any business, provided that when a specified item of business is required to be voted on by a class or classes, the holders of a majority of the shares of such class or classes shall constitute a quorum for the transaction of such specified item of business.

When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.

The shareholders present may adjourn the meeting despite the absence of a quorum.

8. PROXIES.

Every shareholder entitled to vote at a meeting of shareholders or to express consent or dissent without a meeting may authorize another person or persons to act for him by proxy.

Every proxy must be signed by the shareholder or his attorney-in-fact. No proxy shall be valid after expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided by law.

9. QUALIFICATION OF VOTERS.

Every shareholder of record shall be entitled at every meeting of shareholders to one vote for every share standing in his name on the record of shareholders, unless otherwise provided in the certificate of incorporation.

10. VOTE OF SHAREHOLDERS.

Except as otherwise required by statute or by the certificate of incorporation;

(a) directors shall be elected by a plurality of the votes cast at a meeting of shareholders by the holders of shares entitled to vote in the election;

(b) all other corporate action shall be authorized by a majority of the votes cast.

11. WRITTEN CONSENT OF SHAREHOLDERS.

Any action that may be taken by vote may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of all the outstanding shares entitled to vote thereon or signed by such lesser number of holders as may be provided for in the certificate of incorporation.

ARTICLE III - DIRECTORS

1. BOARD OF DIRECTORS.

Subject to any provision in the certificate of incorporation the business of the corporation shall be managed by its board of directors, each of whom shall be at least 18 years of age and be shareholders.

2. NUMBER OF DIRECTORS.

The number of directors shall be two
When all of the shares are owned by less than three shareholders, the number of directors may be less than three but not less than the number of shareholders.

3. ELECTION AND TERM OF DIRECTORS.

At each annual meeting of shareholders, the shareholders shall elect directors to hold office until the next annual meeting. Each director shall hold office until the expiration of the term for which he is elected and until his successor has been elected and qualified, or until his prior resignation or removal.

4. NEWLY CREATED DIRECTORSHIPS AND VACANCIES.

Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the board for any reason except the removal of directors without cause may be filled by a vote of a majority of the directors then in office, although less than a quorum exists, unless otherwise provided in the certificate of incorporation. Vacancies occurring by reason of the removal of directors without cause shall be filled by vote of the shareholders unless otherwise provided in the certificate of incorporation. A director elected to fill a vacancy caused by resignation, death or removal shall be elected to hold office for the unexpired term of his predecessor.

5. REMOVAL OF DIRECTORS.

Any or all of the directors may be removed for cause by vote of the shareholders or by action of the board. Directors may be removed without cause only by vote of the shareholders.

6. RESIGNATION.

A director may resign at any time by giving written notice to the board, the president or the secretary of the corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the board or such officer, and the acceptance of the resignation shall not be necessary to make it effective.

7. QUORUM OF DIRECTORS.

Unless otherwise provided in the certificate of incorporation, a majority of the entire board shall constitute a quorum for the transaction of business or of any specified item of business.

8. ACTION OF THE BOARD.

Unless otherwise required by law, the vote of a majority of the directors present at the time of the vote, if a quorum is present at such time, shall be the act of the board. Each director present shall have one vote regardless of the number of shares, if any, which he may hold.

9. PLACE AND TIME OF BOARD MEETINGS.

The board may hold its meetings at the office of the corporation or at such other places, either within or without the State of New York, as it may from time to time determine.

10. REGULAR ANNUAL MEETING.

A regular annual meeting of the board shall be held immediately following the annual meeting of shareholders at the place of such annual meeting of shareholders.

11. NOTICE OF MEETINGS OF THE BOARD, ADJOURNMENT.

(a) Regular meetings of the board may be held without notice at such time and place as it shall from time to time determine. Special meetings of the board shall be held upon notice to the directors and may be called by the president upon three days notice to each director either personally or by mail or by wire; special meetings shall be called by the president or by the secretary in a like manner on written request of two directors. Notice of a meeting need not be given to any director who submits a waiver of notice whether before or after the meeting or who attends the meeting without protesting prior thereto or at its commencement, the lack of notice to him.

(b) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the adjournment shall be given all directors who were absent at the time of the adjournment and, unless such time and place are announced at the meeting, to the other directors.

12. CHAIRMAN.

At all meetings of the board the president, or in his absence, a chairman chosen by the board shall preside.

13. EXECUTIVE AND OTHER COMMITTEES.

The board, by resolution adopted by a majority of the entire board, may designate from among its members an executive committee and other committees, each consisting of three or more directors. Each such committee shall serve at the pleasure of the board.

14. COMPENSATION.

No compensation shall be paid to directors, as such, for their services, but by resolution of the board a fixed sum and expenses for actual attendance, at each regular or special meeting of the board may be author-

ized. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

ARTICLE IV - OFFICERS

1. OFFICES, ELECTION, TERM.

(a) Unless otherwise provided for in the certificate of incorporation, the board may elect or appoint a president, one or more vice-presidents, a secretary and a treasurer, and such other officers as it may determine, who shall have such duties, powers and functions as hereinafter provided.

(b) All officers shall be elected or appointed to hold office until the meeting of the board following the annual meeting of shareholders.

(c) Each officer shall hold office for the term for which he is elected or appointed and until his successor has been elected or appointed and qualified.

2. REMOVAL, RESIGNATION, SALARY, ETC.

(a) Any officer elected or appointed by the board may be removed by the board with or without cause.

(b) In the event of the death, resignation or removal of an officer, the board in its discretion may elect or appoint a successor to fill the unexpired term.

(c) Any two or more offices may be held by the same person, except the offices of president and secretary. When all of the issued and outstanding stock of the corporation is owned by one person, such person may hold all or any combination of offices.

(d) The salaries of all officers shall be fixed by the board.

(e) The directors may require any officer to give security for the faithful performance of his duties.

3. PRESIDENT.

The president shall be the chief executive officer of the corporation; he shall preside at all meetings of the shareholders and of the board; he shall have the management of the business of the corporation and shall see that all orders and resolutions of the board are carried into effect.

4. VICE-PRESIDENTS.

During the absence or disability of the president, the vice-president, or if there are more than one, the executive vice-president, shall have all

the powers and functions of the president. Each vice-president shall perform such other duties as the board shall prescribe.

5. SECRETARY.

The secretary shall:

- (a) attend all meetings of the board and of the shareholders;
- (b) record all votes and minutes of all proceedings in a book to be kept for that purpose;
- (c) give or cause to be given notice of all meetings of shareholders and of special meetings of the board;
- (d) keep in safe custody the seal of the corporation and affix it to any instrument when authorized by the board;
- (e) when required, prepare or cause to be prepared and available at each meeting of shareholders a certified list in alphabetical order of the names of shareholders entitled to vote thereat, indicating the number of shares of each respective class held by each;
- (f) keep all the documents and records of the corporation as required by law or otherwise in a proper and safe manner.
- (g) perform such other duties as may be prescribed by the board.

6. ASSISTANT-SECRETARIES.

During the absence or disability of the secretary, the assistant-secretary, or if there are more than one, the one so designated by the secretary or by the board, shall have all the powers and functions of the secretary.

7. TREASURER.

The treasurer shall:

- (a) have the custody of the corporate funds and securities;
- (b) keep full and accurate accounts of receipts and disbursements in the corporate books;
- (c) deposit all money and other valuables in the name and to the credit of the corporation in such depositories as may be designated by the board;
- (d) disburse the funds of the corporation as may be ordered or authorized by the board and preserve proper vouchers for such disbursements;
- (e) render to the president and board at the regular meetings of the board, or whenever they require it, an account of all his transactions as

treasurer and of the financial condition of the corporation;

(f) render a full financial report at the annual meeting of the shareholders if so requested;

(g) be furnished by all corporate officers and agents at his request, with such reports and statements as he may require as to all financial transactions of the corporation;

(h) perform such other duties as are given to him by these by-laws or as from time to time are assigned to him by the board or the president.

8. ASSISTANT-TREASURER.

During the absence or disability of the treasurer, the assistant-treasurer, or if there are more than one, the one so designated by the secretary or by the board, shall have all the powers and functions of the treasurer.

9. SURETIES AND BONDS.

In case the board shall so require, any officer or agent of the corporation shall execute to the corporation a bond in such sum and with such surety or sureties as the board may direct, conditioned upon the faithful performance of his duties to the corporation and including responsibility for negligence and for the accounting for all property, funds or securities of the corporation which may come into his hands.

ARTICLE V - CERTIFICATES FOR SHARES

1. CERTIFICATES.

The shares of the corporation shall be represented by certificates. They shall be numbered and entered in the books of the corporation as they are issued. They shall exhibit the holder's name and the number of shares and shall be signed by the president or a vice-president and the treasurer or the secretary and shall bear the corporate seal.

2. LOST OR DESTROYED CERTIFICATES.

The board may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation, alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the board may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall

require and/or give the corporation a bond in such sum and with such surety or sureties as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

3. TRANSFERS OF SHARES.

(a) Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, and cancel the old certificate; every such transfer shall be entered on the transfer book of the corporation which shall be kept at its principal office. No transfer shall be made within ten days next preceding the annual meeting of shareholders.

(b) The corporation shall be entitled to treat the holder of record of any share as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, except as expressly provided by the laws of New York.

4. CLOSING TRANSFER BOOKS.

The board shall have the power to close the share transfer books of the corporation for a period of not more than ten days during the thirty day period immediately preceding (1) any shareholders' meeting, or (2) any date upon which shareholders shall be called upon to or have a right to take action without a meeting, or (3) any date fixed for the payment of a dividend or any other form of distribution, and only those shareholders of record at the time the transfer books are closed, shall be recognized as such for the purpose of (1) receiving notice of or voting at such meeting, or (2) allowing them to take appropriate action, or (3) entitling them to receive any dividend or other form of distribution.

ARTICLE VI - DIVIDENDS

Subject to the provisions of the certificate of incorporation and to applicable law, dividends on the outstanding shares of the corporation may be declared in such amounts and at such time or times as the board may determine. Before payment of any dividend, there may be set aside out of the net profits of the corporation available for dividends such sum or sums as the board from time to time in its absolute discretion deems proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other

purpose as the board shall think conducive to the interests of the corporation, and the board may modify or abolish any such reserve.

ARTICLE VII - CORPORATE SEAL

The seal of the corporation shall be circular in form and bear the name of the corporation, the year of its organization and the words "Corporate Seal, New York." The seal may be used by causing it to be impressed directly on the instrument or writing to be sealed, or upon adhesive substance affixed thereto. The seal on the certificates for shares or on any corporate obligation for the payment of money may be a facsimile, engraved or printed.

ARTICLE VIII - EXECUTION OF INSTRUMENTS

All corporate instruments and documents shall be signed or countersigned, executed, verified or acknowledged by such officer or officers or other person or persons as the board may from time to time designate.

ARTICLE IX - FISCAL YEAR

The fiscal year shall begin the first day of _____ in each year.

ARTICLE X - REFERENCES TO CERTIFICATE OF INCORPORATION

Reference to the certificate of incorporation in these by-laws shall include all amendments thereto or changes thereof unless specifically excepted.

ARTICLE XI - BY-LAW CHANGES

AMENDMENT, REPEAL, ADOPTION, ELECTION OF DIRECTORS.

(a) Except as otherwise provided in the certificate of incorporation the by-laws may be amended, repealed or adopted by vote of the holders of the shares at the time entitled to vote in the election of any directors. By-laws may also be amended, repealed or adopted by the board but any by-law adopted by the board may be amended by the shareholders entitled to vote thereon as hereinabove provided.

(b) If any by-law regulating an impending election of directors is adopted, amended or repealed by the board, there shall be set forth in the notice of the next meeting of shareholders for the election of directors the by-law so adopted, amended or repealed, together with a concise statement of the changes made.

NUMBER
3

SHARES
20



INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

**MERRICK GARMENT
CARE OF MANHASSET INC.**

The Corporation is authorized to issue 2000 Common Shares—No Par Value

The Undersigned

WAYNE EDELMAN

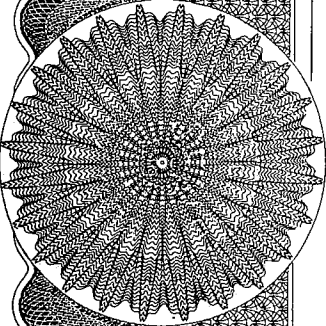
* * * * * T W E N T Y * * *

is the owner of

fully paid and non-assessable Shares of the above Corporation transferred to me by the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation.

Dated August 10, 2004



The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations. Additional abbreviations may also be used though not in the list.

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT —Custodian..... (Minor)
under Uniform Gifts to Minors Act..... (State)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[Empty box for Social Security or other identifying number of assignee]

For value received, the undersigned hereby sells, assigns and transfers unto

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE

----- Shares
represented by the within Certificate, and hereby irrevocably constitutes and appoints

----- Attorney to transfer the said
shares on the books of the within-named Corporation with full power of substitution in the premises.

Dated,-----

In presence of

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular without alteration or enlargement, or any change whatever.

EXHIBIT C

Authorizing Resolutions of Meurice Garment Care of Manhasset, Inc.

EXTRACT from the minutes of a meeting of the Board of Directors of Meurice Garment Care of Manhasset, Inc. (this "Company") held on September 6, 2006.

Upon motion duly made and seconded, the following resolutions were unanimously adopted:

"RESOLVED, that this Company authorizes and approves the straight-lease transaction with the New York City Industrial Development Agency (the "Agency") and MGC Realty, Inc. (the "Lessee") in connection with the acquisition, construction and equipping of a commercial facility (the "Facility"), consisting of the acquisition of an approximately 12,500 square foot parcel of land and an approximately 12,500 square foot building thereon, and the construction and equipping thereof, located at 535 Manida Street, Bronx, New York 10474, all for use as a dry cleaning processing plant (the "Project").

RESOLVED, that each of the following documents, substantially in the form of the drafts on file with the Board of Directors of this Company, is hereby authorized and the President or any officer is directed to execute and deliver each such documents in the name and on behalf of this Company with such additions, deletions or modifications in or affecting each such documents thereof, or the effectiveness thereof, as such executing officer may determine, with advice of counsel, as conclusively evidenced by such officer's execution thereof, to be advisable and in the best interests of this Company:

1. Sublease Agreement among this Company and the Lessee;
2. Guaranty Agreement from this Company, the Lessee, Magoo's Crew, Inc. and Natsac, Inc., as corporate guarantors (together, the "Corporate Guarantors") and Wayne Edelman, as individual guarantor (the "Individual Guarantor"), to the Agency; and
3. Letter of Representation from this Company, the Lessee, the Corporate Guarantors and the Individual Guarantor to the Agency and HSBC Bank, National Association; and further

RESOLVED, that there is hereby approved the Lease Agreement between the Agency and the Lessee and there is hereby approved the execution and delivery of any and all documents, certificates and agreements to effect the Project and all matters related thereto; and further

RESOLVED, that all action taken and all instruments executed by authorized officers of this Company prior to the adoption of this resolution with respect to the Project, and all matters related thereto, are hereby ratified, confirmed and approved; and further

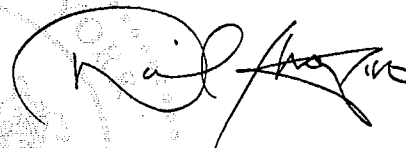
RESOLVED, that in addition to and without limiting the generality of the foregoing resolutions with respect to the Project, any officer or officers of this Company be, and

each of them hereby is, authorized and directed to take such further action in connection with the Project and to execute and deliver such instruments and documents as such officers with advice of counsel may deem appropriate to carry out the foregoing resolutions; and the taking of such action or execution of such instruments shall be deemed conclusive evidence of the determination of such executing officer that such action or execution was appropriate and in the best interests of this Company.”

State of New York
Department of State } **ss:**

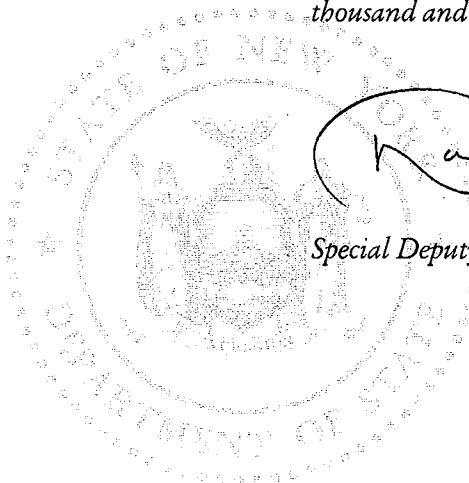
I hereby certify, that the Certificate of Incorporation of MEURICE GARMENT CARE OF MANHASSET INC. was filed on 08/16/1995, with perpetual duration, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.

*WITNESS my hand and the official seal
of the Department of State at the City of
Albany, this 30th day of June two
thousand and six.*



Special Deputy Secretary of State

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New York State Department of Taxation and Finance

Taxpayer Services and Revenue Division
W A Harriman Campus
Albany NY 12227

Monday, August 07, 2006

SN: **119815**

RN:

Corporate Tax Search

NICHOLAS J FERRAR ESQ

**1100 FRANKLIN AVE, STE 202
GARDEN CITY NY 11530
Attention:**

Articles 9, 9-A, 13,
13A, 32, and 33.

Reference ID

Corporation name: **MEURICE GARMENT CARE OF MANHAS
SET INC.**

<u>Incorp Date</u>	<u>Filing period</u>	<u>Termination date</u>	<u>Termination type</u>
08/16/1995	December		

According to our records, tax liens exist for the periods below.

Franchise tax returns are missing for the period(s) ended:

None

Franchise tax payments are past due for period(s) ended:

None

License fee (Article 9, section 181): _____ Other fees due _____
Maintenance fee for period (s) ended: _____

Lien Provision

The tax shall become a lien on the date the return is required to be filed (without regard to any extension of time for filing the return), except that such tax shall become a lien not later than the date the taxpayer ceases to be subject to the tax or to exercise its franchise or to do business in New York State in a corporate or organized capacity. A dissolved corporation that continues to conduct business shall also be subject to the tax imposed by this article.

Need help?

Telephone assistance is available from 8:00 a.m. to 5:00 p.m. (eastern time), Monday through Friday.

Business Tax information: 1 800 972-1233

Forms and Publications: 1 800 462-8100

From outside the U.S. and outside Canada: (518) 485-6800

Fax-on-demand forms: 1 800 748-3676

Hearing and speech impaired (telecommunications device for the deaf (TDD) callers only): 1 800 634-2110 (8:30 a.m. to 4:25 p.m., eastern time)

Internet access: www.nystax.gov

Persons with disabilities: In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call 1 800 225-5829.

If you need to write, address your letter to: NYS Tax Department, Taxpayer Contact Center, W.A. Harriman Campus, Albany, NY 12227

SECRETARY'S CERTIFICATE OF MAGOO'S CREW, INC.

The undersigned Secretary of Magoo's Crew, Inc., a New York corporation ("Magoo"), HEREBY CERTIFIES THAT:

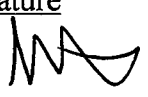
1. This certificate is furnished in connection with the straight-lease transaction with the New York City Industrial Development Agency (the "Agency"), MGC Realty, Inc. (the "Lessee") and Meurice Garment Care of Manhasset, Inc. (the "Sublessee") in connection with the acquisition, construction and equipping of a commercial facility (the "Facility"), consisting of the acquisition of an approximately 12,500 square foot parcel of land and an approximately 12,500 square foot building thereon, and the construction and equipping thereof, located at 535 Manida Street, Bronx, New York 10474, all for use as a dry cleaning processing plant (the "Project").

2. Attached hereto as Exhibit A is a true, correct and complete copy of the certificate of incorporation of Magoo, certified by the Secretary of State of the State of New York as in effect on the date hereof.

3. Attached hereto as Exhibit B is a true, correct and complete copy of the By-laws of Magoo, together with all amendments thereto as in effect on the date hereof.

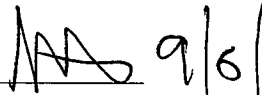
4. Attached hereto as Exhibit C is a true, correct and complete copy of the resolutions duly adopted by the Board of Directors of Magoo, which resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect, and authorize the obligations of Magoo with respect to the Project, and which further authorize the execution and delivery of all necessary documents by the undersigned.

5. Each document relating to the Project required to be executed by Magoo has been executed on behalf of Magoo by the person named below, who is duly authorized and empowered to execute such documents. The below-named person is the duly elected and qualified officer of Magoo holding the office set forth opposite his name, and the signature below set forth opposite his name is his genuine signature:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Wayne Edelman	President	 9/6/06

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this
September 6, 2006.

MAGOO'S CREW, INC.

By: _____  9/6/06
Name: Wayne Edelman
Title:

State of New York
Department of State } ss:

I hereby certify, that the Certificate of Incorporation of MAGOO'S CREW INC. was filed on 11/20/1992, with perpetual duration, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation. I further certify the following:

A Biennial Statement was filed 11/29/1993.

A Biennial Statement was filed 11/19/1996.

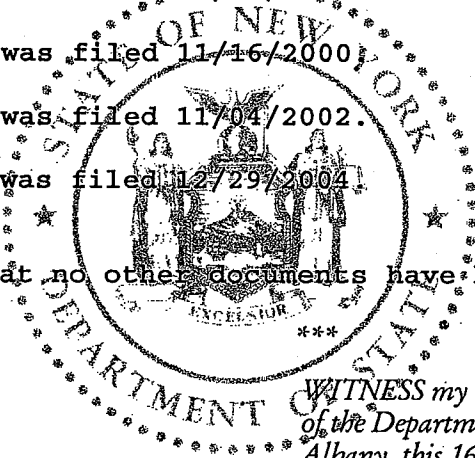
A Biennial Statement was filed 11/03/1998.

A Biennial Statement was filed 11/16/2000.

A Biennial Statement was filed 11/04/2002.

A Biennial Statement was filed 11/29/2004.

I further certify, that no other documents have been filed by such Corporation.



WITNESS my hand and the official seal of the Department of State at the City of Albany, this 16th day of March two thousand and six.

A handwritten signature in black ink, appearing to read "Neil F. ...".

Special Deputy Secretary of State

SECRETARY OF STATE RECEIPTS

N. Y. S. DEPARTMENT OF STATE
DIVISION OF CORPORATIONS AND STATE RECORDS

162 WASHINGTON AVENUE
ALBANY, NY 12231

FILING RECEIPT

CORPORATION NAME: MAGDOO'S CREW INC.

DOCUMENT TYPE : INCORPORATION (DOM. BUSINESS)

SERVICE COMPANY : GERALD WEINBERG

COUNTY: NEWY

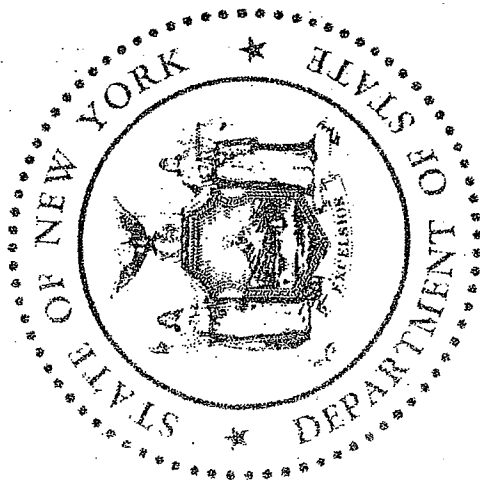
FILED: 11/20/1992 DURATION: PERPETUAL CASH #: 921120000151 FILM #: 9211200000138

ADDRESS FOR PROCESS

THE CORPORATION
258 THIRD AVENUE
NEW YORK, NY 10010

REGISTERED AGENT

STOCK: 200 NPV



FILER	ROSS SUCHOFF TAROFF EGERT & HANKIN, F.C.	160.00	PAYMENTS	160.00
	225 BROADWAY, SUITE 1100		CASH :	0.00
	NEW YORK, NY 10007		CHECK :	0.00
			BILLED:	160.00
			COPIES	
			HANDLING:	25.00
			REFUND:	0.00

**CERTIFICATE OF INCORPORATION
OF
MAGOO'S CREW INC.**

Filed by:

**Ross, Suchoff, Taroff,
Egert & Hankin, P.C.
225 Broadway Suite 1100
New York, New York 10007**

CERTIFICATE OF INCORPORATION

MAGOO'S CREW INC.

Under Section 402 of the Business Corporation Law.

The undersigned, for the purpose of forming a corporation pursuant to Section 402 of the Business Corporation Law of the State of New York, does hereby certify and set forth:

FIRST: The name of the corporation is MAGOO'S CREW INC.

SECOND: The purposes for which the corporation is formed are:

To engage in any lawful act or activity for which corporations may be organized under the business corporation law, provided that the corporation is not formed to engage in any act or activity which requires the act or approval of any state official, department, board, agency or other body without such approval or consent first being obtained.

To erect, construct, establish, purchase, lease, and otherwise acquire, and to hold, use, equip, outfit, supply, service, maintain, operate, sell and otherwise dispose of laundries, dry cleaning establishments, coin operated laundromats, tailor shops, drive-in laundries and dry cleaning establishments, cleaning concessions, linen supply and cleaning, renovating, repairing, dyeing and disinfecting of clothing, carpeting, furniture, cloths and fabrics of all kinds by washing, steaming, bleaching, starching, ironing, retail and wholesale dry cleaning or otherwise; and to engage in all activities, render all services and to buy, sell, use, handle and deal in all plants, fixtures, machinery, apparatus, equipment, delivery trucks, materials, and supplies of all kinds incidental or related thereto or of use therein.

To manufacture, buy and sell, import and export, and generally deal in machinery, equipment and supplies for tailors, laundries, dry cleaning establishments, including sewing machines, pressing machines, irons, pressing boards, trimmings, buttons, buckles, linings, shears, coat fronts and all other things used or usable by tailors, laundry and dry cleaning establishment operators. To conduct, operate and maintain refrigerated storage for furs and other garments.

Directly, or through ownership of stock in any corporation, to purchase, lease, rent, exchange, or otherwise acquire real estate and

property, either improved or unimproved, and any interest therein; to own, hold, control, maintain, manage and develop the same; to erect, construct, maintain, improve, rebuild, enlarge, alter, manage, operate and control all kinds of buildings, houses, hotels, apartments, motels, stores, offices, warehouses, mills, shops, factories and plants and all structures and erections of any description on any lands owned, held, rented, or leased by the corporation, or upon any other lands; to lease or sublet offices, stores, apartments and other space in such building or buildings, and to sell, rent, lease, sublet, mortgage, exchange, assign, transfer, convey, pledge, alienate or otherwise dispose of any such real estate and property, and all interest therein.

To acquire by purchase, lease or manufacture, or otherwise, any personal property deemed necessary or proper or useful in the equipment, furnishing, improvement, development or management of any property, real or personal, at any time owned, held or occupied by the corporation and to invest, trade and deal in any personal property deemed beneficial to the corporation, and to mortgage, pledge, sell, let or otherwise dispose of any personal property at any time owned or held by the corporation.

To purchase or otherwise acquire, hold, exchange, pledge, hypothecate, sell, deal in and dispose of mortgages covering any kind of real and personal property, tax liens and transfers of tax liens on real estate.

To make, enter into, perform and arrange for carrying out, contracts for constructing, building, altering, improving, repairing, decorating, maintaining, furnishing and fitting up buildings, tenements and structures of every description, and to advance money to and enter into agreements of all kinds with building contractors, property owners and others, for said purpose.

To manufacture, design, style, produce, cut, sew, process, prepare, merchandise, buy, sell, transport, distribute, export and import, at wholesale, retail and as jobber, as principal, contractor, broker, sales representative or agent or commission, and otherwise generally and in all ways handle, trade and deal in and with any and all articles and items of wearing apparel, clothing, garments, and undergarments, including but not limited to, shirts, sportswear, blouses, waists, pajamas, underwear, suits, coats, trousers, slacks, jeans, jackets, sport clothes, dress clothes, play clothes, work clothes, robes, swimwear, beachwear, leisurewear, cruisewear, sweaters, rainwear, neckwear, scarves, nightwear, haberdashery, dresses, skirts, separates, shorts, pedal pushers, belts, furnishings, footwear, hats, caps, hosiery, athletic wear, camp wear, handkerchiefs, mufflers, knitwear and any and all other articles of general wearing apparel, accessories, novelties and specialties, of every kind, nature and description and for whatsoever use and purpose, and of every kind and type of material and composition.

To conduct and carry on the business of custom and ready made tailoring for men, women, and children; to manufacture, buy, sell, import, export and generally deal in wearing apparel for men, women and children and cloths and fabrics from which wearing apparel is made; to design clothing for men, women and children and generally to do all things commonly done by those engaged in the same line of business.

To carry on a general mercantile, industrial, investing and trading business in all its branches; to devise, invent, manufacture, fabricate, assemble, install, service, maintain, alter, buy, sell, import, export, license as licensor or licensee, lease as lessor or lessee, distribute, job, enter into, negotiate, execute, acquire, and assign contracts in respect of, acquire, receive, grant, and assign licensing arrangements, options, franchises, and other rights in respect of, and generally deal in and with, at wholesale and retail, as principal, and as sales, business, special, or general agent, representative, broker, factor, merchant, distributor, jobber, advisor, or in any other lawful capacity, goods, wares, merchandise, commodities, and unimproved, improved, finished, processed and other real, personal and mixed property of any and all kinds, together with the components, resultants, and by-products thereof.

To acquire by purchase, subscription, underwriting or otherwise, and to own, hold for investment, or otherwise, and to use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every sort and description and wheresoever situated, including shares of stock, bonds, debentures, notes, scrip, securities, evidences of indebtedness, contracts or obligations of any corporation or association, whether domestic or foreign, or of any firm or individual or of the United States or any state, territory or dependency of the United States or any foreign country, or any municipality or local authority within or without the United States, and also to issue in exchange therefor, stocks, bonds or other securities or evidences of indebtedness of this corporation and, while the owner or holder of any such property, to receive, collect and dispose of the interest, dividends and income on or from such property and to possess and exercise in respect thereto all of the rights, powers and privileges of ownership, including all voting powers thereon.

To construct, build, purchase, lease or otherwise acquire, equip, hold, own, improve, develop, manage, maintain, control, operate, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account, any and all plants, machinery, works, implements and things or property, real and personal, of every kind and description, incidental to, connected with, or suitable, necessary or convenient for any of the purposes enumerated herein, including all or any part or parts of the properties, assets, business and goodwill of any persons, firms, associations or corporations.

The powers, rights and privileges provided in this certificate are not to be deemed to be in limitation of similar, other or additional powers, rights and privileges granted or permitted to a corporation by the Business Corporation Law, it being intended that this corporation shall have all rights, powers and privileges granted or permitted to a corporation by such statute.

THIRD: The office of the corporation is to be located in the County of New York, State of New York.

FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is Two Hundred (200), all of which shall be without par value.

FIFTH: The Secretary of State is designated as the agent of the corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served on him is:

258 Third Avenue
New York, New York 10010

SIXTH: The personal liability of directors to the corporation or its shareholders for damages for any breach of duty in such capacity is hereby eliminated except that such personal liability shall not be eliminated if a judgment or other final adjudication adverse to such director establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or that his acts violated Section 719 of the Business Corporation Law.

IN WITNESS WHEREOF, this certificate has been subscribed to this 19th day of November, 1992 by the undersigned who affirms that the statements made herein are true under the penalties of perjury.

A handwritten signature in cursive script, appearing to read "Gerald Weinberg".

GERALD WEINBERG
90 State Street
Albany, New York

BY-LAWS

ARTICLE I

The Corporation

Section 1. Name . The legal name of this corporation (hereinafter called the "Corporation") is MAGOO'S CREW INC.

Section 2. Offices . The Corporation shall have its principal office in the State of New York. The Corporation may also have offices at such other places within and without the United States as the Board of Directors may from time to time appoint or the business of the Corporation may require.

Section 3. Seal . The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, New York". One or more duplicate dies for impressing such seal may be kept and used.

ARTICLE II

Meetings of Shareholders

Section 1. Place of Meetings . All meetings of the shareholders shall be held at the principal office of the Corporation in the State of New York or at such other place, within or without the State of New York, as is fixed in the notice of the meeting.

Section 2. Annual Meeting . An annual meeting of the shareholders of the Corporation for the election of directors and the transaction of such other business as may properly come before the meeting shall be held on the first Monday of

in each year if not a legal holiday, and if a legal holiday, then on the next secular day following, at ten o'clock A.M., Eastern Standard Time, or at such other time as is fixed in the notice of the meeting. If for any reason any annual meeting shall not be held at the time herein specified, the same may be held at any time thereafter

upon notice, as herein provided, or the business thereof may be transacted at any special meeting called for the purpose.

Section 3. Special Meetings. Special meetings of shareholders may be called by the President whenever he deems it necessary or advisable. A special meeting of the shareholders shall be called by the President whenever so directed in writing by a majority of the entire Board of Directors or whenever the holders of one-third (1/3) of the number of shares of the capital stock of the Corporation entitled to vote at such meeting shall, in writing, request the same.

Section 4. Notice of Meetings. Notice of the time and place of the annual and of each special meeting of the shareholders shall be given to each of the shareholders entitled to vote at such meeting by mailing the same in a postage prepaid wrapper addressed to each such shareholder at his address as it appears on the books of the Corporation, or by delivering the same personally to any such shareholder in lieu of such mailing, at least ten (10) and not more than fifty (50) days prior to each meeting. Meetings may be held without notice if all of the shareholders entitled to vote thereat are present in person or by proxy, or if notice thereof is waived by all such shareholders not present in person or by proxy, before or after the meeting. Notice by mail shall be deemed to be given when deposited, with postage thereon prepaid, in the United States mail. If a meeting is adjourned to another time, not more than thirty (30) days hence, or to another place, and if an announcement of the adjourned time or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the Board of Directors, after adjournment fix a new record date for the adjourned meeting. Notice of the annual and each special meeting of the shareholders shall indicate that it is being issued by or at the direction of the person or persons calling the meeting, and shall state the name and capacity of each such person. Notice of each special meeting shall also state the purpose or purposes for which it has been called. Neither the business to be transacted at nor the purpose of the annual or any special meeting of the shareholders need be specified in any written waiver of notice.

Section 5. Record Date for Shareholders. For the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or for the purpose of determining shareholders entitled to receive payment of any

dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than fifty (50) days nor less than ten (10) days before the date of such meeting, nor more than fifty (50) days prior to any other action. If no record date is fixed, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held; the record date for determining shareholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed; and the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Proxy Representation. Every shareholder may authorize another person or persons to act for him by proxy in all matters in which a shareholder is entitled to participate, whether by waiving notice of any meeting, voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the shareholder or by his attorney-in-fact. No proxy shall be voted or acted upon after eleven months from its date unless such proxy provides for a longer period. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided in Section 608 of the New York Business Corporation Law.

Section 7. Voting at Shareholders' Meetings. Each share of stock shall entitle the holder thereof to one vote. In the election of directors, a plurality of the votes cast shall elect. Any other action shall be authorized by a majority of the votes cast except where the New York Business Corporation Law prescribes a different percentage of votes or a different exercise of voting power. In the election of directors, and for any other action, voting need not be by ballot.

Section 8. Quorum and Adjournment. Except for a special election of directors pursuant to Section 603 of the New York Business Corporation Law, the presence, in person or by proxy, of the holders of

a majority of the shares of the stock of the Corporation outstanding and entitled to vote thereat shall be requisite and shall constitute a quorum at any meeting of the shareholders. When a quorum is once present to organize a meeting, it shall not be broken by the subsequent withdrawal of any shareholders. If at any meeting of shareholders there shall be less than a quorum so present, the shareholders present in person or by proxy and entitled to vote thereat, may adjourn the meeting from time to time until a quorum shall be present, but no business shall be transacted at any such adjourned meeting except such as might have been lawfully transacted had the meeting not adjourned.

Section 9. List of Shareholders . The officer who has charge of the stock ledger of the Corporation shall prepare, make and certify, at least ten (10) days before every meeting of shareholders, a complete list of the shareholders, as of the record date fixed for such meeting, arranged in alphabetical order, and showing the address of each shareholder and the number of shares registered in the name of each shareholder. Such list shall be open to the examination of any shareholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting; either at a place within the city or other municipality or community where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any shareholder who is present. If the right to vote at any meeting is challenged, the inspectors of election, if any, or the person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

Section 10. Inspectors of Election . The Board of Directors, in advance of any meeting, may, but need not, appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, and at the request of any shareholder entitled to vote thereat shall, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, if any, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock

represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or any shareholder entitled to vote thereat, the inspector or inspectors, if any, shall make a report in writing of any challenge, question or matter determined by him or them and execute a certificate of any fact found by him or them. Any report or certificate made by the inspector or inspectors shall be prima facie evidence of the facts stated and of the vote as certified by them.

Section 11. Action of the Shareholders Without Meetings. Any action which may be taken at any annual or special meeting of the shareholders may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of all outstanding shares entitled to vote thereon. Written consent thus given by the holders of all outstanding shares entitled to vote shall have the same effect as a unanimous vote of the shareholders.

ARTICLE III

Directors

Section 1. Number of Directors. The number of directors which shall constitute the entire Board of Directors shall be at least three, except that where all outstanding shares of the stock of the Corporation are owned beneficially and of record by less than three shareholders, the number of directors may be less than three but not less than the number of shareholders. Subject to the foregoing limitation, such number may be fixed from time to time by action of a majority of the entire Board of Directors or of the shareholders at an annual or special meeting, or, if the number of directors is not so fixed, the number shall be three or shall be equal to the number of shareholders (determined as aforesaid), whichever is less. Until such time as the corporation shall issue shares of its stock, the Board of Directors shall consist of two persons. No decrease in the number of directors shall shorten the term of any incumbent director.

Section 2. Election and Term. The initial Board of Directors shall be elected by the incorporator and each initial director so elected shall hold office until the first annual meeting of shareholders and until

his successor has been elected and qualified. Thereafter, each director who is elected at an annual meeting of shareholders, and each director who is elected in the interim to fill a vacancy or a newly created directorship, shall hold office until the next annual meeting of shareholders and until his successor has been elected and qualified.

Section 3. Filling Vacancies, Resignation and Removal. Any director may tender his resignation at any time. Any director or the entire Board of Directors may be removed, with or without cause, by vote of the shareholders. In the interim between annual meetings of shareholders or special meetings of shareholders called for the election of directors or for the removal of one or more directors and for the filling of any vacancy in that connection, newly created directorships and any vacancies in the Board of Directors, including unfilled vacancies resulting from the resignation or removal of directors for cause or without cause, may be filled by the vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director.

Section 4. Qualifications and Powers. Each director shall be at least eighteen years of age. A director need not be a shareholder, a citizen of the United States or a resident of the State of New York. The business of the Corporation shall be managed by the Board of Directors, subject to the provisions of the Certificate of Incorporation. In addition to the powers and authorities by these By-Laws expressly conferred upon it, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done exclusively by the shareholders.

Section 5. Regular and Special Meetings of the Board. The Board of Directors may hold its meetings, whether regular or special, either within or without the State of New York. The newly elected Board may meet at such place and time as shall be fixed by the vote of the shareholders at the annual meeting, for the purpose of organization or otherwise, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a majority of the entire Board shall be present; or they may meet at such place and time as shall be fixed by the consent in writing of all directors. Regular meetings of the Board may be held with or without notice at such time and place as shall from time to time be determined by resolution of the Board. Whenever the time or place of regular meetings of the Board shall have been determined by resolution of the Board, no regular meetings shall be held pursuant to any resolution of the Board

altering or modifying its previous resolution relating to the time or place of the holding of regular meetings, without first giving at least three days written notice to each director, either personally or by telegram, or at least five days written notice to each director by mail, of the substance and effect of such new resolution relating to the time and place at which regular meetings of the Board may thereafter be held without notice. Special meetings of the Board shall be held whenever called by the President, Vice-President, the Secretary or any director in writing. Notice of each special meeting of the Board shall be delivered personally to each director or sent by telegraph to his residence or usual place of business at least three days before the meeting, or mailed to him to his residence or usual place of business at least five days before the meeting. Meetings of the Board, whether regular or special, may be held at any time and place, and for any purpose, without notice, when all the directors are present or when all directors not present shall, in writing, waive notice of and consent to the holding of such meeting, which waiver and consent may be given after the holding of such meeting. All or any of the directors may waive notice of any meeting and the presence of a director at any meeting of the Board shall be deemed a waiver of notice thereof by him. A notice, or waiver of notice, need not specify the purpose or purposes of any regular or special meeting of the Board.

Section 6. Quorum and Action. A majority of the entire Board of Directors shall constitute a quorum except that when the entire Board consists of one director, then one director shall constitute a quorum, and except that when a vacancy or vacancies prevents such majority, a majority of the directors in office shall constitute a quorum, provided that such majority shall constitute at least one-third of the entire Board. A majority of the directors present, whether or not they constitute a quorum, may adjourn a meeting to another time and place. Except as herein otherwise provided, and except as otherwise provided by the New York Business Corporation Law, the vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 7. Telephonic Meetings. Any member or members of the Board of Directors, or of any committee designated by the Board, may participate in a meeting of the Board, or any such committee, as the case may be, by means of conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time, and participation in a meeting by such means shall constitute presence in person at such meeting.

Section 8. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 9. Compensation of Directors. By resolution of the Board of Directors, the directors may be paid their expenses, if any, for attendance at each regular or special meeting of the Board or of any committee designated by the Board and may be paid a fixed sum for attendance at such meeting, or a stated salary as director, or both. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor; provided however that directors who are also salaried officers shall not receive fees or salaries as directors.

ARTICLE IV

Committees

Section 1. In General. The Board of Directors may, by resolution or resolutions passed by the affirmative vote therefore of a majority of the entire Board, designate an Executive Committee and such other committees as the Board may from time to time determine, each to consist of three or more directors, and each of which, to the extent provided in the resolution or in the certificate of incorporation or in the By-Laws, shall have all the powers of the Board, except that no such Committee shall have power to fill vacancies in the Board, or to change the membership of or to fill vacancies in any Committee, or to make, amend, repeal or adopt By-Laws of the Corporation, or to submit to the shareholders any action that needs shareholder approval under these By-Laws or the New York Business Corporation Law, or to fix the compensation of the directors for serving on the Board or any committee thereof, or to amend or repeal any resolution of the Board which by its terms shall not be so amendable or repealable. Each committee shall serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Section 2. Executive Committee. Except as otherwise limited by the Board of Directors or by these By-Laws, the Executive Committee, if so designated by the Board of Directors, shall have and may exercise, when the Board is not in session, all the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it. The Board shall have the power at any time to change the membership of the Executive Committee, to fill vacancies in it, or to dissolve it. The Executive Committee may make rules for the conduct of its business and may appoint such assistance as it shall from time to time deem necessary. A majority of the members of the Executive Committee, if more than a single member, shall constitute a quorum.

ARTICLE V

Officers

Section 1. Designation, Term and Vacancies. The officers of the Corporation shall be a President, one or more Vice-Presidents, a Secretary, a Treasurer, and such other officers as the Board of Directors may from time to time deem necessary. Such officers may have and perform the powers and duties usually pertaining to their respective offices, the powers and duties respectively prescribed by law and by these By-Laws, and such additional powers and duties as may from time to time be prescribed by the Board. The same person may hold any two or more offices, except that the offices of President and Secretary may not be held by the same person unless all the issued and outstanding stock of the Corporation is owned by one person, in which instance such person may hold all or any combination of offices.

The initial officers of the Corporation shall be appointed by the initial Board of Directors, each to hold office until the meeting of the Board of Directors following the first annual meeting of shareholders and until his successor has been appointed and qualified. Thereafter, the officers of the Corporation shall be appointed by the Board as soon as practicable after the election of the Board at the annual meeting of shareholders, and each officer so appointed shall hold office until the first meeting of the Board of Directors following the next annual meeting of shareholders and until his successor has been appointed and qualified. Any officer may be removed at any time, with or without cause, by the affirmative vote therefor of a majority of the entire Board of Directors. All other agents and employees of the Corporation shall hold office during the pleasure of the Board of Directors. Vacancies occurring

among the officers of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 2. President. The President shall preside at all meetings of the shareholders and at all meetings of the Board of Directors at which he may be present. Subject to the direction of the Board of Directors, he shall be the chief executive officer of the Corporation, and shall have general charge of the entire business of the Corporation. He may sign certificates of stock and sign and seal bonds, debentures, contracts or other obligations authorized by the Board, and may, without previous authority of the Board, make such contracts as the ordinary conduct of the Corporation's business requires. He shall have the usual powers and duties vested in the President of a corporation. He shall have power to select and appoint all necessary officers and employees of the Corporation, except those selected by the Board of Directors, and to remove all such officers and employees except those selected by the Board of Directors, and make new appointments to fill vacancies. He may delegate any of his powers to a Vice-President of the Corporation.

Section 3. Vice-President. A Vice-President shall have such of the President's powers and duties as the President may from time to time delegate to him, and shall have such other powers and perform such other duties as may be assigned to him by the Board of Directors. During the absence or incapacity of the President, the Vice-President, or, if there be more than one, the Vice-President having the greatest seniority in office, shall perform the duties of the President, and when so acting shall have all the powers and be subject to all the responsibilities of the office of President.

Section 4. Treasurer. The Treasurer shall have custody of such funds and securities of the Corporation as may come to his hands or be committed to his care by the Board of Directors. Whenever necessary or proper, he shall endorse on behalf of the Corporation, for collection, checks, notes, or other obligations, and shall deposit the same to the credit of the Corporation in such bank or banks or depositories, approved by the Board of Directors as the Board of Directors or President may designate. He may sign receipts or vouchers for payments made to the Corporation, and the Board of Directors may require that such receipts or vouchers shall also be signed by some other officer to be designated by them. Whenever required by the Board of Directors, he shall render a statement of his cash accounts and such other statements respecting the affairs of the Corporation as may be required. He shall keep proper and accurate books of account. He shall perform all

acts incident to the office of Treasurer, subject to the control of the Board.

Section 5. Secretary. The Secretary shall have custody of the seal of the Corporation and when required by the Board of Directors, or when any instrument shall have been signed by the President duly authorized to sign the same, or when necessary to attest any proceedings of the shareholders or directors, shall affix it to any instrument requiring the same and shall attest the same with his signature, provided that the seal may be affixed by the President or Vice-President or other officer of the Corporation to any document executed by either of them respectively on behalf of the Corporation which does not require the attestation of the Secretary. He shall attend to the giving and serving of notices of meetings. He shall have charge of such books and papers as properly belong to his office or as may be committed to his care by the Board of Directors. He shall perform such other duties as appertain to his office or as may be required by the Board of Directors.

Section 6. Delegation. In case of the absence of any officer of the Corporation, or for any other reason that the Board of Directors may deem sufficient, the Board may temporarily delegate the powers or duties, or any of them, of such officer to any other officer or to any director.

ARTICLE VI

Stock

Section 1. Certificates Representing Shares. All certificates representing shares of the capital stock of the Corporation shall be in such form not inconsistent with the Certificate of Incorporation, these By-Laws or the laws of the State of New York and shall set forth thereon the statements prescribed by Section 508, and where applicable, by Sections 505, 616, 620, 709 and 1002 of the Business Corporation Law. Such shares shall be approved by the Board of Directors, and shall be signed by the President or a Vice-President and by the Secretary or the Treasurer and shall bear the seal of the Corporation and shall not be valid unless so signed and sealed. Certificates countersigned by a duly appointed transfer agent and/or registered by a duly appointed registrar shall be deemed to be so signed and sealed whether the signatures be manual or facsimile signatures and whether the seal be a facsimile seal or any other form of seal. All certificates shall be consecutively numbered and the name of the person owning the shares represented thereby, his

residence, with the number of such shares and the date of issue, shall be entered on the Corporation's books. All certificates surrendered shall be cancelled and no new certificates issued until the former certificates for the same number of shares shall have been surrendered and cancelled, except as provided for herein.

In case any officer or officers who shall have signed or whose facsimile signature or signatures shall have been affixed to any such certificate or certificates, shall cease to be such officer or officers of the Corporation before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation, and may be issued and delivered as though the person or persons who signed such certificates, or whose facsimile signature or signatures shall have been affixed thereto, had not ceased to be such officer or officers of the Corporation.

Any restriction on the transfer or registration of transfer of any shares of stock of any class or series shall be noted conspicuously on the certificate representing such shares.

Section 2. Fractional Share Interests. The Corporation, may, but shall not be required to, issue certificates for fractions of a share. If the Corporation does not issue fractions of a share, it shall (1) arrange for the disposition of fractional interests by those entitled thereto, (2) pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or (3) issue scrip or warrants in registered or bearer form which shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or warrants aggregating a full share. A certificate for a fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon, and to participate in any distribution of the assets of the Corporation in the event of liquidation. The Board of Directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing full shares before a specified date, or subject to the condition that the shares for which scrip or warrants are exchangeable may be sold by the Corporation and the proceeds thereof distributed to the holders of scrip or warrants, or subject to any other conditions which the Board of Directors may impose.

Section 3. Addresses of Shareholders. Every shareholder shall furnish the Corporation with an address to which notices of meetings and all other notices may be served upon or mailed to him, and in

default thereof notices may be addressed to him at his last known post office address.

Section 4. Stolen, Lost or Destroyed Certificates. The Board of Directors may in its sole discretion direct that a new certificate or certificates of stock be issued in place of any certificate or certificates of stock theretofore issued by the Corporation, alleged to have been stolen, lost or destroyed, and the Board of Directors when authorizing the issuance of such new certificate or certificates, may, in its discretion, and as a condition precedent thereto, require the owner of such stolen, lost or destroyed certificate or certificates or his legal representatives to give to the Corporation and to such registrar or registrars and/or transfer agent or transfer agents as may be authorized or required to countersign such new certificate or certificates, a bond in such sum as the Corporation may direct not exceeding double the value of the stock represented by the certificate alleged to have been stolen, lost or destroyed, as indemnity against any claim that may be made against them or any of them for or in respect of the shares of stock represented by the certificate alleged to have been stolen, lost or destroyed.

Section 5. Transfers of Shares. Upon compliance with all provisions restricting the transferability of shares, if any, transfers of stock shall be made only upon the books of the Corporation by the holder in person or by his attorney thereunto authorized by power of attorney duly filed with the Secretary of the Corporation or with a transfer agent or registrar, if any, upon the surrender and cancellation of the certificate or certificates for such shares properly endorsed and the payment of all taxes due thereon. The Board of Directors may appoint one or more suitable banks and/or trust companies as transfer agents and/or registrars of transfers, for facilitating transfers of any class or series of stock of the Corporation by the holders thereof under such regulations as the Board of Directors may from time to time prescribe. Upon such appointment being made all certificates of stock of such class or series thereafter issued shall be countersigned by one of such transfer agents and/or one of such registrars of transfers, and shall not be valid unless so countersigned.

ARTICLE VII

Dividends and Finance

Section 1. Dividends. The Board of Directors shall have power to fix and determine and to vary, from time to time, the amount

of the working capital of the Corporation before declaring any dividends among its shareholders, and to direct and determine the use and disposition of any net profits or surplus, and to determine the date or dates for the declaration and payment of dividends and to determine the amount of any dividend, and the amount of any reserves necessary in their judgment before declaring any dividends among its shareholders, and to determine the amount of the net profits of the Corporation from time to time available for dividends.

Section 2. Fiscal Year. The fiscal year of the Corporation shall end on the last day of _____ in each year and shall begin on the next succeeding day, or shall be for such other period as the Board of Directors may from time to time designate with the consent of the Department of Taxation and Finance, where applicable.

ARTICLE VIII

Miscellaneous Provisions

Section 1. Stock of Other Corporations. The Board of Directors shall have the right to authorize any director, officer or other person on behalf of the Corporation to attend, act and vote at meetings of the Shareholders of any corporation in which the Corporation shall hold stock, and to exercise thereat any and all rights and powers incident to the ownership of such stock, and to execute waivers of notice of such meetings and calls therefor; and authority may be given to exercise the same either on one or more designated occasions, or generally on all occasions until revoked by the Board. In the event that the Board shall fail to give such authority, such authority may be exercised by the President in person or by proxy appointed by him on behalf of the Corporation.

Any stocks or securities owned by this Corporation may, if so determined by the Board of Directors, be registered either in the name of this Corporation or in the name of any nominee or nominees appointed for that purpose by the Board of Directors.

Section 2. Books and Records. Subject to the New York Business Corporation Law, the Corporation may keep its books and accounts outside the State of New York.

Section 3. Notices. Whenever any notice is required by these By-Laws to be given, personal notice is not meant unless expressly so

stated, and any notice so required shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper, addressed to the person entitled thereto at his last known post office address, and such notice shall be deemed to have been given on the day of such mailing.

Whenever any notice whatsoever is required to be given under the provisions of any law, or under the provisions of the Certificate of Incorporation or these By-Laws a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 4. Amendments. Except as otherwise provided herein, these By-Laws may be altered, amended or repealed and By-Laws may be made at any annual meeting of the shareholders or at any special meeting thereof if notice of the proposed alteration, amendment or repeal, or By-Law or By-Laws to be made be contained in the notice of such special meeting, by the holders of a majority of the shares of stock of the Corporation outstanding and entitled to vote thereat; or by a majority of the Board of Directors at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors, if notice of the proposed alteration, amendment or repeal, or By-Law or By-Laws to be made, be contained in the Notice of such Special Meeting.

EXHIBIT C

Authorizing Resolutions of Magoo

EXTRACT from the minutes of a meeting of the Board of Directors of Magoo's Crew, Inc. (this "Company") held on September 6, 2006.

Upon motion duly made and seconded, the following resolutions were unanimously adopted:

"RESOLVED, that this Company authorizes and approves the straight-lease transaction with the New York City Industrial Development Agency (the "Agency"), MGC Realty, Inc. (the "Lessee") and Meurice Garment Care of Manhasset, Inc. (the "Sublessee") in connection with the acquisition, construction and equipping of a commercial facility (the "Facility"), consisting of the acquisition of an approximately 12,500 square foot parcel of land and an approximately 12,500 square foot building thereon, and the construction and equipping thereof, located at 535 Manida Street, Bronx, New York 10474, all for use as a dry cleaning processing plant (the "Project"); and further

RESOLVED, that each of the following documents, substantially in the form of the drafts on file with the Officers of this Company, is hereby authorized and the President or any officer is directed to execute and deliver each such documents in the name and on behalf of this Company with such additions, deletions or modifications in or affecting each such documents thereof, or the effectiveness thereof, as such executing officer may determine, with advice of counsel, as conclusively evidenced by such officer's execution thereof, to be advisable and in the best interests of this Company:

1. Guaranty Agreement from this Company, Natsac, Inc., a New York corporation, the Lessee, the Sublessee and Wayne Edelman, as individual guarantor (the "Individual Guarantor"), to the Agency;

2. Letter of Representation from this Company, the Lessee, the Sublessee, Natsac, Inc. and the Individual Guarantor to the Agency and HSBC Bank USA, National Association (the "First Mortgagee"); and further

RESOLVED, that there is hereby approved the execution and delivery of any and all documents, certificates and agreements to effect the Project and all matters related thereto; and further

RESOLVED, that all action taken and all instruments executed by authorized officers of this Company prior to the adoption of this resolution with respect to the Project, and all matters related thereto, are hereby ratified, confirmed and approved; and further

RESOLVED, that in addition to and without limiting the generality of the foregoing resolutions with respect to the Project, any officer or officers of this Company be, and each of them hereby is, authorized and directed to take such further action in connection with the Project and to execute and deliver such instruments and documents as such officers with advice of counsel may deem appropriate to carry out the foregoing resolutions; and the taking of such

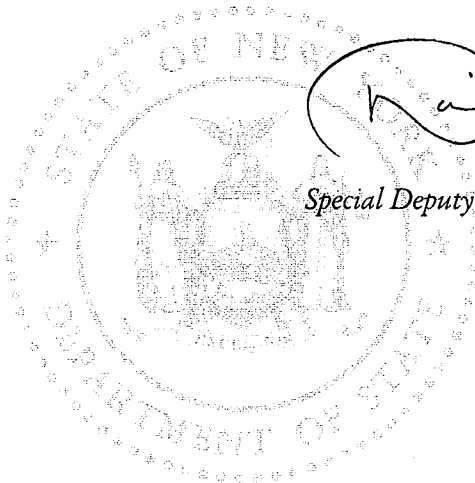
action or execution of such instruments shall be deemed conclusive evidence of the determination of such executing officer that such action or execution was appropriate and in the best interests of this Company.”

State of New York
Department of State } **ss:**

I hereby certify, that the Certificate of Incorporation of MAGOO'S CREW INC. was filed on 11/20/1992, with perpetual duration, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.

*WITNESS my hand and the official seal
of the Department of State at the City of
Albany, this 30th day of June two
thousand and six.*

Special Deputy Secretary of State





**New York State Department of
Taxation and Finance**
Taxpayer Services and Revenue Division
W A Harriman Campus
Albany NY 12227

Monday, August 07, 2006

SN: **119818**

RN:

Corporate Tax Search

NICHOLAS J FERRAR ESQ

**1100 FRANKLIN AVE, STE 202
GARDEN CITY NY 11530
Attention:**

Articles 9, 9-A, 13,
13A, 32, and 33.

Reference ID

Corporation name: **MAGOO'S CREW INC.**

<u>Incorp Date</u>	<u>Filing period</u>	<u>Termination date</u>	<u>Termination type</u>
11/20/1992	December		

According to our records, tax liens exist for the periods below.

Franchise tax returns are missing for the period(s) ended:

None

Franchise tax payments are past due for period(s) ended:

None

License fee (Article 9, section 181): _____ Other fees due _____
Maintenance fee for period (s) ended: _____

Lien Provision

The tax shall become a lien on the date the return is required to be filed (without regard to any extension of time for filing the return), except that such tax shall become a lien not later than the date the taxpayer ceases to be subject to the tax or to exercise its franchise or to do business in New York State in a corporate or organized capacity. A dissolved corporation that continues to conduct business shall also be subject to the tax imposed by this article.

Need help?

Telephone assistance is available from 8:00 a.m. to 5:00 p.m. (eastern time) Monday through Friday.

Business Tax information: 1 800 972-1233

Forms and Publications: 1 800 462-8100

From outside the U.S. and outside Canada: (518) 485-6800

Fax-on-demand forms: 1 800 748-3676

Hearing and speech impaired (telecommunications device for the deaf (TDD) callers only): 1 800 634-2110 (8:30 a.m. to 4:25 p.m., eastern time)

Internet access: www.nystax.gov

Persons with disabilities: In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call 1 800 225-5829.

If you need to write, address your letter to: NYS Tax Department, Taxpayer Contact Center, W.A. Harriman Campus, Albany, NY 12227

9

SECRETARY'S CERTIFICATE OF NATSAC, INC.

The undersigned Secretary of Natsac, Inc., a New York corporation ("Natsac"),
HEREBY CERTIFIES THAT:

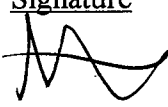
1. This certificate is furnished in connection with the straight-lease transaction with the New York City Industrial Development Agency (the "Agency"), MGC Realty, Inc. (the "Lessee") and Meurice Garment Care of Manhasset, Inc. (the "Sublessee") in connection with the acquisition, construction and equipping of a commercial facility (the "Facility"), consisting of the acquisition of an approximately 12,500 square foot parcel of land and an approximately 12,500 square foot building thereon, and the construction and equipping thereof, located at 535 Manida Street, Bronx, New York 10474, all for use as a dry cleaning processing plant (the "Project").

2. Attached hereto as Exhibit A is a true, correct and complete copy of the certificate of incorporation of Natsac, certified by the Secretary of State of the State of New York as in effect on the date hereof.

3. Attached hereto as Exhibit B is a true, correct and complete copy of the By-laws of Natsac, together with all amendments thereto as in effect on the date hereof.

4. Attached hereto as Exhibit C is a true, correct and complete copy of the resolutions duly adopted by the Board of Directors of Natsac, which resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect, and authorize the obligations of the Lessee with respect to the Project, and which further authorize the execution and delivery of all necessary documents by the undersigned.

5. Each document relating to the Project required to be executed by Natsac has been executed on behalf of Natsac by the person named below, who is duly authorized and empowered to execute such documents. The below-named person is the duly elected and qualified officer of Natsac holding the office set forth opposite his name, and the signature below set forth opposite his name is his genuine signature:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
<u>Wayne Edelman</u>	<u>President</u>	 9/6/06

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this
September 4, 2006.

NATSAC, INC.

By: _____ *Wayne Edelman* 9/6/06
Name: *Wayne Edelman*
Title:

State of New York
Department of State } ss:

I hereby certify, that the Certificate of Incorporation of NATSAC, INC. was filed on 12/21/1960, fixing the duration as perpetual, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation. I further certify the following:

A Biennial Statement was filed 05/02/1995.

A Biennial Statement was filed 01/13/1997.

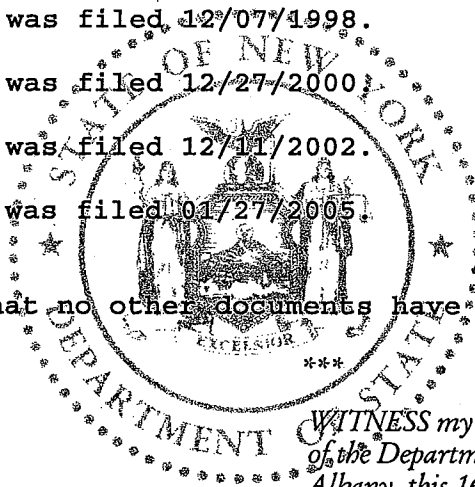
A Biennial Statement was filed 12/07/1998.

A Biennial Statement was filed 12/27/2000.

A Biennial Statement was filed 12/11/2002.

A Biennial Statement was filed 01/27/2005.

I further certify, that no other documents have been filed by such Corporation.



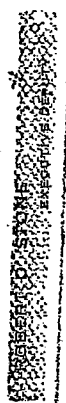
WITNESS my hand and the official seal of the Department of State at the City of Albany, this 16th day of March two thousand and six.

Special Deputy Secretary of State

STATE OF NEW YORK
DEPARTMENT OF STATE
Albany, N. Y.

ABRAHAM N. DAVIS
DEPUTY SECRETARY
EXECUTIVE

MRS. CAROLINE K. SIMON
SECRETARY OF STATE



C

DEC. 21, 19 60

SIDNEY DUBNER, ESQ.
507 FIFTH AVENUE
NEW YORK, N.Y. 5054

Certificate of Incorporation

of NATSAC, INC.

has been filed today.

Fees and/or tax paid as follows:

Filing	\$ 50.00
Tax	\$ 10.00
Certified copy	\$
Certificate	\$

Ck. Mo. Cy. \$ 60.00

Total \$ 60.00
Refund \$

County NEW YORK

Department of State

by *J. J. Tracy*

CERTIFICATE OF INCORPORATION

of

NATSAC, INC.

(Pursuant to Article Two of the Stock Corporation Law)

The undersigned, for the purpose of forming a corporation pursuant to Article 2 of the Stock Corporation Law of the State of New York, certify:

FIRST: The name of the proposed corporation is NATSAC, INC.

SECOND: The purposes for which it is to be formed are as follows:

- a) To establish, rent, lease, maintain, and operate plants, stores, and facilities for rendering to the public a complete clothing service, including dry cleaning, pressing, tailoring, repairing, altering, remodeling, dyeing, and generally renovating men's, women's, and children's clothing. To carry on the business of cleaning, dyeing and laundering, and to wash, dry-clean, purify, scour, bleach, wring, dry, iron, color, dye, disinfect, renovate, and prepare for use all articles of wearing apparel, household, domestic, and other linens, and cotton, silk, and woolen goods and clothing, and fabrics of all kinds; and to buy, sell, hire, manufacture, repair, let, or alter, improve, treat, and deal in all apparatus, machines, materials, and articles of all kinds, which are capable of being used for any such purposes.
- b) To acquire, subscribe for, buy, sell, own, mortgage, assign, pledge or otherwise dispose of the stocks, bonds, notes, mortgages, debentures, securities, contracts and all other evidences of indebtedness of any other corporation, domestic or foreign; to exchange its own stock, bonds, notes, obligations for such stock, bonds, etc., of such other corporations; to exercise over such stock, bonds, etc. acquired as aforesaid, all rights and powers which any individual owner thereof might exercise.
- c) To acquire by purchase, lease, rent or otherwise, real estate and any interest or right therein, and to hold, own, operate, control, maintain, manage, improve and develop the same, and maintain plants, shops, factories, stores, and warehouses necessary to carry out the purposes of this Corporation; and to buy, sell, mortgage, exchange, lease, hold or otherwise use and operate real estate in connection with the purposes herein contained.

The foregoing clauses shall be construed as objects and powers in furtherance and not in limitation of the general powers conferred by the laws of the State of New York; and it is hereby expressly provided that the foregoing and following enumeration of specific powers shall not be held to limit or restrict in any manner the power of this corporation, and that this corporation may do all and everything necessary, suitable or proper for the accomplishment of any of the purposes or objects hereinabove enumerated, either alone or in association with other corporations, firms, or individuals, to the same extent as, and as fully as individuals might or could do as principals, agents, contractors or otherwise.

Without limiting any of the objects and powers of the corporation, it is hereby expressly declared and provided that the corporation shall also have power to borrow money for use in its corporate business, upon such terms as may be agreed upon, with or without security, by the corporation, by the issue of bonds, mortgages, deeds of trust, or otherwise, to issue notes, debentures or other obligations and to secure the same by pledges or mortgages on or upon the whole or any part of the property held by the corporation, and to sell or pledge such bonds, debentures or other obligations.

THIRD: The total number of shares that may be issued by the corporation is two hundred (200), all of which shall be without par value and all of said shares shall be common stock.

FOURTH: The capital of the corporation shall be at least equal to the sum of the aggregate par value of all issued shares having par value, plus the aggregate amount of consideration

annihilation of specific bonds and not be held to limit or re-
 voked expressly provided that the foregoing and following
 bonds contained in the laws of the State of New York and in
 and bonds in compliance and not in violation of the General
 the foregoing changes shall be contained in copies

received by the corporation for the issuance of shares without
 par value, plus such amounts as, from time to time, by resolution
 of the board of directors, may be transferred thereto.

FIFTH: The Secretary of State is designated as the agent
 of the corporation. The office of the corporation is to be located in the
 City of New York, County of New York, State of New York, and the
 address to which the Secretary of State shall mail a copy of
 process in any action or proceeding against the corporation which
 may be served upon him or filed with him is 507 Fifth Avenue, in
 the Borough of Manhattan, City and State of New York.

SIXTH: The duration of the corporation shall be perpetual.

SEVENTH: The number of directors of the corporation is to be
 no less than three (3) nor more than seven (7), none of whom need
 be stockholders of the corporation.

EIGHTH: The names and post office addresses of the directors
 until the first annual meeting of the stockholders are:

<u>Names</u>	<u>Post Office Addresses</u>
Anita Dubner	159-38 90th Street, Howard Beach, N.Y.
Louis Dubner	2327 East 26 Street, Brooklyn, N.Y.
Matilda Dubner	2327 East 26 Street, Brooklyn, N.Y.

NINTH: The names and post office addresses of each of the
 subscribers of this certificate of incorporation and a statement
 of the number of shares of stock which each agrees to take in the
 corporation are:

<u>Names</u>	<u>Post Office Addresses</u>	<u>No. of Shares</u>
Anita Dubner	159-38 90th Street, Howard Beach, N.Y.	(1)
Louis Dubner	2327 East 26 Street, Brooklyn, N.Y.	(1)
Matilda Dubner	2327 East 26 Street, Brooklyn, N.Y.	(1)

TENTH: All the subscribers of this certificate are of full
 age, at least two-thirds of them are citizens of the United States,
 and at least one of them is a resident of the State of New York.
 All the persons named as directors are of full age, and at least

one of them is a citizen of the United States and a resident of the State of New York.

ELEVENTH: The Secretary of State is designated as the agent of the corporation upon whom process in any action or proceeding against the corporation may be served, within the State of New York.

IN WITNESS WHEREOF, we have made, signed and acknowledged this certificate this 19th day of December, 1960.

Anita Dubner

Anita Dubner

L.S.

Louis Dubner

Louis Dubner

L.S.

Matilda Dubner

Matilda Dubner

L.S.

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

On this 19th day of December, 1960, before me personally came ANITA DUBNER, LOUIS DUBNER and MATILDA DUBNER to me known and known to me to be the individuals described in and who executed the foregoing certificate of incorporation, and they duly acknowledged to me that they severally executed the same.

Sirney Dubner
SIRNEY DUBNER
Notary Public in and for the State of New York
No. 244030350
Kings County
New York County
March 30, 1961

B Y - L A W S

OF

NATSAC, INC.

OFFICES.

1. The principal office of the corporation shall be in the City of New York, County of New York State of New York.

2. The corporation may also have offices at such other places as the board of directors may from time to time determine or the business of the corporation may require.

MEETINGS OF STOCKHOLDERS.

3. All meetings of the stockholders shall be held at the principal office of the corporation or at such place within the State of New York as the board of directors shall authorize.

4. The annual meeting of the stockholders of the corporation, shall be held on the 1 day of December at 10 o'clock A.M. in each year if not a legal holiday, and, if a legal holiday, then on the next business day following at the same hour, when they shall elect a board of directors and transact such other business as may properly come before the meeting.

5. Written notice of every meeting of stockholders, stating the purpose or purposes for which the meeting is called, the time when and the place within the State of New York where it is to be held, shall be served, either personally or by mail, upon each stockholder entitled to vote at

such meeting and upon each stockholder of record who, by reason of any action proposed at such meeting, would be entitled to have his stock appraised if such action were taken, not less than ten nor more than forty days before the meeting. If mailed, such notice shall be directed to a stockholder at his address as it shall appear on the books of the corporation unless he shall have filed with the secretary of the corporation a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. Notice of all meetings may be waived by any stockholder by written waiver or by personal attendance thereat.

6. Special meetings of the stockholders for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by resolution of the board of directors or by the president, and shall be called by the president or secretary at the request in writing of a majority of the board of directors or at the request in writing by stockholders owning a majority in amount of the capital stock of the corporation issued and outstanding. Such request shall state the purpose or purposes of the proposed meeting. The president may, in his discretion, call a special meeting of stockholders upon ten days' notice.

7. Business transacted at all special meetings shall be confined to the purposes stated in the notice of meeting.

8. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation or by these by-laws.

9. If a quorum shall not be present or represented, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

10. When a quorum is present or represented at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation or of these by-laws, a different vote is required in which case such express provision shall govern and control the decision of such question.

11. Each stockholder of record having the right to vote shall be entitled at every meeting of the stockholders of the corporation to one vote for each share of stock having voting power standing in the name of such stockholder on the books of the corporation, and such votes may be cast either in person or by written proxy.

12. Every proxy must be executed in writing by the stockholder or by his duly authorized attorney. No proxy shall be valid after the expiration of eleven months from the date of its execution unless it shall have specified therein its duration. Every proxy shall be revocable at the pleasure of the person executing it or of his personal representatives or assigns.

DIRECTORS

13. The board of directors shall consist of no less than three directors, who need not be stockholders of the corporation, all of whom shall be of full age and at least one of whom shall be a citizen of the United States and a resident of the State of New York. They shall be elected at the annual meeting of the stockholders and each director shall be elected to serve for one year and until his successor shall be elected and shall qualify.

14. If the office of any director or directors becomes vacant for any reason, the directors in office may choose a successor or successors who shall hold office for the unexpired term in respect to which such vacancy occurred or until the next election of directors, or any vacancy may be filled by the stockholders at any meeting thereof. Any director may be removed either with or without cause, at any time, by vote of the stockholders at any meeting called for the purpose.

15. The business of this corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD

16. The directors may hold their meetings at the office of the corporation, or at such other places, either within or without the State of New York, as they may from time to time determine.

17. Regular meetings of the board may be held without notice at such time and place as shall from time to time be determined by resolution of the board.

18. Special meetings of the board may be called by the president on five days' notice to each director either personally or by mail or by wire; special meetings shall be called by the president or secretary in a like manner on the written request of two directors. Notice of meeting may be waived by any director by written waiver or by personal attendance thereat.

19. At any meeting at which every member of the board of directors shall be present, though held without notice, any business may be transacted which might have been transacted if the meeting had been duly called.

20. At all meetings of the board the presence of a majority of the entire number of directors shall be necessary to constitute a quorum and sufficient for the transaction of business.

21. Any act of a majority present at a meeting, at which there is a quorum, shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation or by these by-laws.

22. If a quorum shall not be present at any meeting of directors the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

WAIVER OF NOTICE.

23. Whenever by statute, the provisions of the certificate of incorporation or these by-laws, the stockholders or the board of directors are authorized to take any action after notice, such notice may be waived, in writing, before or after the holding of the meeting, by the person or persons entitled to such notice, or, in the case of a stockholder, by his attorney thereunto authorized.

OFFICERS.

24. The officers of the corporation shall be a president, a vice-president, a secretary and a treasurer. Any officer may hold more than one office.

25. The directors, immediately after each annual meeting of stockholders, shall elect from their number a president and shall also choose a vice-president, a secretary and a treasurer who need not be members of the board.

26. The board may appoint such other officers, agents and employees as it shall deem necessary who shall have such authority and shall perform such duties as from time to time shall be prescribed by the board.

27. The salaries of all officers of the corporation shall be fixed by the board of directors.

28. The officers of the corporation shall hold office for one year and until their successors are chosen and qualify in their stead. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the directors. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the board of directors.

THE PRESIDENT.

29. The president shall be the executive officer of the corporation; he shall preside at all meetings of the stockholders and directors; he shall have the management of the business of the corporation and shall see that all orders and resolutions of the board are carried into effect.

VICE-PRESIDENT.

30. The vice-president in the absence or disability of the president shall perform the duties and exercise the powers of the president and shall perform such other duties as the board of directors shall prescribe.

THE SECRETARY.

31. The secretary shall attend all sessions of the board and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose. He shall give or cause to be given notice of all meetings of stockholders and special meetings of the board of directors and shall perform such other duties as may be prescribed by the board of directors. He shall keep in safe custody the seal of the corporation and affix it to any instrument when authorized by the board of directors.

THE TREASURER.

32. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board, taking proper vouchers for such disbursements, and shall render to the president and directors at the regular meetings of the board, or whenever they may

require it, an account of all his transactions as treasurer and of the financial condition of the corporation.

33. He shall, if required by the board, give the corporation a bond in such sum or sums and with such surety or sureties as shall be satisfactory to the board, conditioned upon the faithful performance of his duties and for the restoration to the corporation in case of his death, resignation, retirement or removal from office of all books, papers, vouchers, money and other property of whatever kind in his possession, or under his control belonging to the corporation.

CERTIFICATES OF STOCK.

34. The certificates of stock of the corporation shall be numbered and entered in the books of the corporation as they are issued. They shall exhibit the holder's name and the number of shares and shall be signed by the president or a vice-president and the treasurer or the secretary and shall bear the corporate seal.

LOST CERTIFICATES.

35. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation, alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance

thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the corporation a bond in such sum and with such surety or sureties as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

TRANSFERS OF STOCK.

36. Upon surrender to the corporation or the transfer agent of the corporation of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, and cancel the old certificate; every such transfer of stock shall be entered on the stock book of the corporation which shall be kept at its principal office. No transfer of stock shall be made within ten days next preceding the annual meeting of stockholders.

37. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, except as expressly provided by the laws of New York.

DIVIDENDS.

38. Dividends upon the capital stock of the corporation, subject to any provisions of the certificate of incorporation relating thereto may be declared by the board of directors at any regular or special meeting, pursuant to law.

39. Before payment of any dividend, there may be set aside out of the net profits of the corporation available for dividends such sum or sums as the directors from time to time in their absolute discretion think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interests of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

SEAL

40. The seal of the corporation shall be as follows: the name of the corporation, the year of its organization and the words "Corporate Seal, New York." The seal may be used by causing it to be impressed directly on the instrument or writing to be sealed, or upon adhesive substance affixed thereto. The seal on any corporate obligation for the payment of money may be a facsimile, engraved or printed.

CHECKS

41. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

42. The fiscal year shall begin the first day of
in each year.

AMENDMENTS

43. These by-laws may be amended, altered or added to by the vote of the Board of Directors of this corporation at any regular meeting of said Board, or at a special meeting of Directors called for that purpose provided a quorum of the Directors as provided by law and by the Certificate of Incorporation, are present at such regular or special meeting. These by-laws, and any amendments thereto and new by-laws added by the directors may be amended, altered or replaced by the stockholders at any annual or special meeting of the stockholders.

NUMBER
7

SHARES
75



INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

NATSAC, INC.

The Corporation is authorized to issue 200 Shares Without Nominal or Par Value

Wayne Edelman
Wayne Edelman

WAYNE EDELMAN

is the owner of

Seven and one half (7½) -----

of the Capital Stock of NATSAC, INC.

fully paid and non-assessable Shares

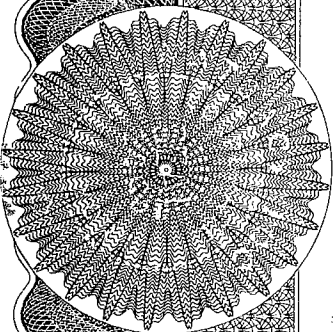
Transferred in payment of the bonds of the Corporation by the holder thereof in payment or by duly authorized officers upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation

this 30th day of June A.D. 19 90

Wayne Edelman
SECRETARY - TREASURER

Wayne Edelman
PRESIDENT



NUMBER 9

SHARES 75



INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

NATSAC, INC.

The Corporation is authorized to issue 200 Shares Without Nominal or Par Value

Wayne Edelman
The Undersigned

Wayne Edelman

is the owner of

Seven and one half (7½) _____

fully paid and non-assessable Shares

of the Capital Stock of NATSAC, INC.

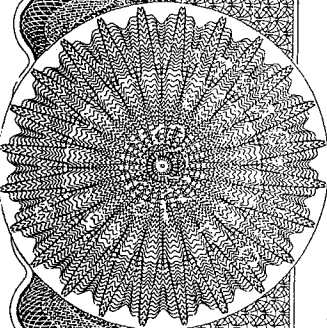
Transferrable, in person, the books of the Corporation by the holder thereof in person or by duly authorized Attorney-in-Fact, in all respects as if this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation.

this 31st day of January A.D. 1991

Wayne Edelman
SECRETARY - TREASURER

Wayne Edelman
PRESIDENT



10

SHARES



INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

NATSAC, INC.

The Corporation is authorized to issue 200 Shares Without Nominal or Par Value

Five Quarters Past

WAYNE EDELMAN

is the owner of

* * * * * FIFTEEN * * * * *

of the Capital Stock of NATSAC, INC.

fully paid and non-assessable Shares

transferred to me from the books of the Corporation by the proper officer or by duly authorized Attorney upon surrender of this Certificate, for good and lawful consideration.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation

this 10th day of August A. D. 1924 2004

SECRETARY - TREASURER

PRESIDENT

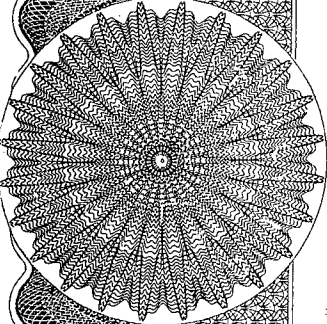


EXHIBIT C

Authorizing Resolutions of Natsac

EXTRACT from the minutes of a meeting of the Board of Directors of Natsac, Inc. (this "Company") held on September 6, 2006.

Upon motion duly made and seconded, the following resolutions were unanimously adopted:

"RESOLVED, that this Company authorizes and approves the straight-lease transaction with the New York City Industrial Development Agency (the "Agency"), MGC Realty, Inc. (the "Lessee") and Meurice Garment Care of Manhasset, Inc. (the "Sublessee") in connection with the acquisition, construction and equipping of a commercial facility (the "Facility"), consisting of the acquisition of an approximately 12,500 square foot parcel of land and an approximately 12,500 square foot building thereon, and the construction and equipping thereof, located at 535 Manida Street, Bronx, New York 10474, all for use as a dry cleaning processing plant (the "Project"); and further

RESOLVED, that each of the following documents, substantially in the form of the drafts on file with the Officers of this Company, is hereby authorized and the President or any officer is directed to execute and deliver each such documents in the name and on behalf of this Company with such additions, deletions or modifications in or affecting each such documents thereof, or the effectiveness thereof, as such executing officer may determine, with advice of counsel, as conclusively evidenced by such officer's execution thereof, to be advisable and in the best interests of this Company:

1. Guaranty Agreement from this Company, Magoo's Crew, Inc., a New York corporation, the Sublessee, the Lessee, and Wayne Edelman, as individual guarantor (the "Individual Guarantor"), to the Agency;
2. Sales Tax Letter from the Agency to this Company;
3. Letter of Representation from this Company, the Lessee, the Sublessee, Magoo's Crew, Inc. and the Individual Guarantor to the Agency and HSBC Bank USA, National Association (the "First Mortgagee"); and further

RESOLVED, that there is hereby approved the execution and delivery of any and all documents, certificates and agreements to effect the Project and all matters related thereto; and further

RESOLVED, that all action taken and all instruments executed by authorized officers of this Company prior to the adoption of this resolution with respect to the Project, and all matters related thereto, are hereby ratified, confirmed and approved; and further

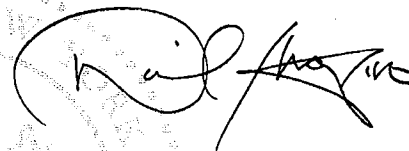
RESOLVED, that in addition to and without limiting the generality of the foregoing resolutions with respect to the Project, any officer or officers of this Company be, and each of them hereby is, authorized and directed to take such further action in connection with the

Project and to execute and deliver such instruments and documents as such officers with advice of counsel may deem appropriate to carry out the foregoing resolutions; and the taking of such action or execution of such instruments shall be deemed conclusive evidence of the determination of such executing officer that such action or execution was appropriate and in the best interests of this Company.”

State of New York
Department of State } **ss:**

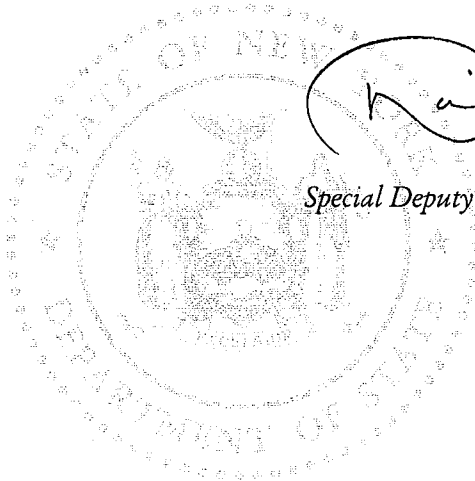
I hereby certify, that the Certificate of Incorporation of NATSAC, INC. was filed on 12/21/1960, fixing the duration as perpetual, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.

*WITNESS my hand and the official seal
of the Department of State at the City of
Albany, this 30th day of June two
thousand and six.*



Special Deputy Secretary of State

200607030207 72





New York State Department of
Taxation and Finance
 Taxpayer Services and Revenue Division
 W A Harriman Campus
 Albany NY 12227

Monday, August 07, 2006

SN: 119817 RN:

Corporate Tax Search

NICHOLAS J FERRAR ESQ
1100 FRANKLIN AVE, STE 202
GARDEN CITY NY 11530
Attention:

Articles 9, 9-A, 13,
 13A, 32, and 33.

Reference ID

Corporation name: **NATSAC, INC.**

<u>Incorp Date</u>	<u>Filing period</u>	<u>Termination date</u>	<u>Termination type</u>
12/21/1960	December		

According to our records, tax liens exist for the periods below.

Franchise tax returns are missing for the period(s) ended:

None

Franchise tax payments are past due for period(s) ended:

None

Other fees due

License fee (Article 9, section 181):

Maintenance fee for period (s) ended:

Lien Provision

The tax shall become a lien on the date the return is required to be filed (without regard to any extension of time for filing the return), except that such tax shall become a lien not later than the date the taxpayer ceases to be subject to the tax or to exercise its franchise or to do business in New York State in a corporate or organized capacity. A dissolved corporation that continues to conduct business shall also be subject to the tax imposed by this article.

Need help?

Telephone assistance is available from 8:00 a.m. to 5:00 p.m. (eastern time), Monday through Friday.

Business Tax information: 1 800 972-1233

Forms and Publications: 1 800 462-8100

From outside the U.S. and outside Canada: (518) 485-6800

Fax-on-demand forms: 1 800 748-3676

Hearing and speech impaired (telecommunications device for the deaf (TDD) callers only): 1 800 634-2110 (8:30 a.m. to 4:25 p.m., eastern time)

Internet access: www.nystax.gov

Persons with disabilities: In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call 1 800 225-5829.

If you need to write, address your letter to: NYS Tax Department, Taxpayer Contact Center, W.A. Harriman Campus, Albany, NY 12227



Owner's Policy of Title Insurance

Fidelity National Title Insurance Company

A Stock Company

Policy Number 1312- 646136

OWNER'S POLICY OF TITLE INSURANCE

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, FIDELITY NATIONAL TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. *Title to the estate or interest described in Schedule A being vested other than as stated therein;*
2. *Any defect in or lien or encumbrance on the title;*
3. *Unmarketability of the title;*
4. *Lack of a right of access to and from the land.*

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

IN WITNESS WHEREOF, FIDELITY NATIONAL TITLE INSURANCE COMPANY has caused this policy to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.

Fidelity National Title Insurance Company



By:

President

ATTEST

Secretary

Countersigned: Stanley E. Leese

Authorized Signature
(Please print name below)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy
4. Any claim which arises out of the transaction vesting in the Insured the estate or interest by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (i) to timely record the instrument of transfer; or
 - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.

(b) "insured claimant": an insured claiming loss or damage.

(c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(d) "land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.

(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A or the insured mortgage to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the term of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action

Schedule A

Underwriter No. **128BX4699**

Alta Owner Policy

Title Number:	ECA39337A	Policy Number	1312-646136
Policy Date	09/06/2006	Policy Amount	\$ 500,000.00

1. Name of Insured

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

2. The estate or interest in the land which is covered by this policy is:

LEASEHOLD

3. Title to the estate or interest in the land is vested in:

INSURED ESTATE:

LEASEHOLD by Lease dated as of September 1, 2006 made by and between MGC REALTY, INC. as lessor and NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY as lessee, to be duly recorded in the Office of the New York City Register, County of the Bronx.

4. The land referred to in this policy is described as follows:

PREMISES KNOWN AS:

Address **535 MANIDA STREET, BRONX**

S/B/L **2768/253**

Countersigned: _____


Authorized Officer or Agent

East Coast Abstract, Inc.

as authorized agent for:

Fidelity National Title Insurance Company

Owner's Policy

Underwriter No. **128BX4699**

Schedule B

Title Number: **ECA39337A**

Policy Number:**1312-646136**

The following are expressly excluded from coverage of Policy, and the Company will not pay loss or damage costs, attorneys' fees, or expenses which arise by reason of:

1. Survey made by Gerald T. O'Buckley L.S. dated 7/21/06 shows a 1 story brick building. No variations or encroachments shown.

This policy insures against loss or damage by any violation, variation, encroachment or adverse circumstance that would be disclosed by an accurate survey.

2. Lease dated as of September 1, 2006 made by and between NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY as lessor and MGC REALTY, INC. as lessee, to be duly recorded in the Office of the New York City Register, County of the Bronx.

Owner's Policy

Underwriter No. **128BX4699**

Title Number: **ECA39337A**

Schedule B-II

Policy Number: **1312-646136**

In addition to the matters set forth in Part I of this Schedule, the title to the estate or interest in the land described or referred to in Schedule A is subject to the following matters, if any be shown, but the Company insures that these matters are subordinate to the lien or charge of the insured mortgage upon the estate or interest.

NONE

East Coast Abstract, Inc.

as authorized agent for:

Fidelity National Title Insurance Company

Schedule A Description

Underwriter No. **128BX4699**

Title Number **ECA39337A**

Policy Number: **1312-646136**

Page **1**

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough and County of the Bronx, City and State of New York, bounded and described as follows:

BEGINNING at a point on the westerly side of Manida Street, distant 200 feet southerly from the corner formed by the intersection of the southerly side of Randall Avenue; and

THENCE westerly parallel with the southerly side of Randall Avenue, a distance of 100 feet;

THENCE southerly parallel with the westerly side of Manida Street, a distance of 125 feet;

THENCE easterly parallel with the southerly side of Randall Avenue, a distance of 100 feet to the westerly side of Manida Street; and

THENCE northerly along the westerly side of Manida Street, a distance of 125 feet to the point or place of BEGINNING.

Said premises being known as 535 Manida Street, Bronx, NY

BLOCK 2768 LOT 253



Fidelity National Title

INSURANCE COMPANY

STANDARD NEW YORK ENDORSEMENT

(OWNER POLICY)

Attached to and made a part of Policy Number: 1312-646136

1. The following is added to the insuring provisions on the face page of this policy:

"5. Any statutory lien for services, labor or materials furnished prior to the date hereof, and which has now gained or which may hereafter gain priority over the estate or interest of the insured as shown in Schedule A of this policy."

2. The following is added to Paragraph 7 of the Conditions and Stipulations of this policy:

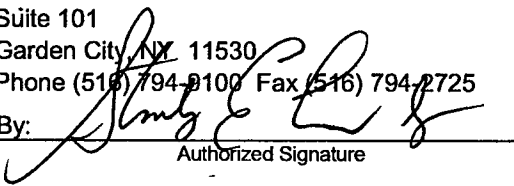
"(d) If the recording date of the instruments creating the insured interest is later than the policy date, such policy shall also cover intervening liens or incumbrances, except real estate taxes, assessments, water charges and sewer rents."

Nothing herein contained shall be construed as extending or changing the effective date of the policy unless otherwise expressly stated.

This endorsement, when countersigned below by a validating signatory, is made a part of the policy and is subject to the Exclusions from Coverage, Schedules, Conditions and Stipulations therein, except as modified by the provisions hereof.

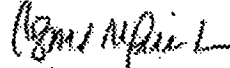
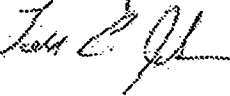
Date: 09/06/2006

East Coast Abstract, Inc.
100 Quentin Roosevelt Blvd.
Suite 101
Garden City, NY 11530
Phone (516) 794-9100 Fax (516) 794-2725

By: 
Authorized Signature

FIDELITY NATIONAL TITLE INSURANCE COMPANY



By: 
ATTEST 



Fidelity National Title

INSURANCE COMPANY

LEASEHOLD ENDORSEMENT

(OWNER'S POLICY)

Attached to and made a part of Policy Number: 1312-646136

1. As used in this endorsement, the following terms shall mean:

a. "Evicted" or "Eviction": (a) the lawful deprivation, in whole or in part, of the right of possession insured by the Policy, contrary to the terms of the Lease or (b) the lawful prevention of the use of the land or the Tenant Leasehold Improvements for the purposes permitted by the Lease, in either case, as a result of a matter covered by the Policy.

b. "Lease": the lease agreement described in Schedule A.

c. "Leasehold Estate": the right of possession for the Lease Term.

d. "Lease Term": the duration of the Leasehold Estate, including any renewal or extended term if a valid option to renew or extend is contained in the Lease.

e. "Personal Property": chattels located on the land and property which, because of their character and manner of affixation to the land, can be severed from the land without causing appreciable damage to such chattels and property or to the land to which they are affixed.

f. "Remaining Lease Term": the portion of the Lease Term remaining after the insured has been Evicted as a result of a matter covered by the Policy.

g. "Tenant Leasehold Improvements": Those improvements, including landscaping, required or permitted to be built on the land by the Lease that have been built at the insured's expense or in which the insured has an interest greater than the right to possession during the Lease Term.

2. The provisions of subsection (b) of Section 7 of the Conditions and Stipulations shall not apply to any Leasehold Estate covered by the Policy

3. Valuation of Estate or Interest Insured

If, in computing loss or damage, it becomes necessary to value the estates or interests of the insured as the result of a covered matter that results in an Eviction, then that value shall consist of the value for the Remaining Lease Term of the Leasehold Estate and any Tenant Leasehold Improvements existing on the date of the Eviction. The insured claimant shall have the right to have the Leasehold Estate and the Tenant Leasehold Improvements valued either as a whole or separately. In either event, this determination of value shall take into account rent no longer required to be paid for the Remaining Lease Term.

4. Additional items of loss covered by this endorsement:

If the insured is Evicted, The following items of loss, if applicable, shall be included in computing loss or damage incurred by the insured, but not to the extent that the same are included in the valuation of the estates or interests insured by the Policy.

a. The reasonable cost of removing and relocating any Personal Property that the insured has the right to remove and relocate, situated on hte land at the time of Eviction, the cost of transportation of that Personal Property for the initial one hundred miles incurred in connection with the relocation, and the reasonable cost of repairing the Personal Property damaged by reason of the removal and relocation.

b. Rent or damages for use and occupancy of the land prior to the Eviction which the insured as owner of the Leasehold Estate is obligated to pay to any person having paramount title to that of the lessor in the Lease.

c. The amount of rent that, by the terms of the Lease, the insured must continue to pay to the lessor after Eviction with respect to the portion of the Leasehold Estate and Tenant Leasehold Improvements from which the insured has been Evicted.

d. The fair market value, at the time of the Eviction, of the estate or interest of the insured in any lease or sublease made by the insured as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements caused by the Eviction

e. Damages that the insured is obligated to pay to lessees or sublessees on account of the breach of any lease or sublease made by the insured as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements caused by the Eviction

f. Reasonable costs incurred by the insured to secure a replacement leasehold equivalent to the Leasehold Estate

g. If Tenant Leasehold Improvements are not substantially completed at the time of Eviction, the actual cost incurred by the insured, less the salvage value, for the Tenant Leasehold Improvements up to the time of Eviction. Those costs include costs incurred to obtain land use, zoning, building and occupancy permits, architectural and engineering fees, construction management fees, costs of environmental testing and reviews, landscaping costs, and fees, costs and interest on loans for the acquisition and construction.

This endorsement is made a part of the Policy and is subject to all of the terms and provisions thereof and of any other endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the Policy and any other endorsements, nor does it extend the effective date of the Policy and any other endorsements, nor does it increase the face amount thereof.

Date: 09/06/2006

East Coast Abstract, Inc.
100 Quentin Roosevelt Blvd.
Suite 101

Garden City, NY 11530
Phone (516) 794-9100 / Fax (516) 794-2725

By: _____

Authorized Signature

FIDELITY NATIONAL TITLE INSURANCE COMPANY



By: _____
ATTEST: _____

or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest, as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

(i) To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

(ii) Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs b(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION, EXTENT OF LIABILITY AND COINSURANCE

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or,

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest or the full consideration paid for the land, whichever is less, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this Policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the amount of insurance at Date of Policy bears to the total value of the insured estate or interest at Date of Policy; or

(ii) where a subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which exceeds, in the aggregate, 10 percent of the Amount of Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. APPORTIONMENT

If the land described in Schedule A consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

9. LIMITATION OF LIABILITY

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title, as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

11. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

12. PAYMENT OF LOSS

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

13. SUBROGATION UPON PAYMENT OR SETTLEMENT

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to these rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Company's Rights Against Non-Insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

14. ARBITRATION

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to,

any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

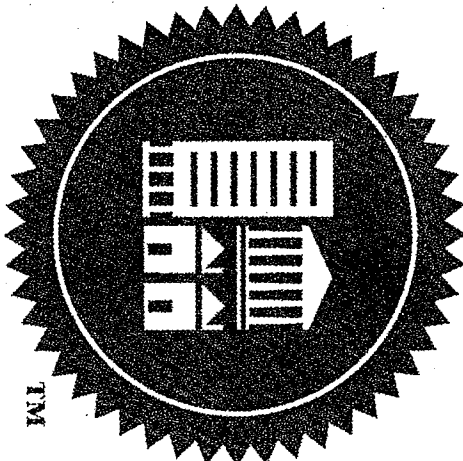
16. SEVERABILITY

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

17. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at Fidelity National Title Insurance Company, Claims Department, P.O. Box 45023, Jacksonville, Florida 32232-5023.

**FIDELITY
NATIONAL
TITLE
INSURANCE
COMPANY**



Fidelity National Title Insurance Company
P.O. Box 45023
Jacksonville, Florida 32232-5023

CERTIFIED TO:

FIDELITY NATIONAL TITLE INSURANCE COMPANY

HSBC BANK USA, N.A.

MGC REALTY, INC.

NYC INDUSTRIAL DEVELOPMENT AGENCY

U.S. SMALL BUSINESS DEVELOPMENT CORP.

EMPIRE STATE CERTIFIED DEVELOPMENT CORPORATION

TAX MAP

FILED MAP

SECTION

BLOCK 2768

LOT

253

TITLE NO. ECA39337

GERALD T. O'BUCKLEY

PROFESSIONAL LAND SURVEYORS AND ENGINEERS

172-49 HENLEY ROAD

JAMAICA, N.Y. 11432-2742

TELEPHONE (718)658-7834

FAX (718)658-0048

SECTION

BLOCK

LOT

STATE OF NEW YORK

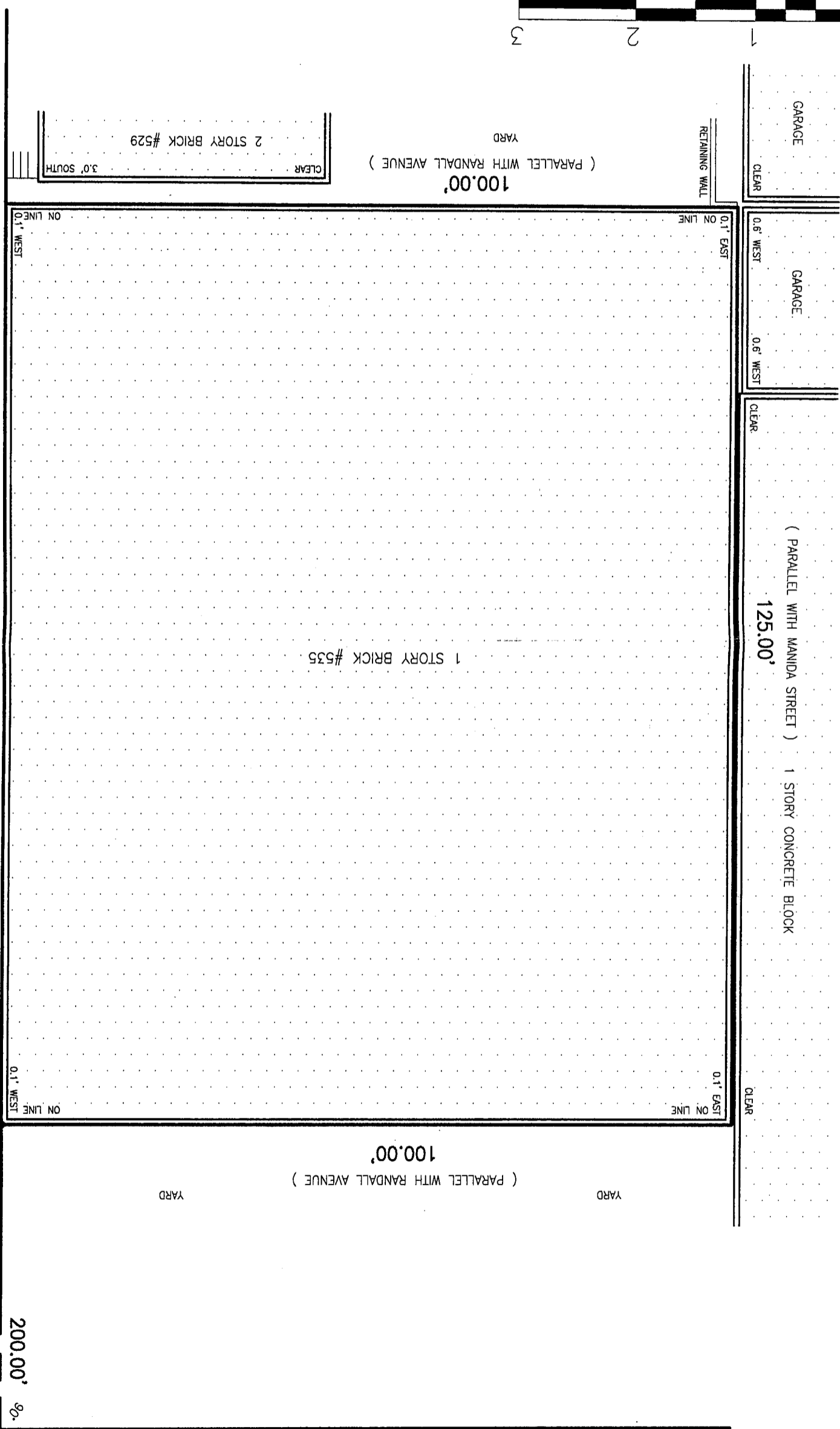
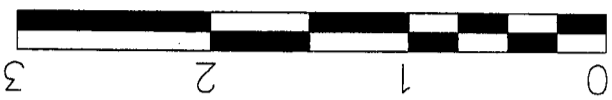
COUNTY OF THE BRONX

BOROUGH OF THE BRONX



DATE SURVEYED: JULY 21st, 2006

ORIGINAL SIZE IN INCHES



MANIDA

STREET

RANDALL

AVENUE

POINT OF BEGINNING

125.00'

200.00'

1 STORY BRICK #535

2 STORY BRICK #529

(PARALLEL WITH MANIDA STREET) 1 STORY CONCRETE BLOCK

(PARALLEL WITH RANDALL AVENUE)

- NOTES:
1. THIS SURVEY IS INTENDED TO BE USED FOR TITLE PURPOSES ONLY AND IS SUBJECT TO WHATEVER A MORE COMPLETE TITLE SEARCH MAY REVEAL.
 2. NO GUARANTEE IS IMPLIED BY THIS MAP AS TO THE EXISTENCE OR NONEXISTENCE OF ANY EASEMENTS OF RECORD THAT WOULD AFFECT SUBJECT PROPERTY, UNLESS SURVEYOR HAS BEEN FURNISHED WITH A COMPLETE COPY OF TITLE REPORT.
 3. THIS MAP WAS MADE AT A SCALE OF 1" = 16' WHEN ORIGINALLY DRAWN.
 4. PROPERTY CORNER MONUMENTS WERE NOT PLACED AS PART OF THIS SURVEY.
 5. IT IS A VIOLATION OF THE STATE EDUCATION LAW FOR ANY PERSON, UNLESS ACTING UNDER THE DIRECTION OF A LICENSED LAND SURVEYOR TO ALTER AN ITEM IN ANY WAY.
 6. ARCHITECTS MUST ORDER A TOPOGRAPHICAL MAP SPECIFYING THEIR EXACT NEEDS.



[Form of Architect's Certificate]**[CLOSING DATE]**

New York City Industrial Development Agency
 110 William Street
 New York, NY 10038

Re: New York City Industrial Development Agency Project to assist with the construction of [describe project improvements on certain premises located at 535 Manida Street, Bronx, New York (the "Premises")]

To Whom It May Concern:

The undersigned ("Architect") understands that New York City Industrial Development Agency ("IDA") is providing financial assistance to MGC Realty, Inc. (the "Project Company"), which financial assistance will be used to assist the Project Company with the construction of the improvements described in Exhibit A attached hereto (the "Improvements") on the Premises (the "Project"). Architect has been engaged to act as the architect for the Improvements pursuant to the provisions of a certain architectural contract also described in Exhibit A attached hereto (the "Contract"). Architect has prepared certain plans and specifications (the "Plans and Specifications") for use in connection with the construction of the Improvements, as more particularly described in Exhibit B attached hereto.

The undersigned Architect does hereby certify and represent to you as follows:

1. The Architect prepared and supervised the preparation of the Plans and Specifications.
2. All of the Improvements are located within the boundaries of the Premises and in accordance with all "set-back" requirements. To my knowledge after due inquiry, limited to a review of the Title Report, issued on [date] by [Title Company] (the "Title Report") and the survey of the Premises, dated [7-21-06] prepared by [G.T. Buckey] (the "Survey"), the location of the Improvements, if constructed substantially in accordance with the Plans and Specifications, will not be affected by any existing easements affecting the Premises, nor will the Improvements be located within or encroach into any easement area, nor shall the location of the Improvements violate any restriction, condition or covenant affecting the Premises.
3. To the best of my knowledge, after due inquiry, the Plans and Specifications comply with all applicable federal, state and municipal laws, ordinances, rules and regulations regarding zoning, building and fire codes and ordinances. To my knowledge after due inquiry, limited to a

9053331 024257 GLD

review of the Title Report and the Survey, the Improvements, if constructed substantially in accordance with the Plans and Specifications, will likewise comply with all covenants, conditions, easements and restrictions to which the Improvements are subject.

4. The Premises is zoned in accordance to the NYC Zoning Ordinance and such zoning classification permits the construction of the Improvements and the as contemplated in the Plans and Specifications and the intended use of the Premises by the Project Company.
5. The Premises [will include, as contemplated by the Plans and Specifications] on-site parking sufficient][does not require any additional on-site parking] to satisfy all zoning and other governmental requirements. Sanitary public water supply, storm sewer facilities, sanitary sewer facilities, natural gas, electricity, telephone, and all other required utilities are available, sufficient to meet all applicable requirements of public authorities, at or within the lot lines of the Premises, without the necessity of any off-site improvements, or any on-site improvements other than as shown in the Plans and Specifications. No easements over land of others is called for or indicated by the Plans and Specifications for access or egress to the Premises or parking on the Premises, or for any such facilities or utilities, and design conditions are such that no drainage of surface or other water across land of others is called for or indicated by the Plans and Specifications.
6. Water, sewer, drainage, gas, electric, telephone and other utilities required for the development and operation of the Improvements are available or have been included in the Plans and Specifications of sufficient design and capacity to meet the requirements of the Improvements.
7. The Premises constitutes 1 legally subdivided zoning lots (Block 2768, Lot 253) separate from any other parcel of real property.
8. The Budget (with projected draw schedule) attached hereto as Exhibit B is complete and accurately reflects the correct, anticipated cost and projected timing of construction of the Improvements as designed. The amounts set forth in the Budget are adequate and sufficient for satisfying all fees and expenses of Architect in designing the Improvements.
9. The Plans and Specifications for the construction of the Improvements on the Premises have been approved by all necessary agencies of the City of New York.
10. To my knowledge, there is no petition, action or proceeding known to the undersigned pending before the court, agency or official, threatened with respect to the validity of any statutes, ordinances, regulations, restrictions, codes, rules, permits, certificates or any permits or approvals thereunder.

201233 1.025257 CLD

relating to the Improvements, or to revoke, rescind, alter or declare any of the same.

- 11. Architect is an architect duly licensed to practice architecture in the State of New York.

The statements contained in this letter are an expression of the undersigned's professional opinion, are made to the best of the undersigned's knowledge, information and belief, and are based on the undersigned's performance of services under its agreement with the Project Company in accordance with generally accepted standards of professional practice.

Very truly yours,

By Paul Gregory Pres.
 Name:
 Title:



505333.1.029217 C1.0

Exhibit A on file at the New York City Industrial Development Agency

**feingold & gregory • architects • p.c.**118 west 83rd st. • new york, n.y. 10024 • tel. (212) 595-6895 • fax (212) 787-8992

paul gregory, aia

October 19, 2005

Wayne Edelman
20 Park Avenue
Manhasset, New York 11030RE: Meurice Garments Care
535 Manida Street
Bronx NY

By Fax

PROPOSAL

The following is a proposal for work to provide plans and Department of Building (DOB) applications to file for approval to perform work at 535 Manida Street in the Bronx. The work is to create a dry cleaning establishment including incidental laundry and mezzanine offices. The work covered by this proposal is:

- reviewing all records available.
- developing plans showing the as-built conditions and plans which show construction and layout to accomplish the above.
- helping the contractor hired to obtain a permit to perform the work proposed
- obtaining a Certificate of Occupancy, if required due to change in use from U.G. 17 to U.G. 16

I have divided the proposed project into five sections:

1. Preliminary Plans – Review all DOB records with regard to this property and develop plans showing the as-built conditions and plans that show the proposed work to create the dry cleaning establishment. These preliminary plans will depict those proposed changes that the Department of Buildings will allow As of Right.
2. Working Drawings, Applications, and Review – This section of the project will finalize the plans for the dry cleaning establishment work. Following this, our firm will develop an Alteration application to the Department of Buildings. Following application, DOB will review the proposed work. Any objections raised by the DOB will be responded to by our firm, and barring any unforeseen circumstances, we should receive approval. Our firm does not provide detailed elevations, or separate electrical and finish plans because these are not required

for DOB approval. If you require these details, they will be performed on a time and materials basis agreement separate from this agreement.

3. Filing for registration and permits for the dry cleaning and boiler equipment with DEP and the Fire Department.
4. Obtaining Permits and Construction – This section of the project will not be managed by this firm. Our support will consist of assisting the contractor of record by providing the approved folder for permit issuance, providing approved plans for his work, and up to two site visits to review project progress and to look at any field conditions which might require re-design or re-thinking the proposed alteration. **Our firm does not perform construction management.**

It should be noted that any changes to the premises not reflected in the approved DOB plans may require the filing of a Post Approval Amendment to the application with DOB and that this will require additional work and will constitute work outside of the scope of this agreement.

5. Obtaining a new Certificate of Occupancy – This section of the project follows construction completion if it is required by the Department of Buildings. The required forms for obtaining the Certificate of Occupancy will be submitted and the inspections required will be scheduled.

For a new C of O, the Construction inspection, involving the Department of Buildings Construction Division will be scheduled with the Department and you. Any objections found during the inspection will have to be cured. The plumber who obtained the plumbing permit is responsible for having the work inspected or for performing a Self-Certification of the work and seeing that it is signed-off by the Department in their central computer system. The electric work required will have to be approved, permitted and inspected by the Department of Building's Bureau of Electric Control. The licensed electrician will be responsible for having his work inspected and signed-off as well as for having any outstanding violations or applications completed and signed-off. In addition, if an elevator is to be installed, the elevator must be registered and up-to-date in its periodic and required inspections and have no violations listed. The owner and/or elevator company used by the owner will be held responsible for obtaining any sign-offs or dismissals required. To obtain a new Certificate of Occupancy, any outstanding violations against the building as registered by the Department of Buildings must be cured and removed. If our firm is to seek dismissal of these violations, this work will be performed on a "time and material" basis. To obtain a New Certificate of Occupancy, any outstanding DOB Alteration Applications will have to be signed-off or withdrawn. Following all of the above, a new Certificate of Occupancy should be issued by the Department of Buildings.

The total fee for the above work will be \$ 14,000 if no new Certificate of Occupancy is required, or \$17,500 broken down by section as follows:

Section 1) Preliminary Plans and Zoning	\$4500
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Section 2) Working Drawings and DOB Application, Review and Approval	\$ 7500
Section 3) Filing for Permits and Registration Dry cleaning eqipt. And Boilers	\$2000
Section 4) Services During Construction Perform stated activities	00
Section 5) Certificate of Occupancy (If required)	\$ 3500

As stated under 2 above, the drawings and details to be provided for this project do not include interior elevations, electrical plans, or separate mechanical plans.

Therefore, any work to specify materials or fixtures beyond a general specification and the drawings sufficient for DOB approval, or to develop mechanical equipment plans or to install a new boiler will be performed as additional services and charged separately

You should note that this proposal makes no express or implied warranty of any sort. All warranties, including warranty of merchantability or warranty of fitness for a particular purpose are expressly disclaimed.

All out-of-pocket expenses incurred in connection with the project, including but not limited to reproduction, computer plotting, facsimile, postage, overnight mail, messengers, sample mock-up, renderings, photography and filing fees charged by various government agencies will be reimbursable by the owner.

All payments under this agreement are due within 30 days of the invoice date. Any late payments may be subject to interest charges assessed for late payment.

If you agree to the foregoing, please sign below and forward a retainer of \$ 3000 to my offices.

Sincerely

Paul Gregory
Paul Gregory, RA

Accepted _____

Date 10/27/05



feingold & gregory • architects • p.c.

118 west 83rd st. • new york, n.y. 10024 • tel. (212) 595-6895 • fax (212) 787-8992

paul gregory,aia

December 22, 2005

Wayne Edelman
Meurice Garment Care
Of Manhasset, Inc.
20 Park Avenue
Manhasset, New York 11030-2442

RE: 535 Manida Street, Bronx, NY JOB # 25096

Dear Mr. Edelman:

This letter follows our design discussions and sketches for your new facility at 535 Manida Street in the Bronx and my letter of December 14, 2005. The cost of each element of work would be estimated as follows:

- Demolition of existing mezzanine 30,000
- Newly constructed executive offices in new mezzanine with executive toilet and employee toilet. 264,000
- New employee lunch room, new floors and windows and finishes, and HVAC 15,000
- Repaint entire interior of building 25,000
- Epoxy coat existing floor 8,000
- Re-point entire building 20,000
- New roof 18,000
- Upgraded electric and gas service 45,000
- New boiler room and boilers 25,000
- Ventilation for production area

Therefore, the expected cost of performing the above scope of services would be \$450,000.

If you have any questions, please call me at 212 595-309006895.

Sincerely,


Paul Gregory

BARBARA ALBOM

591 BROADWAY, SUITE 3A

NEW YORK, NEW YORK 10012

TELEPHONE (212) 966-5253 FAX (212) 941-8566

E-MAIL balbom@optonline.com

OF COUNSEL:
NICHOLAS J. FERRAR

September 6, 2006

New York City Industrial
Development Agency
New York, New York

Re: New York City Industrial Development Agency
Small Industrial Incentive Program
(2006 Meurice Garment Care of Manhasset, Inc. Project)

Dear Sir/Madam:

This opinion is being furnished to you in connection with the entering into of a straight-lease transaction by the New York City Industrial Development Agency (the "Agency") for the benefit of Meurice Garment Care of Manhasset, Inc. (the "Sublessee"), each of which is a corporation organized and existing under the laws of the State of New York, and MGC Realty, Inc. (the "Lessee"), which is a corporation organized and existing under the laws of the State of New York, pursuant to which the Agency will enter into a Lease Agreement, dated as of September 1, 2006 (the "Lease Agreement"), between the Agency and the Lessee. Terms defined in the Lease Agreement have the same meanings herein except as the context otherwise requires.

This office has acted as counsel for the Lessee, the Sublessee, Magoo's Crew, Inc. and Natsac, Inc., as corporate guarantors (together, the "Corporate Guarantors") and Wayne Edelman (the "Individual Guarantor"), and in that capacity, we have examined the following:

(A) The certificate of incorporation of the Lessee, certified by the Secretary of State of the State of New York;

(B) The By-laws of the Lessee, certified by the Secretary of State of the State of New York;

(C) The certificate of good standing of the Lessee, issued by the Secretary of State of the State of New York;

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(D) The certificate issued by the Department of Taxation and Finance of the State of New York relative to the tax status of the Lessee;

(E) The certificate of incorporation of the Sublessee, certified by the Secretary of State of the State of New York;

(F) The certificate of good standing of the Sublessee, issued by the Secretary of State of the State of New York;

(G) A copy of the bylaws of the Sublessee, certified by an officer of the Sublessee;

(H) The certificate issued by the Department of Taxation and Finance of the State of New York relative to the tax status of the Sublessee;

(I) The certificate of incorporation of each Corporate Guarantor, certified by the Secretary of State of the State of New York;

(J) The By-laws of each Corporate Guarantor, certified by the Secretary of State of the State of New York;

(K) The certificate of good standing of each Corporate Guarantor, issued by the Secretary of State of the State of New York;

(L) The certificate issued by the Department of Taxation and Finance of the State of New York relative to the tax status of each Corporate Guarantor;

(M) The authorizations of the officers of the Lessee authorizing, among other things, the Company Lease Agreement, dated September 1, 2006, between the Lessee and the Agency (the "Company Lease"), the Lease Agreement, the Sublease Agreement, dated as of September 1, 2006, between the Lessee and the Sublessee (the "Sublease Agreement"), the Guaranty Agreement, dated as of September 1, 2006, from the Lessee, the Sublessee, the Corporate Guarantors and the Individual Guarantor to the Agency (the "Guaranty Agreement"), a certain Sales Tax Letter, dated the date hereof, from the Agency to the Lessee, two certain Mortgage Agreements, each dated September 6, 2006, from the Agency, the Lessee and Wayne Edelman to HSBC Bank USA, National Association (the "L1SBC Mortgages"), a certain Mortgage Agreement, to be entered into at a future date, from the Lessee to Empire State Development Corporation, a certain General Security Agreement, dated September 6, 2006 from the Agency, the Lessee and the Sublessee to the First Mortgagee, and the Letter of Representation, dated the date hereof, executed and delivered by the Lessee, the Sublessee, the Corporate Guarantors and the Individual Guarantor to the Agency (the "Letter of Representation") (the documents referenced in this paragraph being referred to collectively as the "Lessee Documents");

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(N) The authorizations of the board of directors of the Sublessee authorizing, among other things, the Sublease Agreement, the Guaranty Agreement and the Letter of Representation (the documents referenced in this paragraph being referred to collectively as the "Sublessee Documents");

(O) The authorizations of each board of directors of the Corporate Guarantors authorizing, among other things, the Guaranty Agreement and the Letter of Representation (the documents referenced in this paragraph being referred to collectively as the "Corporate Guarantor Documents");

(P) The Lessee Documents;

(Q) The Sublessee Documents;

(R) The Corporate Guarantor Documents;

(S) Title insurance policy numbered 1312-646136 and issued on the date hereof by Fidelity National Title Insurance Company (the "Title Company") to the Agency with respect to the Agency's leasehold interest in the Facility Realty located at 535 Manida Street, Bronx, New York;

(T) A survey of the Facility Realty as certified to the Agency and the Title Company; and

(U) The Certificate of Occupancy for the Facility.

In addition, we have reviewed our office files pertaining to the Lessee, the Sublessee, the Corporate Guarantors and the Individual Guarantor and have discussed the Project and the transactions contemplated with the appropriate individual and corporate officials.

Based upon the foregoing and upon such other information and documents and such investigation of fact and law as we believe necessary to enable us to render this opinion, we are of the opinion that:

(a) The Lessee is a corporation organized and validly existing and in good standing under the laws of the State of New York, and has the corporate power and authority to own its property and assets and to carry on its business as now being conducted by it.

(b) The Sublessee is a corporation organized and validly existing and in good standing under the laws of the State of New York, and has the corporate power and authority to own its property and assets and to carry on its business as now being conducted by it.

(c) Each Corporate Guarantor is a corporation organized and validly existing and in good standing under the laws of the State of New York, and has the corporate power and authority to own its property and assets and to carry on its business as now being conducted by it.

(d) The Lessee has the requisite power and authority to execute and deliver the Lessee Documents; and each of the Lessee Documents has been duly authorized, executed and delivered by the Lessee; and each is a legal, valid and binding obligation of the Lessee enforceable against it in accordance with its terms. The foregoing opinion is qualified only to the extent that the enforceability of each of the Lessee Documents may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and each is subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(e) The Sublessee has the corporate power and authority to execute and deliver the Sublessee Documents; and each of the Sublessee Documents has been duly authorized, executed and delivered by the Sublessee and each is a legal, valid and binding joint and several obligation of the Sublessee enforceable against the Sublessee in accordance with its terms. The foregoing opinion is qualified only to the extent that the enforceability of each of the Sublessee Documents may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and each is subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(f) Each Corporate Guarantor has the corporate power and authority to execute and deliver the Corporate Guarantor Documents; and each of the Corporate Guarantor Documents has been duly authorized, executed and delivered by each Corporate Guarantor and each is a legal, valid and binding obligation of each Corporate Guarantor enforceable against it in accordance with its terms. The foregoing opinion is qualified only to the extent that the enforceability of each of the Corporate Guarantor Documents may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and each is subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(g) The Individual Guarantor has executed and delivered the Guaranty Agreement and the Letter of Representation (the "Individual Guarantor Documents"), each of which is the legal, valid and binding obligation of the Individual Guarantor enforceable against the Individual Guarantor in accordance with its terms. The foregoing opinion is qualified only to the extent that the enforceability of each of the Individual Guarantor Documents may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and each is subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

CONSULT YOUR LAWYER BEFORE SIGNING THIS INSTRUMENT-THIS INSTRUMENT SHOULD BE USED BY LAWYERS ONLY.

THIS MORTGAGE, made the 6th day of September, in the year 2006

BETWEEN NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, having its principal office at 110 William Street, New York, New York 10038 (the "Agency" or the "Leasehold Mortgagor") and MGC REALTY, INC., a New York corporation, having an address at 535 Manida Street, Bronx, New York 10474 (the "Company" or the "Mortgagor" or "mortgagor")

and HSBC BANK USA, NATIONAL ASSOCIATION, having an office located at 9201 Third Avenue, Brooklyn, New York 11209 (the "Bank" or the "Mortgagee" or "mortgagee")

WITNESSETH, that to secure the payment of an indebtedness in the sum of **One Million Seventy-Five Thousand and 00/100 (\$1,075,000.00) Dollars** lawful money of the United States, to be paid according to a certain promissory note from mortgagor to the Bank bearing even date herewith, the Agency and mortgagor hereby mortgage to the mortgagee the leasehold estate held by the Agency as hereinafter described, together with mortgagor's fee interest in

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being as described in Schedule A annexed hereto and made a part hereof (the "Premises" or "premises").

The New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") authorizes and provides for the creation of industrial development agencies in the several counties, cities and villages in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and furnish land, any building or other improvement, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, industrial or civic purposes, to the end that such agencies may be able to promote, develop, encourage, assist and advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

Pursuant to and in accordance with the provisions of the Enabling Act, the Agency was established by Chapter 1082 of the 1974 Laws of New York, as amended (together with the Enabling Act, the "Act") for the benefit of The City of New York (the "City") and the inhabitants thereof; and

To accomplish the purposes of the Act, the Agency has entered into an agreement with the Company and Meurice Garment Care of Manhasset Inc., a New York corporation (the "Sublessee") for the acquisition of a "project" within the meaning of the Act (the "Project") within the territorial boundaries of the City and located on that certain lot, piece or parcel of land located at 535 Manida Street, Bronx, New York 10474 (Tax Map Description: Section 10, Block 2768, Lot 253) (the "Land") and otherwise described in Schedule A attached hereto; and

The Project consists of the acquisition of an industrial facility on certain real property and the improvements thereon located at 535 Manida Street, Bronx, New York 10474 for use by the Sublessee for a dry cleaning business (hereinafter referred to as the "Facility"); and

To facilitate the Project, the Agency and the Company have entered into a "straight lease transaction" for the benefit of Sublessee within the meaning of the Act in which the Agency will acquire a leasehold interest in the Facility pursuant to a Company Lease, dated as of September 1, 2006 (the "Company Lease") between the Company and the Agency and the Agency will sublease its interest in the Facility to the Company pursuant to a Lease Agreement, dated as of September 1, 2006 between the Agency and the Company (the "Lease Agreement") and the Company will sub-sublease its interest in the Facility to the Sublessee, pursuant to a Sublease Agreement, dated as of September 1, 2006 (the "Sublease Agreement") between the Company and the Sublessee (the Company Lease, the Lease Agreement and the Sublease Agreement are collectively referred to as the "IDA Leases") and, in furtherance of such purposes, on December 13, 2005 and March 14, 2006 the Agency adopted resolutions (the "Authorizing Resolutions") authorizing the undertaking of the Project, the acquisition of a leasehold interest in the Facility by the Agency and the sublease of the Facility to the Company for sub-sublease to the Sublessee; and

To further facilitate the acquisition of the Facility, the Bank and the Company have entered into an agreement in accordance with a commitment letter, pursuant to which the Bank will make a loan to the Company for the Project in the amount of \$1,075,000.00, which loan is evidenced by the Promissory Note of even date herewith from the Company to the Bank in the amount of \$1,075,000.00; and

To secure the obligations under the Promissory Note, the proceeds of which shall be utilized for the acquisition of the Facility, the Agency is hereby granting to the Bank this leasehold mortgage with respect to its leasehold interest under the Company Lease with respect to the Facility and the Premises and the Company is granting to the Bank this fee mortgage on the Premises.

This Mortgage covers real property not principally improved or to be improved by one or more structures containing in the aggregate not more than six residential dwelling units, each having their own separate cooking facilities.

In furtherance of the foregoing, the Agency and the Mortgagor by this instrument do hereby grant, assign, transfer and set over to the Mortgagee their respective interests in that certain plot, piece or parcel of land and improvements and the Facility thereon and the fee of the Premises as more particularly described in Schedule A,

TOGETHER with all right, title and interest of the mortgagor in and to the land lying in the streets and roads in front of and adjoining said premises;

TOGETHER with all fixtures, chattels and articles of personal property now or hereafter attached to or used in connection with said Premises, including but not limited to furnaces, boilers, oil burners, radiators and piping, coal stokers, plumbing and bathroom fixtures, refrigeration, air conditioning and sprinkler systems, wash-tubs, sinks, gas and electric fixtures, stoves, ranges, awnings, screens, window shades, elevators, motors, dynamos, refrigerators, kitchen cabinets, incinerators, plants and shrubbery and all other equipment and machinery, appliances, fittings and fixtures of every kind in or used in the operation of the buildings standing on said premises, together with any and all replacements thereof and additions to thereto;

TOGETHER with all awards heretofore and hereafter made to the mortgagor for taking by eminent domain the whole or any part of said Premises or any easement therein, including any awards for changes of grade of streets, which said awards are hereby assigned to the mortgagee, who is hereby authorized to collect and receive the proceeds of such awards and to give proper receipts and acquittances therefor, and to apply the same toward the payment of the mortgage debt, notwithstanding the fact that the amount owing thereon may not then be due and payable; and the said mortgagor hereby agrees, upon request, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning said awards to the mortgagee, free, clear and discharged of any encumbrances of any kind or nature whatsoever.

AND the Mortgagor covenants with the Mortgagee as follows:

1. That the Mortgagor will pay the indebtedness as hereinbefore provided.
2. That the Mortgagor will keep the buildings on the Premises insured (i) against loss by fire for the benefit of the mortgagee, (ii) against loss by flood if the Premises are located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of nineteen hundred sixty-eight; that he will assign and deliver the policies to the mortgagee; and that he will reimburse the mortgagee for any premiums paid for insurance made by the mortgagor on the mortgagor's default in so insuring the buildings or in so assigning and delivering the policies.
3. That no building on the Premises shall be altered, removed or demolished without the consent of the Mortgagee or the Agency.
4. That the whole of said principal sum and interest shall become due at the option of the mortgagee: after default in the payment of any instalment of principal or of interest for fifteen days; or after default in the payment of any tax, water rate, sewer rent or assessment for thirty days after notice and demand; or after default after notice and demand either in assigning and delivering the policies insuring the buildings against loss by fire or in reimbursing the mortgagee for premiums paid on such insurance, as hereinbefore provided; or after default upon request in furnishing a statement of the amount due on the mortgage and whether any offsets or defenses exist against the mortgage debt, as hereinafter provided. An assessment which has been made payable in instalments at the application of the mortgagor or lessee of the premises shall nevertheless, for the purpose of this paragraph, be deemed due and payable in its entirety on the day the first instalment becomes due or payable or a lien.
5. That the holder of this mortgage, in any action to foreclose it, shall be entitled to the appointment of a receiver.
6. That the Mortgagor will pay all taxes, assessments, sewer rents or water rates, and in default thereof, the mortgagee may pay the same.
7. That the Mortgagor within five days upon request in person or within ten days upon request by mail will furnish a written statement duly acknowledged of the amount due on this mortgage and whether any offsets or defenses exist against the mortgage debt.
8. That notice and demand or request may be in writing and may be served in person or by mail.
9. That the Mortgagor warrants the title to the premises.
10. That the fire insurance policies required by paragraph No. 2 above shall contain the usual extended coverage endorsement; that in addition thereto the mortgagor, within thirty days after notice and demand, will keep the premises insured against war risk and any other hazard that may reasonably be required by the mortgagee. All of the provisions of paragraphs No. 2 and No. 4 above relating to fire insurance and the provisions of Section 254 of the Real Property Law construing the same shall apply to the additional insurance required by this paragraph.
11. That in case of a foreclosure sale, said premises, or so much thereof as may be affected by this mortgage, may be sold in one parcel.

RIDER I, consisting of 6 typewritten pages, attached to and forming part of Mortgage dated September 6, 2006 by and between NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, hereinafter referred to as the Agency, MGC REALTY, INC., hereinafter referred to as Mortgagor or the Borrower or the Company, and HSBC BANK USA, hereinafter referred to as Mortgagee or the Bank.

Anything hereinbefore contained to the contrary notwithstanding, it is agreed:

16. In the event it shall be necessary for the Mortgagee or any future holder of this Mortgage to employ counsel to collect the obligations secured hereby or to protect the security given for this Mortgage or to foreclose this Mortgage, the Mortgagor also agrees to pay the holder hereof reasonable attorneys' fees for services of such counsel, whether or not suit is actually commenced.

17. If, without the Bank's prior written consent, the Mortgagor sells, transfers, conveys or further mortgages the Premises or any interest therein, or transfers any equity interest in the Mortgagor, either directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, or if a creditor, receiver or trustee in bankruptcy obtains any interest by attachment, or by any other means, the entire principal balance of the Mortgage and Note with interest accruing thereon shall immediately become due and payable at the option of the holder. This Mortgage may not be assigned to, or assumed by, any other party without the Bank's prior written consent.

18. Pursuant to the Uniform Commercial Code of the State of New York, the Mortgagor hereby authorizes the Mortgagee to execute and file financing statements if the Mortgagee shall determine that such are necessary or advisable in order to perfect its security interest in any fixtures, chattels or articles of personal property covered by this Mortgage, and the Mortgagor shall pay to the Mortgagee on demand any expenses incurred by the Mortgagee in connection with the preparation, execution and filing of such statements and any continuation statements that may be filed by the Mortgagee.

19. The failure of the Mortgagor to furnish the statement required pursuant to paragraph "7" of the Mortgage within the time period therein stipulated shall be deemed an acknowledgment by Mortgagor that to the best of Mortgagor's information and belief, no offsets or defenses exist against Mortgagor's indebtedness under the Note secured hereby. Nothing herein contained, however, shall be deemed to relieve the Mortgagor from the obligation to supply such written statement.

20. The Mortgagor will pay in full all premiums on the insurance coverages required by the terms of this Mortgage and will exhibit to the Mortgagee, at the address of the Mortgagee hereinabove set forth, on or before the date on which such coverage becomes effective and prior to each renewal date, proof satisfactory to the Mortgagee of the payment in full of all such premiums. The whole of said principal sum shall become due at the option of the Mortgagee in the event of any default under this clause.

21. Upon any default by the Mortgagor in the compliance with, or performance of, any of the terms, covenants or conditions of this Mortgage, the Mortgagee may, at its option, remedy such default. All payments made by the Mortgagee to remedy a default by the Mortgagor as aforesaid (including reasonable attorneys' fees for legal services actually performed) and the total of any payment or payments due from the Mortgagor to the Mortgagee, together with interest thereon at the rate provided for in the principal indebtedness, shall be added to the debt secured by this Mortgage and shall be repaid by the Mortgagor to the Mortgagee upon demand. Any such sum and the interest thereon shall be a lien on the Premises prior to any other lien attaching or accruing subsequent to the lien of this Mortgage.

22. The entire principal obligation secured hereby, together with interest thereon, shall immediately become due and payable at the option of the Mortgagee without notice or demand upon the default by the Mortgagor or any guarantor of Mortgagor with respect to the payment of, the security for, or any agreement in connection with, borrowed money which results in the acceleration of such debt to the Mortgagee.

23. In addition to any other duties or obligations of the Mortgagor arising by reason of the terms of this Mortgage or the other Loan Documents (as herein below defined) or by operation of law, the Mortgagor shall defend, indemnify and hold harmless the Mortgagee from and against any and all claims, actions, proceedings, losses, liabilities, costs or expenses, including without limitation, reasonable attorneys' fees and disbursements and the costs of such reappraisals of the mortgaged Premises as may be required by the Mortgagee in its sole discretion from time to time, arising out of or in connection with:

- (a) any matters arising out of the obligations secured by this Mortgage (the "Debt"), the Note secured hereby and any other document or instrument now or hereafter executed and/or delivered in connection with the Debt (hereinafter collectively referred to as the "Loan Documents");
- (b) any amendment, modification, or supplement to, or restructuring of, the Debt and the Loan Documents;
- (c) any and all lawful action that may be taken by the Mortgagee in connection with the enforcement of the provisions of this Mortgage or the Note or any of the other Loan Documents or any amendment, modification or supplement thereto or any restructuring thereof, whether by negotiation, legal proceedings or otherwise and whether or not suit is filed in connection therewith;
- (d) any voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding affecting the Mortgagor.

All sums expended by the Mortgagee shall be payable on demand and, until reimbursed by the Mortgagor pursuant hereto, shall be deemed additional principal of the Debt and shall bear interest at the default interest rate set forth in the principal indebtedness evidenced by the Note.

24. Mortgagor covenants and agrees to deliver to the Mortgagee, within sixty (60) days after the due date thereof (without penalty), evidence satisfactory to the Mortgagee of the timely payment of all real estate taxes (or payments in lieu of real estate taxes, i.e. PILOT payments) on the mortgaged Premises. The Mortgagee specifically retains the right and option, upon delivery of written notice to the Mortgagor during the term of the Note, to require the Mortgagor to make monthly deposits into a Mortgage tax deposit account with the Mortgagee at the same time and in addition to the monthly payments under the terms of the Note. Each of said monthly deposits shall be equal to 1/12th of the annual taxes and assessments (or PILOT payments) to be levied against the mortgaged Premises as estimated by the Mortgagee. Such amounts shall be deposited in the Mortgage tax deposit account and Mortgagee will apply the same against such taxes and assessments (or PILOT payments) when due, with the right, however, to the Mortgagee to apply, after default, any sums so received, as hereinafter provided. If the total amount deposited in the Mortgage tax deposit account shall exceed the amount of payments actually made by the Mortgagee for taxes and assessments (or PILOT payments), such excess shall be credited by the Mortgagee to subsequent deposits of the same nature to be made by the Mortgagor. If,

however, said monthly deposits made by the Mortgagor shall not be sufficient to pay taxes and assessments (or PILOT payments) when the same shall become due and payable, then the Mortgagor shall deposit into the Mortgage tax deposit account any amount necessary to make up the deficiency, on or before the date when payment of such taxes and assessments (or PILOT payments) shall be due. In no event shall the Mortgagee be obligated to make any payment for taxes and assessments (or PILOT payments) on behalf of the Mortgagor if the balance in the Mortgage tax deposit account shall not be sufficient for such purpose. If at any time the Mortgagor shall tender to the Mortgagee in accordance with the provisions of the Note secured hereby, full payment of the entire indebtedness represented thereby, the Mortgagee shall credit to the account of the Mortgagor any balance remaining in the Mortgage tax deposit account. If there shall be an Event of Default under any of the provisions of the Mortgage or the Note secured hereby and the obligations of Mortgagor under the Note are accelerated or an action or proceeding shall be commenced to foreclose the Mortgage, the Mortgagee shall be, and hereby is, authorized and empowered to apply, at the time of the commencement of such action or proceeding or at any other time, the balance then remaining in the Mortgage tax deposit account as a credit against the amount of accrued interest and principal outstanding under said Note. The Mortgagee may, at its option, in its sole discretion, terminate the requirement for the making of such monthly deposits, on written notice to the owner of the mortgaged Premises. Mortgagor understands and agrees that Mortgagee undertakes and assumes no responsibility (fiduciary or otherwise) for, or liability relating to, the payment or non-payment of any taxes and assessments levied against the mortgaged Premises which may be paid with the proceeds of the Mortgage tax deposit account referred to above. No PILOT payment made by Mortgagor to the Mortgagee or for deposit into said tax deposit account shall be deemed a payment made in satisfaction of the Mortgagor's PILOT obligations under the IDA Leases.

25. In the event that any payment due under the Mortgage or the Note secured hereby shall become overdue for a period in excess of ten (10) days, a "late charge" equal to five (5%) percent of any installment so overdue will be charged by the Mortgagee for the purpose of defraying the expenses incident to handling such delinquent payment.

26. In furtherance of paragraph 2, Mortgagor will keep the buildings on the Premises insured against loss by fire for the benefit of the Mortgagee, as mortgagee and loss payee on the standard mortgagee clause, and in an amount of not less than the full replacement value or the amount of the loan, whichever is less. In addition, Mortgagor shall maintain public liability insurance coverage on the property in form and content reasonably satisfactory to the Mortgagee. The Mortgagee's vendor has determined that the mortgaged Premises is not situated in a Special Flood Hazard Area. If, in the future, however, this determination changes, the Mortgagor shall be required to obtain flood insurance in the maximum amount available.

27. Mortgagor represents that the Mortgagor is the owner of the Premises upon which this Mortgage is a valid first lien for the amount above specified and that there are no defenses or offsets to said Mortgage or to the debt which it secures as of the date hereof.

28. Mortgagor covenants that the execution and delivery of and the carrying out of this Mortgage and the performance and observance of the terms, covenants, agreements and provisions hereof is duly authorized and will not conflict with or result in a breach of any law or any document which is applicable to Mortgagor.

29. The Mortgagor will, so long as it is the owner of the Premises, do all things necessary to preserve and keep in full force and effect its existence, rights and privileges under the laws of the State of New York, and will comply with all regulations, rules,

ordinances, statutes, orders and decrees of any governmental authority or court applicable to the Mortgagor or to the Premises or any part thereof.

30. All fixtures and improvements of all kinds now or hereafter attached to, or contained in, or used in connection with the Premises, are subject to the lien of this Mortgage and no fixture or improvement shall be removed without the prior written consent of the Mortgagee.

31. Mortgagor shall not, at any time, without the prior written consent of the Mortgagee create, permit to be created, or permit to remain, any lien or encumbrance against the Premises and/or the fixtures used in conjunction therewith or appurtenant thereto, whether or not such a lien or encumbrance arose through the operation of law or otherwise, whether or not the same is superior or subordinate to the lien of the Mortgage and without any regard to whether the same was created through mortgage, pledge, lease agreement, conditional sale or otherwise, except liens held by the Mortgagee or by Empire State Certified Development Corporation/U.S. Small Business Administration (not exceeding \$886,000.00).

32. The whole of the principal sum outstanding secured by this Mortgage shall immediately become due and payable at the option of the Mortgagee in the event of a default under, or any attempted repudiation or cancellation of, any guaranty which guarantees payment of the indebtedness secured hereby or any part thereof or under any agreement giving security for any such guaranty.

33. This Mortgage shall constitute a Security Agreement within the meaning of the Uniform Commercial Code of the State of New York. The Premises include both real and personal property and all other rights and interests, whether tangible or intangible in nature, of the Mortgagor in the Premises.

34. Upon a default by Mortgagor hereunder, after applicable notice and opportunity to cure, Mortgagee shall have the right to commence a foreclosure action with respect to Mortgagor's fee interest in the Premises.

35. The termination of any of the IDA Leases shall have no affect on this Mortgage, except that the leasehold mortgaged herein shall be extinguished and the Mortgage shall continue in full force and effect as a mortgage from the Company to the Bank covering the Company's fee interest in the premises.

36. With respect to the Agency, it is agreed that the Agency, its officers, members, employees, agents and directors shall have no personal liability hereunder, nor in their capacity as officers, members, employees, agents and directors. The Agency has executed this Mortgage to subject its leasehold interest in the Premises to the lien of this Mortgage; however, the Mortgagee shall have no recourse to the Agency other than to its interest in the Premises. No provision, covenant or agreement contained in this Mortgage or any obligations herein imposed or the breach thereof, shall constitute or give rise to or impose upon the Agency a pecuniary liability or a charge upon its general credit. In making the agreements, provisions and covenants set forth in this Mortgage, the Agency has not obligated itself except with respect to the premises. All covenants, promises, agreements and obligations of the Agency contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, director, officer, employee or agent of the Agency in his or her individual capacity, and no recourse shall be had for the payment of the principal of any debt or interest thereon or for any claim based thereon or hereunder against the Agency or any member, director, officer, employee or agent of the Agency or any natural person executing this Mortgage on behalf of the Agency. No covenant herein contained shall be deemed to constitute a debt of the State of New York, or of the City of New York and neither the State of New York nor the City of New York shall be liable on any covenant herein contained, nor shall the indebtedness secured by this Mortgage be payable out of any funds of the Agency or the State or City, as aforesaid.

37. In addition to making payment of all rent and other payments and charges required to be made by Mortgagor, as lessee under and pursuant to the provisions of the IDA Leases, Mortgagor covenants that it will:

(a) diligently perform and observe all of the terms, conditions and covenants of the IDA Leases required to be performed and observed by Mortgagor as such lessee;

(b) promptly notify Mortgagee in writing of any default by the Mortgagor under the IDA Leases in the performance and observance by Mortgagor of any of the terms, conditions or covenants to be performed or observed under the IDA Leases;

(c) promptly notify Mortgagee in writing of the giving of any notice under the IDA Leases of any default by Mortgagor in the observance of any terms, covenants or conditions thereof;

(d) not surrender the leasehold estate nor terminate or cancel the IDA Leases or enter into any agreement (whether oral or written) modifying, supplementing or amending the Lease without ten (10) days' prior written notice to Mortgagee.

38. Mortgagor covenants that no release or forbearance of any of the obligations of Mortgagor under the IDA Leases, pursuant to the IDA Leases or otherwise, shall release Mortgagor from any of its obligations under this Mortgage.

39. Unless Mortgagee shall otherwise expressly consent in writing, the fee title to the premises and the leasehold estate shall not merge, but shall always remain separate and distinct, notwithstanding the union of such estates in any party.

40. Except as otherwise consented to in writing by Mortgagee, all leases and subleases with respect to the premises shall be made and shall be expressly subject and subordinate to this Mortgage and to any modification, renewal, extension or increase hereof and, except for the IDA Leases, shall contain provisions obligating the lessees and sublessees thereunder, at Mortgagee's option, to attorn to Mortgagee in the event Mortgagee succeeds to the interest of the lessor or sublessor.

41. In connection with the closing of the loan secured by this Mortgage, Mortgagor shall enroll in the Transamerica Real Estate Tax Services for tax delinquency reporting, at Mortgagor's expense.

42. Mortgagor represents and warrants the Mortgagor has not dealt with any broker in connection with the loan secured by this Mortgage; and further, Mortgagor undertakes and agrees to indemnify and hold harmless the Mortgagee from and against any costs, claims and expenses arising out of Mortgagor's breach of such representation.

43. The full proceeds of the Note secured hereby have been advanced to the Mortgagor on the date hereof and there shall be no further advances with respect thereto, except to protect the security of this mortgage.

44. Mortgagee agrees to give the Empire State Certified Development Corporation and U.S. Small Business Administration ("ESCDC/SBA") written notice of default with respect to this Mortgage or the loan secured hereby within thirty (30) days after the occurrence thereof. In addition, Mortgagee agrees to give the ESCDC/SBA written notice at least sixty (60) days prior to any foreclosure sale under this Mortgage. Mortgagee recognizes that ESCDC/SBA may wish to purchase Mortgagee's superior loan in the case of a foreclosure. Notices given under this paragraph shall be sent to SBA, 35 Pinelawn Road, Suite 207W, Melville, New York 11747, with a copy to ESCDC, 633 Third Avenue, New York, New York 10017. In furtherance of the foregoing, as to ESCDC/SBA, the Mortgagee waives any default rate of interest, default penalties, late

fees and prepayment penalties with respect to this Mortgage and the Note secured hereby. It is understood and agreed that the foregoing shall not operate as an estoppel against Mortgagee. This Mortgage is not cross-collateralized with any other obligations of Mortgagor or any other obligations of any guarantor of Mortgagor to Mortgagee. Mortgagee shall have no liability to any person or entity if Mortgagee fails to comply with the provisions of this paragraph. Mortgagor hereby agrees to hold harmless and indemnify the Mortgagee in the event of any non-compliance by Mortgagee with the provisions of this paragraph. Mortgagee's undertakings in this paragraph shall not be effective unless and until SBA and/or ESCDC are holders of a subordinate mortgage on the Premises.

45. The Agency represents and warrants that it has power to enter into and perform this Mortgage, to create, pledge and grant the mortgage, pledge, assignment and security interest in the Premises as provided in this Mortgage and to own its property and assets, has duly authorized the execution and delivery of this Mortgage by proper corporate action and neither this Mortgage, the authorization, execution, delivery and performance hereof, the performance of the agreements herein contained nor the consummation of the transactions herein contemplated will violate any provision of law, any order of any court or agency of government or any agreement, indenture or other instrument to which the Agency is a party or by which it or any of its property is subject to or bound, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any indenture, agreement or other instrument or any provision of its by-laws or any other requirement of law. This Mortgage constitutes the legal, valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

46. With respect to the Agency, it is agreed that the Agency, its officers, members, employees, agents and directors shall have no personal liability hereunder, nor in their capacity as officers, member, employees, agents and directors. The Agency has executed this Mortgage to subject its interest in the Premises to the lien of this Mortgage; however, the Mortgagee shall have no recourse to the Agency but shall have recourse against the Premises and the Mortgagor. No provision, covenant or agreement contained in this Mortgage or any obligations herein imposed upon the Agency or the breach thereof, shall constitute or give rise to or impose upon the Agency a pecuniary liability or a charge upon its general credit. In making the agreements, provisions and covenants set forth in this Mortgage, the Agency has not obligated itself except with respect to the Premises. All covenants, stipulations, promises, agreements and obligations of the Agency contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, director, officer, employee or agent of the Agency in his individual capacity, and no recourse shall be had for the payment of the principal of any debt or interest thereon or any of the obligations or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Agency or any natural person executing this Mortgage. No covenant herein contained shall be deemed to constitute a debt of the State of New York or of the City of New York and neither the State of New York nor the City of New York shall be liable on any covenant herein contained, nor shall the obligations secured by this Mortgage be payable out of any funds of the Agency, other than those pledged therefor.

47. The Company directs the Agency to execute and deliver this Mortgage to the Mortgagee, and further agrees to indemnify the Agency (and its members, officers, directors, agents, servants and employees) in connection with the execution, delivery, recording, performing and enforcing of this Mortgage.

RIDER II TO MORTGAGE

Environmental Agreement

1. **Definitions:** As used in this Rider, the following capitalized terms shall have the meanings set forth below:

"**Disposal**" means the intentional or unintentional abandonment, discharge, deposit, injection, dumping, spilling, leaking, storing, burning, thermal destruction or placing of any substance so that it or any of its constituents may enter the Environment.

"**Environment**" means any water, including, but not limited to, surface water and ground water or water vapor; any land, including land surface or subsurface; stream sediments; air, fish, wildlife, plants; and all other natural resources or environmental media.

"**Environmental Laws**" means all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances, regulations, codes and rules relating to the protection of the Environment and/or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the policies, guidelines, procedures, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto.

"**Environmental Permits**" means all licenses, permits, approvals, authorizations, consents or registrations required by any applicable Environmental Laws and all applicable judicial and administrative orders in connection with ownership, lease, purchase, transfer, closure, use and/or operation of the Property and/or as may be required for the storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances.

"**Environmental Questionnaire**" means one or more questionnaires and all attachments thereto concerning: (1) activities and conditions affecting the Environment at the Property or (2) the enforcement or possible enforcement of any Environmental Law against Mortgagor.

"**Environmental Report**" means a written report and all attachments and amendments thereto prepared for Lender by an environmental consulting or environmental engineering firm acceptable to Lender.

"**Hazardous Substances**" means, without limitation, any explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances and any other material defined as a hazardous substance in Section 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601(14).

"**Mortgagor**" means the Mortgagor described in the Mortgage, its successors and/or assigns.

"**Mortgagee**" means the mortgagee described in the Mortgage, its affiliates, successors and/or assigns.

"**Mortgage**" means the mortgage from Mortgagor and the New York City Industrial Development Agency to Mortgagee dated of even date herewith to which this Rider is attached.

"**Property**" means the Premises covered by the Mortgage.

"**Release**" has the same meaning as given to that term in Section 101(22) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601(22), and the regulations promulgated thereunder.

2. Mortgagor represents and warrants that to the best of its knowledge and subject to the environmental reports delivered to the mortgagee with respect to the Premises:

(i) The Environmental Questionnaire previously provided to Mortgagee was and is accurate and complete and does not omit any material fact, the omission of which would make the information contained therein materially misleading.

(ii) No asbestos or urea formaldehyde foam insulation is located in any of the buildings or structures improving the Property.

(iii) No above ground or underground storage tanks containing Hazardous Substances are or have been located on the Property.

(iv) Radon gas is not present in buildings on the Property in concentrations exceeding 4 pCi/l.

(v) No electrical transformers, capacitors, lighting ballasts or other electric equipment on the Property contain polychlorinated biphenyls (PCBs) in concentrations exceeding amounts allowed by any Environmental Law.

(vi) The Property is not and has not been used for the Disposal of any Hazardous Substance or for the treatment, storage or Disposal of Hazardous Substances.

(vii) No Release of a Hazardous Substance has occurred or is threatened on, at, or from the Property.

(viii) Neither Mortgagor nor the Property is subject to any existing, pending or threatened suit, claim, notice of violation or request for information under any Environmental Law.

(ix) Mortgagor is in compliance with all Environmental Laws applicable to its operations at the Property.

3. Mortgagor covenants and agrees with Mortgagee that so long as this Mortgage remains a lien on the Property that:

(i) Mortgagor shall comply with all Environmental Laws in connection with its ownership or use of the Property or any related property.

(ii) Mortgagor shall not suffer, cause or permit the Disposal of Hazardous Substances at the Property.

(iii) Mortgagor shall not suffer, cause or permit the generation, handling, processing, use or storage of Hazardous Substances on the Property, except in compliance with all Environmental Laws.

(iv) Mortgagor shall promptly notify Mortgagee in the event of the Disposal of any Hazardous Substance at the Property, or any Release, or threatened Release, of a Hazardous Substance, from the Property.

(v) Mortgagor shall allow Mortgagee and its agent access to the Property at all times and permit such inspections, tests, drilling of monitoring wells, soil borings or other analysis of the Property as Mortgagee may reasonably require.

(vi) Mortgagor, at its expense and at Mortgagee's request, shall provide to Mortgagee updated Environmental Questionnaires and/or Environmental Reports concerning the Property.

(vii) Mortgagor shall deliver promptly to Mortgagee (a) copies of any documents received from the United States Environmental Protection Agency or any state, county or municipal environmental or health agency concerning Mortgagor's operations at the Property and (b) copies of any documents submitted by Mortgagor to the United States Environmental Protection Agency or any state, county or municipal environmental or health agency concerning its operations at the Property.

4. Mortgagor agrees to indemnify, defend and hold harmless Mortgagee from and against any and all liabilities, claims, damages, penalties, expenditures, losses or charges, including, but not limited to, all costs of investigation, monitoring, legal representation, remedial response, removal, restoration or permit acquisition, which may now or in the future be undertaken, suffered, paid, awarded, assessed or otherwise incurred by Mortgagee or any other person or entity as a result of the presence of, Release of or threatened Release of Hazardous Substances on or in the Property. The liability of Mortgagor to Mortgagee under the covenants of this Section is not limited by any exculpatory provisions in any Guaranty or in the documents securing the loan and shall survive any foreclosure of this Mortgage, transfer of the Property by deed in lieu of foreclosure or any other transfer or termination of this Mortgage regardless of the means of such transfer or termination.

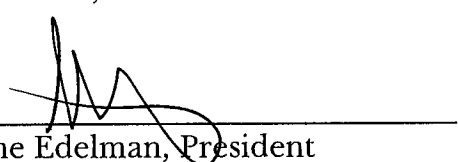
5. If Mortgagor defaults on any of Mortgagor's obligations pursuant to this Mortgage, the Note or any other document securing the loan, Mortgagee or its designee shall have the right to enter upon the Property and conduct such tests, investigations and sampling, including, but not limited to, installation of monitoring wells, as shall be reasonably necessary for Mortgagee to determine whether any Disposal of Hazardous Substances has occurred on, at or near the Property. The costs of all such tests, investigations and samplings shall be added to the balance of the loan.

6. Mortgagor agrees that Mortgagee shall not be liable in any way for the completeness or accuracy of any Environmental Report or the information contained therein. Mortgagor further agrees that Mortgagee has no duty to warn Mortgagor or any other person or entity about any actual or potential environmental contamination or other problem that may have become apparent or will become apparent to Mortgagee.

MORTGAGOR:

MGC REALTY, INC.

By: _____


Wayne Edelman, President

SCHEDULE A

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough and County of the Bronx, City and State of New York, bounded and described as follows:

BEGINNING at a point on the westerly side of Manida Street, distant 200 feet southerly from the corner formed by the intersection of the southerly side of Randall Avenue; and

THENCE westerly parallel with the southerly side of Randall Avenue, a distance of 100 feet;

THENCE southerly parallel with the westerly side of Manida Street, a distance of 125 feet;

THENCE easterly parallel with the southerly side of Randall Avenue, a distance of 100 feet to the westerly side of Manida Street; and

THENCE northerly along the westerly side of Manida Street, a distance of 125 feet to the point or place of BEGINNING.

12. That if any action or proceeding be commenced (except an action to foreclose this mortgage or to collect the debt secured thereby), to which action or proceeding the Mortgagee is made a party, or in which it becomes necessary to defend or uphold the lien of this mortgage, all sums paid by the Mortgagee for the expense of any litigation to prosecute or defend the rights and lien created by this mortgage (including reasonable counsel fees), shall be paid by the Mortgagor, together with interest thereon at the rate of five per cent per annum, and any such sum and the interest thereon shall be a lien on said Premises, prior to any right, or title to, interest in or claim upon said Premises attaching or accruing subsequent to the lien of this mortgage, and shall be deemed to be secured by this mortgage. In any action or proceeding to foreclose this mortgage, or to recover or collect the debt secured hereby, the provisions of law respecting the recovering of costs, disbursements and allowances shall prevail unaffected by this covenant.

13. That the Mortgagor hereby assigns to the mortgagee the rents, issues and profits of the premises (other than rents and all other sums payable under the IDA Leases) as further security for the payment of said indebtedness, and the Mortgagor grants to the Mortgagee the right to enter upon and to take possession of the premises for the purpose of collecting the same and to let the premises or any part thereof and to apply the rents, issues and profits (other than as payable under the IDA Leases), after payment of all necessary charges and expenses, on account of said indebtedness. This assignment and grant shall continue in effect until this mortgage is paid. The Mortgagee hereby waives the right to enter upon and to take possession of said premises for the purpose of collecting said rents, issues and profits so pledged and the Mortgagor shall be entitled to collect and receive said rents, issues and profits until default under any of the covenants, conditions or agreements contained in this mortgage, and agrees to use such rents, issues and profits in payment of principal and interest becoming due on this mortgage and in payment of taxes, assessments, sewer rents, water rates and carrying charges becoming due against said Premises, but such right of the Mortgagor may be revoked by the Mortgagee upon any default, on five days' written notice. The Mortgagor will not, without the written consent of the Mortgagee receive or collect rent from any tenant of said Premises or any part thereof for a period of more than one month in advance, and in the event of any default under this mortgage will pay monthly in advance to the mortgagee, or to any receiver appointed to collect said rents, issues and profits, the fair and reasonable rental value for the use and occupation of said premises or of such part thereof as may be in the possession of the Mortgagor, and upon default in any such payment will vacate and surrender the possession of said Premises to the Mortgagee or to such receiver, and in default thereof may be evicted by summary proceedings.

14. That the whole said principal sum and the interest shall become due at the option of the Mortgagee: (a) after failure to exhibit to the Mortgagee, within ten days after demand, receipts showing payment of all taxes, water rates, sewer rents and assessments; or (b) after the actual or threatened alteration, demolition or removal of any building on the premises without the written consent of the Mortgagee; or (c) after the assignment of the rents of the premises or any part thereof without the written consent of the Mortgagee (except pursuant to the IDA Leases); or (d) if the building on said premises are not maintained in reasonably good repair; or (e) after failure to comply with any requirement or order or notice of violation of law or ordinance issued by any governmental department claiming jurisdiction over the premises within three months from the issuance thereof; or (f) if on application of the mortgagee two or more fire insurance companies lawfully doing business in the State of New York refuse to issue policies insuring the buildings on the premises; or (g) in the event of the removal, demolition or destruction in whole or in part of any of the fixtures, chattels or articles of personal property covered hereby, unless the same are promptly replaced by similar fixtures, chattels and articles of personal property at least equal in quality and condition to those replaced, free from chattel mortgages or other encumbrances thereon and free from any reservation of title thereto; or (h) after thirty days' notice to the Mortgagor, in the event of the passage of any law deducting from the value of land for the purposes of taxation any lien thereon, or changing in any way the taxation of Mortgages or debts secured thereby for state or local purposes; or (i) if the Mortgagor fails to keep, observe and perform any of the other covenants, conditions or agreements contained in this mortgage.

15. That the Mortgagor will, in compliance with Section 13 of the Lien Law, receive the advances secured hereby and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

SEE RIDERS I AND II ANNEXED HERETO AND MADE A PART HEREOF

This mortgage may not be changed or terminated orally. The covenants contained in this mortgage shall run with the land and bind the Mortgagor, the heirs, personal representatives, successors and assigns of the Mortgagor and all subsequent owners, encumbrancers, tenants and subtenants of the premises and shall enure to the benefit of the Mortgagee, the personal representatives, successors and assigns of the Mortgagee and all subsequent holders of this mortgage. The word "Mortgagor" shall be construed as if it read "Mortgagors" (but shall not include the Agency") and the word "Mortgagee" shall be construed as if it read "Mortgagees" whenever the sense of this mortgage so requires.

IN WITNESS WHEREOF, this mortgage has been duly executed by the Agency and the Mortgagor.

In Presence of :

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

By: 
Kei Hayashi, Deputy Executive Director

MGC REALTY, INC.

By: 
Wayne Edelman, President

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

On the 5th day of September in the year 2006, before me, the undersigned, personally appeared KEI HAYASHI, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity and that by her signature upon the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

SUSAN BOATWRIGHT
NOTARY PUBLIC, State of New York
No. 01BO6123733
Qualified in Kings County
Commission Expires March 14, 2009

Signature and Office of
Individual taking acknowledgment

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

On the 17th day of September in the year 2006 before me, the undersigned, personally appeared WAYNE EDELMAN, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

TODD A. KNAUER
Notary Public, State of New York
No. 02KN6079626
Qualified in Nassau County
Commission Expires August 26, 2010

Signature and Office of
Individual taking acknowledgment

*For acknowledgments taken in New York State.

** State, District of Columbia, Territory, Possession, or Foreign Country

) ss.:

On the ____ day of _____ in the year _____ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies) and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the _____.
(Insert the city or other political subdivision and the state or country or other place the acknowledgment was taken).

Signature and Office of
Individual taking acknowledgment

** For acknowledgments taken outside New York State.

MORTGAGE

Title No.

**NEW YORK CITY INDUSTRIAL DEVELOPMENT
AGENCY and MGC REALTY, INC.**

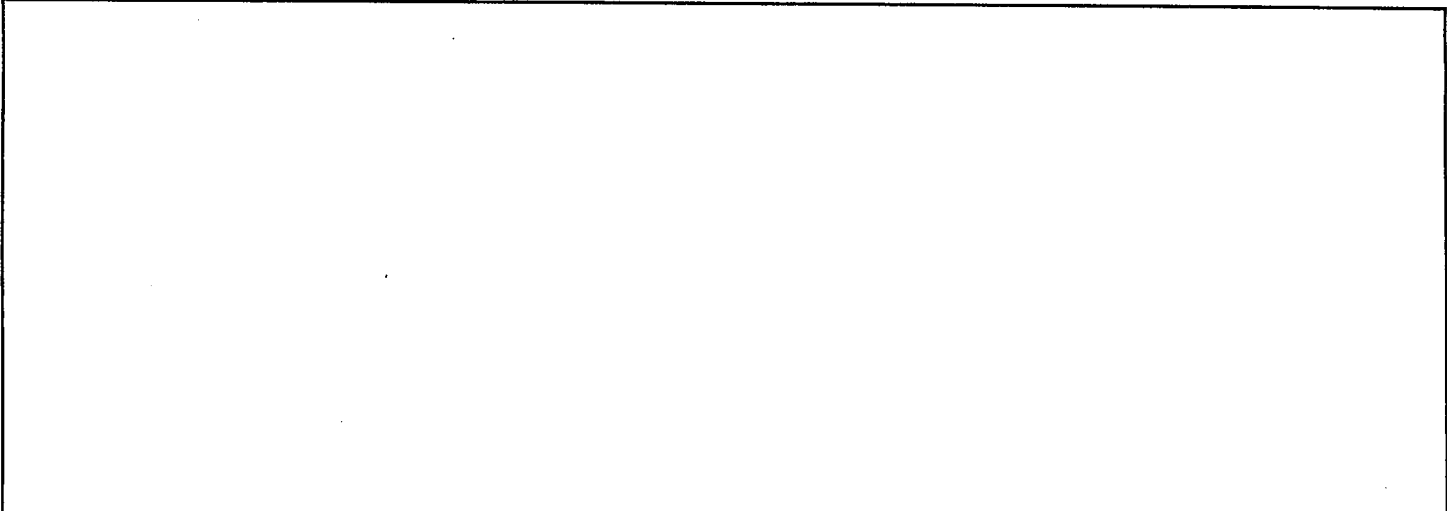
TO

HSBC BANK USA, NATIONAL ASSOCIATION

SECTION 10
BLOCK 2768
LOT 253
COUNTY BRONX

Return By Mail To:

TODD A. KNAUER, ESQ.
HAMBURGER, MAXSON, YAFFE, WISHOD,
KNAUER & ROTHBERG, LLP
225 Broadhollow Road, Suite 301E
Melville, NY 1174



CONSULT YOUR LAWYER BEFORE SIGNING THIS INSTRUMENT-THIS INSTRUMENT SHOULD BE USED BY LAWYERS ONLY.

THIS MORTGAGE, made the 6th day of **September**, in the year **2006**

BETWEEN **NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY**, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, having its principal office at 110 William Street, New York, New York 10038 (the "Agency" or the "Leasehold Mortgagor") and **MGC REALTY, INC.**, a New York corporation, having an address at 535 Manida Street, Bronx, New York 10474 (the "Company" or the "Mortgagor" or "mortgagor")

and **HSBC BANK USA, NATIONAL ASSOCIATION**, having an office located at 9201 Third Avenue, Brooklyn, New York 11209 (the "Bank" or the "Mortgagee" or "mortgagee")

WITNESSETH, that to secure the payment of an indebtedness in the sum of **Eight Hundred Sixty Thousand and 00/100 (\$860,000.00) Dollars** lawful money of the United States, to be paid according to a certain **interim term note** from mortgagor to the Bank bearing even date herewith, the Agency and mortgagor hereby mortgage to the mortgagee the leasehold estate held by the Agency as hereinafter described, together with mortgagor's fee interest in

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being as described in Schedule A annexed hereto and made a part hereof (the "Premises" or "premises").

The New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") authorizes and provides for the creation of industrial development agencies in the several counties, cities and villages in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and furnish land, any building or other improvement, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, industrial or civic purposes, to the end that such agencies may be able to promote, develop, encourage, assist and advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

Pursuant to and in accordance with the provisions of the Enabling Act, the Agency was established by Chapter 1082 of the 1974 Laws of New York, as amended (together with the Enabling Act, the "Act") for the benefit of The City of New York (the "City") and the inhabitants thereof; and

To accomplish the purposes of the Act, the Agency has entered into an agreement with the Company and Meurice Garment Care of Manhasset Inc., a New York corporation (the "Sublessee") for the acquisition of a "project" within the meaning of the Act (the "Project") within the territorial boundaries of the City and located on that certain lot, piece or parcel of land located at 535 Manida Street, Bronx, New York 10474 (Tax Map Description: Section 10, Block 2768, Lot 253) (the "Land") and otherwise described in Schedule A attached hereto; and

The Project consists of the acquisition of an industrial facility on certain real property and the improvements thereon located at 535 Manida Street, Bronx, New York 10474 for use by the Sublessee for a dry cleaning business (hereinafter referred to as the "Facility"); and

To facilitate the Project, the Agency and the Company have entered into a "straight lease transaction" for the benefit of Sublessee within the meaning of the Act in which the Agency will acquire a leasehold interest in the Facility pursuant to a Company Lease, dated as of September 1, 2006 (the "Company Lease") between the Company and the Agency and the Agency will sublease its interest in the Facility to the Company pursuant to a Lease Agreement, dated as of September 1, 2006 between the Agency and the Company (the "Lease Agreement") and the Company will sub-sublease its interest in the Facility to the Sublessee, pursuant to a Sublease Agreement, dated as of September 1, 2006 (the "Sublease Agreement") between the Company and the Sublessee (the Company Lease, the Lease Agreement and the Sublease Agreement are collectively referred to as the "IDA Leases") and, in furtherance of such purposes, on December 13, 2005 and March 14, 2006, the Agency adopted resolutions (the "Authorizing Resolutions") authorizing the undertaking of the Project, the acquisition of a leasehold interest in the Facility by the Agency and the sublease of the Facility to the Company for sub-sublease to the Sublessee; and

To further facilitate the acquisition of the Facility, the Bank and the Company have entered into an agreement in accordance with a commitment letter, pursuant to which the Bank will make a loan to the Company for the Project in the amount of \$860,000.00, which loan is evidenced by the Interim Term Note of even date herewith from the Company to the Bank in the amount of \$860,000.00; and

To secure the obligations under the Interim Term Note, the proceeds of which shall be utilized for the acquisition of the Facility, the Agency is hereby granting to the Bank this leasehold mortgage with respect to its leasehold interest under the Company Lease with respect to the Facility and the Premises and the Company is granting to the Bank this fee mortgage on the Premises.

This Mortgage covers real property not principally improved or to be improved by one or more structures containing in the aggregate not more than six residential dwelling units, each having their own separate cooking facilities.

In furtherance of the foregoing, the Agency and the Mortgagor by this instrument do hereby grant, assign, transfer and set over to the Mortgagee their respective interests in that certain plot, piece or parcel of land and improvements and the Facility thereon and the fee of the Premises as more particularly described in Schedule A,

TOGETHER with all right, title and interest of the mortgagor in and to the land lying in the streets and roads in front of and adjoining said premises;

TOGETHER with all fixtures, chattels and articles of personal property now or hereafter attached to or used in connection with said Premises, including but not limited to furnaces, boilers, oil burners, radiators and piping, coal stokers, plumbing and bathroom fixtures, refrigeration, air conditioning and sprinkler systems, wash-tubs, sinks, gas and electric fixtures, stoves, ranges, awnings, screens, window shades, elevators, motors, dynamos, refrigerators, kitchen cabinets, incinerators, plants and shrubbery and all other equipment and machinery, appliances, fittings and fixtures of every kind in or used in the operation of the buildings standing on said premises, together with any and all replacements thereof and additions to thereto;

TOGETHER with all awards heretofore and hereafter made to the mortgagor for taking by eminent domain the whole or any part of said Premises or any easement therein, including any awards for changes of grade of streets, which said awards are hereby assigned to the mortgagee, who is hereby authorized to collect and receive the proceeds of such awards and to give proper receipts and acquittances therefor, and to apply the same toward the payment of the mortgage debt, notwithstanding the fact that the amount owing thereon may not then be due and payable; and the said mortgagor hereby agrees, upon request, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning said awards to the mortgagee, free, clear and discharged of any encumbrances of any kind or nature whatsoever.

AND the Mortgagor covenants with the Mortgagee as follows:

1. That the Mortgagor will pay the indebtedness as hereinbefore provided.
2. That the Mortgagor will keep the buildings on the Premises insured (i) against loss by fire for the benefit of the mortgagee, (ii) against loss by flood if the Premises are located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of nineteen hundred sixty-eight; that he will assign and deliver the policies to the mortgagee; and that he will reimburse the mortgagee for any premiums paid for insurance made by the mortgagee on the mortgagor's default in so insuring the buildings or in so assigning and delivering the policies.
3. That no building on the Premises shall be altered, removed or demolished without the consent of the Mortgagee or the Agency.
4. That the whole of said principal sum and interest shall become due at the option of the mortgagee: after default in the payment of any instalment of principal or of interest for fifteen days; or after default in the payment of any tax, water rate, sewer rent or assessment for thirty days after notice and demand; or after default after notice and demand either in assigning and delivering the policies insuring the buildings against loss by fire or in reimbursing the mortgagee for premiums paid on such insurance, as hereinbefore provided; or after default upon request in furnishing a statement of the amount due on the mortgage and whether any offsets or defenses exist against the mortgage debt, as hereinafter provided. An assessment which has been made payable in instalments at the application of the mortgagor or lessee of the premises shall nevertheless, for the purpose of this paragraph, be deemed due and payable in its entirety on the day the first instalment becomes due or payable or a lien.
5. That the holder of this mortgage, in any action to foreclose it, shall be entitled to the appointment of a receiver.
6. That the Mortgagor will pay all taxes, assessments, sewer rents or water rates, and in default thereof, the mortgagee may pay the same.
7. That the Mortgagor within five days upon request in person or within ten days upon request by mail will furnish a written statement duly acknowledged of the amount due on this mortgage and whether any offsets or defenses exist against the mortgage debt.
8. That notice and demand or request may be in writing and may be served in person or by mail.
9. That the Mortgagor warrants the title to the premises.
10. That the fire insurance policies required by paragraph No. 2 above shall contain the usual extended coverage endorsement; that in addition thereto the mortgagor, within thirty days after notice and demand, will keep the premises insured against war risk and any other hazard that may reasonably be required by the mortgagee. All of the provisions of paragraphs No. 2 and No. 4 above relating to fire insurance and the provisions of Section 254 of the Real Property Law construing the same shall apply to the additional insurance required by this paragraph.
11. That in case of a foreclosure sale, said premises, or so much thereof as may be affected by this mortgage, may be sold in one parcel.

RIDER I, consisting of 6 typewritten pages, attached to and forming part of Mortgage dated September 6, 2006 by and between NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, hereinafter referred to as the Agency, MGC REALTY, INC., hereinafter referred to as Mortgagor or the Borrower or the Company, and HSBC BANK USA, NATIONAL ASSOCIATION, hereinafter referred to as Mortgagee or the Bank.

Anything hereinbefore contained to the contrary notwithstanding, it is agreed:

17. In the event it shall be necessary for the Mortgagee or any future holder of this Mortgage to employ counsel to collect the obligations secured hereby or to protect the security given for this Mortgage or to foreclose this Mortgage, the Mortgagor also agrees to pay the holder hereof reasonable attorneys' fees for services of such counsel, whether or not suit is actually commenced.

18. If, without the Bank's prior written consent, the Mortgagor sells, transfers, conveys or further mortgages the Premises or any interest therein, or transfers any equity interest in the Mortgagor, either directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, or if a creditor, receiver or trustee in bankruptcy obtains any interest by attachment, or by any other means, the entire principal balance of the Mortgage and Note with interest accruing thereon shall immediately become due and payable at the option of the holder. This Mortgage may not be assigned to, or assumed by, any other party without the Bank's prior written consent.

19. Pursuant to the Uniform Commercial Code of the State of New York, the Mortgagor hereby authorizes the Mortgagee to execute and file financing statements if the Mortgagee shall determine that such are necessary or advisable in order to perfect its security interest in any fixtures, chattels or articles of personal property covered by this Mortgage, and the Mortgagor shall pay to the Mortgagee on demand any expenses incurred by the Mortgagee in connection with the preparation, execution and filing of such statements and any continuation statements that may be filed by the Mortgagee.

20. The failure of the Mortgagor to furnish the statement required pursuant to paragraph "7" of the Mortgage within the time period therein stipulated shall be deemed an acknowledgment by Mortgagor that to the best of Mortgagor's information and belief, no offsets or defenses exist against Mortgagor's indebtedness under the Note secured hereby. Nothing herein contained, however, shall be deemed to relieve the Mortgagor from the obligation to supply such written statement.

21. The Mortgagor will pay in full all premiums on the insurance coverages required by the terms of this Mortgage and will exhibit to the Mortgagee, at the address of the Mortgagee hereinabove set forth, on or before the date on which such coverage becomes effective and prior to each renewal date, proof satisfactory to the Mortgagee of the payment in full of all such premiums. The whole of said principal sum shall become due at the option of the Mortgagee in the event of any default under this clause.

22. Upon any default by the Mortgagor in the compliance with, or performance of, any of the terms, covenants or conditions of this Mortgage, the Mortgagee may, at its option, remedy such default. All payments made by the Mortgagee to remedy a default by the Mortgagor as aforesaid (including reasonable attorneys' fees for legal services actually performed) and the total of any payment or payments due from the Mortgagor to the Mortgagee, together with interest thereon at the rate provided for in the principal indebtedness, shall be added to the debt secured by this Mortgage and shall be repaid by the Mortgagor to the Mortgagee upon demand. Any such sum and the interest thereon shall be a lien on the Premises prior to any other lien attaching or accruing subsequent to the lien of this Mortgage.

23. The entire principal obligation secured hereby, together with interest thereon, shall immediately become due and payable at the option of the Mortgagee without notice or demand upon the default by the Mortgagor or any guarantor of Mortgagor with respect to the payment of, the security for, or any agreement in connection with, borrowed money which results in the acceleration of such debt to the Mortgagee.

24. In addition to any other duties or obligations of the Mortgagor arising by reason of the terms of this Mortgage or the other Loan Documents (as herein below defined) or by operation of law, the Mortgagor shall defend, indemnify and hold harmless the Mortgagee from and against any and all claims, actions, proceedings, losses, liabilities, costs or expenses, including without limitation, reasonable attorneys' fees and disbursements and the costs of such reappraisals of the mortgaged Premises as may be required by the Mortgagee in its sole discretion from time to time, arising out of or in connection with:

- (a) any matters arising out of the obligations secured by this Mortgage (the "Debt"), the Note secured hereby and any other document or instrument now or hereafter executed and/or delivered in connection with the Debt (hereinafter collectively referred to as the "Loan Documents");
- (b) any amendment, modification, or supplement to, or restructuring of, the Debt and the Loan Documents;
- (c) any and all lawful action that may be taken by the Mortgagee in connection with the enforcement of the provisions of this Mortgage or the Note or any of the other Loan Documents or any amendment, modification or supplement thereto or any restructuring thereof, whether by negotiation, legal proceedings or otherwise and whether or not suit is filed in connection therewith;
- (d) any voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding affecting the Mortgagor.

All sums expended by the Mortgagee shall be payable on demand and, until reimbursed by the Mortgagor pursuant hereto, shall be deemed additional principal of the Debt and shall bear interest at the default interest rate set forth in the principal indebtedness evidenced by the Note.

25. Mortgagor covenants and agrees to deliver to the Mortgagee, within sixty (60) days after the due date thereof (without penalty), evidence satisfactory to the Mortgagee of the timely payment of all real estate taxes (or payments in lieu of real estate taxes, i.e. PILOT payments) on the mortgaged Premises. The Mortgagee specifically retains the right and option, upon delivery of written notice to the Mortgagor during the term of the Note, to require the Mortgagor to make monthly deposits into a Mortgage tax deposit account with the Mortgagee at the same time and in addition to the monthly payments under the terms of the Note. Each of said monthly deposits shall be equal to 1/12th of the annual taxes and assessments (or PILOT payments) to be levied against the mortgaged Premises as estimated by the Mortgagee. Such amounts shall be deposited in the Mortgage tax deposit account and Mortgagee will apply the same against such taxes and assessments (or PILOT payments) when due, with the right, however, to the Mortgagee to apply, after default, any sums so received, as hereinafter provided. If the total amount deposited in the Mortgage tax deposit account shall exceed the amount of payments actually made by the Mortgagee for taxes and assessments (or PILOT payments), such excess shall be credited by the Mortgagee to subsequent deposits of the same nature to be made by the Mortgagor. If,

however, said monthly deposits made by the Mortgagor shall not be sufficient to pay taxes and assessments (or PILOT payments) when the same shall become due and payable, then the Mortgagor shall deposit into the Mortgage tax deposit account any amount necessary to make up the deficiency, on or before the date when payment of such taxes and assessments (or PILOT payments) shall be due. In no event shall the Mortgagee be obligated to make any payment for taxes and assessments (or PILOT payments) on behalf of the Mortgagor if the balance in the Mortgage tax deposit account shall not be sufficient for such purpose. If at any time the Mortgagor shall tender to the Mortgagee in accordance with the provisions of the Note secured hereby, full payment of the entire indebtedness represented thereby, the Mortgagee shall credit to the account of the Mortgagor any balance remaining in the Mortgage tax deposit account. If there shall be an Event of Default under any of the provisions of the Mortgage or the Note secured hereby and the obligations of Mortgagor under the Note are accelerated or an action or proceeding shall be commenced to foreclose the Mortgage, the Mortgagee shall be, and hereby is, authorized and empowered to apply, at the time of the commencement of such action or proceeding or at any other time, the balance then remaining in the Mortgage tax deposit account as a credit against the amount of accrued interest and principal outstanding under said Note. The Mortgagee may, at its option, in its sole discretion, terminate the requirement for the making of such monthly deposits, on written notice to the owner of the mortgaged Premises. Mortgagor understands and agrees that Mortgagee undertakes and assumes no responsibility (fiduciary or otherwise) for, or liability relating to, the payment or non-payment of any taxes and assessments levied against the mortgaged Premises which may be paid with the proceeds of the Mortgage tax deposit account referred to above. No PILOT payment made by Mortgagor to the Mortgagee or for deposit into said tax deposit account shall be deemed a payment made in satisfaction of the Mortgagor's PILOT obligations under the IDA Leases.

26. In the event that any payment due under the Mortgage or the Note secured hereby shall become overdue for a period in excess of ten (10) days, a "late charge" equal to five (5%) percent of any installment so overdue will be charged by the Mortgagee for the purpose of defraying the expenses incident to handling such delinquent payment.

27. In furtherance of paragraph 2, Mortgagor will keep the buildings on the Premises insured against loss by fire for the benefit of the Mortgagee, as mortgagee and loss payee on the standard mortgagee clause, and in an amount of not less than the full replacement value or the amount of the loan, whichever is less. In addition, Mortgagor shall maintain public liability insurance coverage on the property in form and content reasonably satisfactory to the Mortgagee. The Mortgagee's vendor has determined that the mortgaged Premises is not situated in a Special Flood Hazard Area. If, in the future, however, this determination changes, the Mortgagor shall be required to obtain flood insurance in the maximum amount available.

28. Mortgagor represents that the Mortgagor is the owner of the Premises upon which this Mortgage is a valid lien for the amount above specified and that there are no defenses or offsets to said Mortgage or to the debt which it secures as of the date hereof.

29. Mortgagor covenants that the execution and delivery of and the carrying out of this Mortgage and the performance and observance of the terms, covenants, agreements and provisions hereof is duly authorized and will not conflict with or result in a breach of any law or any document which is applicable to Mortgagor.

30. The Mortgagor will, so long as it is the owner of the Premises, do all things necessary to preserve and keep in full force and effect its existence, rights and privileges under the laws of the State of New York, and will comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court applicable to the Mortgagor or to the Premises or any part thereof.

31. All fixtures and improvements of all kinds now or hereafter attached to, or contained in, or used in connection with the Premises, are subject to the lien of this Mortgage and no fixture or improvement shall be removed without the prior written consent of the Mortgagee.

32. Mortgagor shall not, at any time, without the prior written consent of the Mortgagee create, permit to be created, or permit to remain, any lien or encumbrance against the Premises and/or the fixtures used in conjunction therewith or appurtenant thereto, whether or not such a lien or encumbrance arose through the operation of law or otherwise, whether or not the same is superior or subordinate to the lien of the Mortgage and without any regard to whether the same was created through mortgage, pledge, lease agreement, conditional sale or otherwise.

33. The whole of the principal sum outstanding secured by this Mortgage shall immediately become due and payable at the option of the Mortgagee in the event of a default under, or any attempted repudiation or cancellation of, any guaranty which guarantees payment of the indebtedness secured hereby or any part thereof or under any agreement giving security for any such guaranty.

34. This Mortgage shall constitute a Security Agreement within the meaning of the Uniform Commercial Code of the State of New York. The Premises include both real and personal property and all other rights and interests, whether tangible or intangible in nature, of the Mortgagor in the Premises.

35. Upon a default by Mortgagor hereunder, after applicable notice and opportunity to cure, Mortgagee shall have the right to commence a foreclosure action with respect to Mortgagor's fee interest in the Premises.

36. The termination of any of the IDA Leases shall have no affect on this Mortgage, except that the leasehold mortgaged herein shall be extinguished and the Mortgage shall continue in full force and effect as a mortgage from the Company to the Bank covering the Company's fee interest in the premises.

37. With respect to the Agency, it is agreed that the Agency, its officers, members, employees, agents and directors shall have no personal liability hereunder, nor in their capacity as officers, members, employees, agents and directors. The Agency has executed this Mortgage to subject its leasehold interest in the Premises to the lien of this Mortgage; however, the Mortgagee shall have no recourse to the Agency other than to its interest in the Premises. No provision, covenant or agreement contained in this Mortgage or any obligations herein imposed or the breach thereof, shall constitute or give rise to or impose upon the Agency a pecuniary liability or a charge upon its general credit. In making the agreements, provisions and covenants set forth in this Mortgage, the Agency has not obligated itself except with respect to the premises. All covenants, promises, agreements and obligations of the Agency contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, director, officer, employee or agent of the Agency in his or her individual capacity, and no recourse shall be had for the payment of the principal of any debt or interest thereon or for any claim based thereon or hereunder against the Agency or any member, director, officer, employee or agent of the Agency or any natural person executing this Mortgage on behalf of the Agency. No covenant herein contained shall be deemed to constitute a debt of the State of New York, or of the City of New York and neither the State of New York nor the City of New York shall be liable on any covenant herein contained, nor shall the indebtedness secured by this Mortgage be payable out of any funds of the Agency or the State or City, as aforesaid.

38. In addition to making payment of all rent and other payments and charges required to be made by Mortgagor, as lessee under and pursuant to the provisions of the IDA Leases, Mortgagor covenants that it will:

(a) diligently perform and observe all of the terms, conditions and covenants of the IDA Leases required to be performed and observed by Mortgagor as such lessee;

(b) promptly notify Mortgagee in writing of any default by the Mortgagor under the IDA Leases in the performance and observance by Mortgagor of any of the terms, conditions or covenants to be performed or observed under the IDA Leases;

(c) promptly notify Mortgagee in writing of the giving of any notice under the IDA Leases of any default by Mortgagor in the observance of any terms, covenants or conditions thereof;

(d) not surrender the leasehold estate nor terminate or cancel the IDA Leases or enter into any agreement (whether oral or written) modifying, supplementing or amending the Lease without ten (10) days' prior written notice to Mortgagee.

39. Mortgagor covenants that no release or forbearance of any of the obligations of Mortgagor under the IDA Leases, pursuant to the IDA Leases or otherwise, shall release Mortgagor from any of its obligations under this Mortgage.

40. Unless Mortgagee shall otherwise expressly consent in writing, the fee title to the premises and the leasehold estate shall not merge, but shall always remain separate and distinct, notwithstanding the union of such estates in any party.

41. Except as otherwise consented to in writing by Mortgagee, all leases and subleases with respect to the premises shall be made and shall be expressly subject and subordinate to this Mortgage and to any modification, renewal, extension or increase hereof and, except for the IDA Leases, shall contain provisions obligating the lessees and sublessees thereunder, at Mortgagee's option, to attorn to Mortgagee in the event Mortgagee succeeds to the interest of the lessor or sublessor.

42. Mortgagor represents and warrants the Mortgagor has not dealt with any broker in connection with the loan secured by this Mortgage; and further, Mortgagor undertakes and agrees to indemnify and hold harmless the Mortgagee from and against any costs, claims and expenses arising out of Mortgagor's breach of such representation.

43. The full proceeds of the Note secured hereby have been advanced to the Mortgagor on the date hereof and there shall be no further advances with respect thereto, except to protect the security of this mortgage.

44. The Agency represents and warrants that it has power to enter into and perform this Mortgage, to create, pledge and grant the mortgage, pledge, assignment and security interest in the Premises as provided in this Mortgage and to own its property and assets, has duly authorized the execution and delivery of this Mortgage by proper corporate action and neither this Mortgage, the authorization, execution, delivery and performance hereof, the performance of the agreements herein contained nor the consummation of the transactions herein contemplated will violate any provision of law, any order of any court or agency of government or any agreement, indenture or other instrument to which the Agency is a party or by which it or any of its property is subject to or bound, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any indenture, agreement or other instrument or any provision of its by-laws or any other requirement of law. This Mortgage constitutes the legal, valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

45. With respect to the Agency, it is agreed that the Agency, its officers, members, employees, agents and directors shall have no personal liability hereunder, nor in their capacity as officers, member, employees, agents and directors. The Agency has executed this Mortgage to subject its interest in the Premises to the lien of this Mortgage; however, the Mortgagee shall have no recourse to the Agency but shall have recourse against the Premises and the Mortgagor. No provision, covenant or agreement contained in this Mortgage or any obligations herein imposed upon the Agency or the breach thereof, shall constitute or give rise to or impose upon the Agency a pecuniary liability or a charge upon its general credit. In making the agreements, provisions and covenants set forth in this Mortgage, the Agency has not obligated itself except with respect to the Premises. All covenants, stipulations, promises, agreements and obligations of the Agency contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, director, officer, employee or agent of the Agency in his individual capacity, and no recourse shall be had for the payment of the principal of any debt or interest thereon or any of the obligations or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Agency or any natural person executing this Mortgage. No covenant herein contained shall be deemed to constitute a debt of the State of New York or of the City of New York and neither the State of New York nor the City of New York shall be liable on any covenant herein contained, nor shall the obligations secured by this Mortgage be payable out of any funds of the Agency, other than those pledged therefor.

46. The Company directs the Agency to execute and deliver this Mortgage to the Mortgagee, and further agrees to indemnify the Agency (and its members, officers, directors, agents, servants and employees) in connection with the execution, delivery, recording, performing and enforcing of this Mortgage.

RIDER II TO MORTGAGE

Environmental Agreement

1. **Definitions:** As used in this Rider, the following capitalized terms shall have the meanings set forth below:

"**Disposal**" means the intentional or unintentional abandonment, discharge, deposit, injection, dumping, spilling, leaking, storing, burning, thermal destruction or placing of any substance so that it or any of its constituents may enter the Environment.

"**Environment**" means any water, including, but not limited to, surface water and ground water or water vapor; any land, including land surface or subsurface; stream sediments; air, fish, wildlife, plants; and all other natural resources or environmental media.

"**Environmental Laws**" means all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances, regulations, codes and rules relating to the protection of the Environment and/or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the policies, guidelines, procedures, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto.

"**Environmental Permits**" means all licenses, permits, approvals, authorizations, consents or registrations required by any applicable Environmental Laws and all applicable judicial and administrative orders in connection with ownership, lease, purchase, transfer, closure, use and/or operation of the Property and/or as may be required for the storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances.

"**Environmental Questionnaire**" means one or more questionnaires and all attachments thereto concerning: (1) activities and conditions affecting the Environment at the Property or (2) the enforcement or possible enforcement of any Environmental Law against Mortgagor.

"**Environmental Report**" means a written report and all attachments and amendments thereto prepared for Lender by an environmental consulting or environmental engineering firm acceptable to Lender.

"**Hazardous Substances**" means, without limitation, any explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances and any other material defined as a hazardous substance in Section 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601(14).

"**Mortgagor**" means the Mortgagor described in the Mortgage, its successors and/or assigns.

"**Mortgagee**" means the mortgagee described in the Mortgage, its affiliates, successors and/or assigns.

"**Mortgage**" means the mortgage from Mortgagor and the New York City Industrial Development Agency to Mortgagee dated of even date herewith to which this Rider is attached.

"**Property**" means the Premises covered by the Mortgage.

"**Release**" has the same meaning as given to that term in Section 101(22) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601(22), and the regulations promulgated thereunder.

2. Mortgagor represents and warrants that to the best of its knowledge and subject to the environmental reports delivered to the mortgagee with respect to the Premises:

(i) The Environmental Questionnaire previously provided to Mortgagee was and is accurate and complete and does not omit any material fact, the omission of which would make the information contained therein materially misleading.

(ii) No asbestos or urea formaldehyde foam insulation is located in any of the buildings or structures improving the Property.

(iii) No above ground or underground storage tanks containing Hazardous Substances are or have been located on the Property.

(iv) Radon gas is not present in buildings on the Property in concentrations exceeding 4 pCi/l.

(v) No electrical transformers, capacitors, lighting ballasts or other electric equipment on the Property contain polychlorinated biphenyls (PCBs) in concentrations exceeding amounts allowed by any Environmental Law.

(vi) The Property is not and has not been used for the Disposal of any Hazardous Substance or for the treatment, storage or Disposal of Hazardous Substances.

(vii) No Release of a Hazardous Substance has occurred or is threatened on, at, or from the Property.

(viii) Neither Mortgagor nor the Property is subject to any existing, pending or threatened suit, claim, notice of violation or request for information under any Environmental Law.

(ix) Mortgagor is in compliance with all Environmental Laws applicable to its operations at the Property.

3. Mortgagor covenants and agrees with Mortgagee that so long as this Mortgage remains a lien on the Property that:

(i) Mortgagor shall comply with all Environmental Laws in connection with its ownership or use of the Property or any related property.

(ii) Mortgagor shall not suffer, cause or permit the Disposal of Hazardous Substances at the Property.

(iii) Mortgagor shall not suffer, cause or permit the generation, handling, processing, use or storage of Hazardous Substances on the Property, except in compliance with all Environmental Laws.

(iv) Mortgagor shall promptly notify Mortgagee in the event of the Disposal of any Hazardous Substance at the Property, or any Release, or threatened Release, of a Hazardous Substance, from the Property.

(v) Mortgagor shall allow Mortgagee and its agent access to the Property at all times and permit such inspections, tests, drilling of monitoring wells, soil borings or other analysis of the Property as Mortgagee may reasonably require.

(vi) Mortgagor, at its expense and at Mortgagee's request, shall provide to Mortgagee updated Environmental Questionnaires and/or Environmental Reports concerning the Property.

(vii) Mortgagor shall deliver promptly to Mortgagee (a) copies of any documents received from the United States Environmental Protection Agency or any state, county or municipal environmental or health agency concerning Mortgagor's operations at the Property and (b) copies of any documents submitted by Mortgagor to the United States Environmental Protection Agency or any state, county or municipal environmental or health agency concerning its operations at the Property.

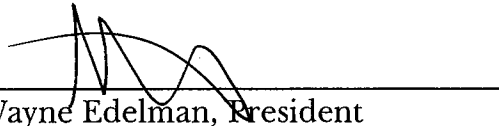
4. Mortgagor agrees to indemnify, defend and hold harmless Mortgagee from and against any and all liabilities, claims, damages, penalties, expenditures, losses or charges, including, but not limited to, all costs of investigation, monitoring, legal representation, remedial response, removal, restoration or permit acquisition, which may now or in the future be undertaken, suffered, paid, awarded, assessed or otherwise incurred by Mortgagee or any other person or entity as a result of the presence of, Release of or threatened Release of Hazardous Substances on or in the Property. The liability of Mortgagor to Mortgagee under the covenants of this Section is not limited by any exculpatory provisions in any Guaranty or in the documents securing the loan and shall survive any foreclosure of this Mortgage, transfer of the Property by deed in lieu of foreclosure or any other transfer or termination of this Mortgage regardless of the means of such transfer or termination.

5. If Mortgagor defaults on any of Mortgagor's obligations pursuant to this Mortgage, the Note or any other document securing the loan, Mortgagee or its designee shall have the right to enter upon the Property and conduct such tests, investigations and sampling, including, but not limited to, installation of monitoring wells, as shall be reasonably necessary for Mortgagee to determine whether any Disposal of Hazardous Substances has occurred on, at or near the Property. The costs of all such tests, investigations and samplings shall be added to the balance of the loan.

6. Mortgagor agrees that Mortgagee shall not be liable in any way for the completeness or accuracy of any Environmental Report or the information contained therein. Mortgagor further agrees that Mortgagee has no duty to warn Mortgagor or any other person or entity about any actual or potential environmental contamination or other problem that may have become apparent or will become apparent to Mortgagee.

MORTGAGOR:

MGC REALTY, INC.

By: 
Wayne Edelman, President

SCHEDULE A

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough and County of the Bronx, City and State of New York, bounded and described as follows:

BEGINNING at a point on the westerly side of Manida Street, distant 200 feet southerly from the corner formed by the intersection of the southerly side of Randall Avenue; and

THENCE westerly parallel with the southerly side of Randall Avenue, a distance of 100 feet;

THENCE southerly parallel with the westerly side of Manida Street, a distance of 125 feet;

THENCE easterly parallel with the southerly side of Randall Avenue, a distance of 100 feet to the westerly side of Manida Street; and

THENCE northerly along the westerly side of Manida Street, a distance of 125 feet to the point or place of BEGINNING.

12. That if any action or proceeding be commenced (except an action to foreclose this mortgage or to collect the debt secured thereby), to which action or proceeding the Mortgagee is made a party, or in which it becomes necessary to defend or uphold the lien of this mortgage, all sums paid by the Mortgagee for the expense of any litigation to prosecute or defend the rights and lien created by this mortgage (including reasonable counsel fees), shall be paid by the Mortgagor, together with interest thereon at the rate of five per cent per annum, and any such sum and the interest thereon shall be a lien on said Premises, prior to any right, or title to, interest in or claim upon said Premises attaching or accruing subsequent to the lien of this mortgage, and shall be deemed to be secured by this mortgage. In any action or proceeding to foreclose this mortgage, or to recover or collect the debt secured hereby, the provisions of law respecting the recovering of costs, disbursements and allowances shall prevail unaffected by this covenant.

13. That the Mortgagor hereby assigns to the mortgagee the rents, issues and profits of the premises (other than rents and all other sums payable under the IDA Leases) as further security for the payment of said indebtedness, and the Mortgagor grants to the Mortgagee the right to enter upon and to take possession of the premises for the purpose of collecting the same and to let the premises or any part thereof and to apply the rents, issues and profits (other than as payable under the IDA Leases), after payment of all necessary charges and expenses, on account of said indebtedness. This assignment and grant shall continue in effect until this mortgage is paid. The Mortgagee hereby waives the right to enter upon and to take possession of said premises for the purpose of collecting said rents, issues and profits so pledged and the Mortgagor shall be entitled to collect and receive said rents, issues and profits until default under any of the covenants, conditions or agreements contained in this mortgage, and agrees to use such rents, issues and profits in payment of principal and interest becoming due on this mortgage and in payment of taxes, assessments, sewer rents, water rates and carrying charges becoming due against said Premises, but such right of the Mortgagor may be revoked by the Mortgagee upon any default, on five days' written notice. The Mortgagor will not, without the written consent of the Mortgagee receive or collect rent from any tenant of said Premises or any part thereof for a period of more than one month in advance, and in the event of any default under this mortgage will pay monthly in advance to the mortgagee, or to any receiver appointed to collect said rents, issues and profits, the fair and reasonable rental value for the use and occupation of said premises or of such part thereof as may be in the possession of the Mortgagor, and upon default in any such payment will vacate and surrender the possession of said Premises to the Mortgagee or to such receiver, and in default thereof may be evicted by summary proceedings.

14. That the whole said principal sum and the interest shall become due at the option of the Mortgagee: (a) after failure to exhibit to the Mortgagee, within ten days after demand, receipts showing payment of all taxes, water rates, sewer rents and assessments; or (b) after the actual or threatened alteration, demolition or removal of any building on the premises without the written consent of the Mortgagee; or (c) after the assignment of the rents of the premises or any part thereof without the written consent of the Mortgagee (except pursuant to the IDA Leases); or (d) if the building on said premises are not maintained in reasonably good repair; or (e) after failure to comply with any requirement or order or notice of violation of law or ordinance issued by any governmental department claiming jurisdiction over the premises within three months from the issuance thereof; or (f) if on application of the mortgagee two or more fire insurance companies lawfully doing business in the State of New York refuse to issue policies insuring the buildings on the premises; or (g) in the event of the removal, demolition or destruction in whole or in part of any of the fixtures, chattels or articles of personal property covered hereby, unless the same are promptly replaced by similar fixtures, chattels and articles of personal property at least equal in quality and condition to those replaced, free from chattel mortgages or other encumbrances thereon and free from any reservation of title thereto; or (h) after thirty days' notice to the Mortgagor, in the event of the passage of any law deducting from the value of land for the purposes of taxation any lien thereon, or changing in any way the taxation of Mortgages or debts secured thereby for state or local purposes; or (i) if the Mortgagor fails to keep, observe and perform any of the other covenants, conditions or agreements contained in this mortgage.

15. That the Mortgagor will, in compliance with Section 13 of the Lien Law, receive the advances secured hereby and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

16. This Mortgage is subordinate to that certain Mortgage of even date herewith from the Mortgagor and the Leasehold Mortgagor to the Mortgagee in the principal amount of \$1,075,000.00.

SEE RIDERS I AND II ANNEXED HERETO AND MADE A PART HEREOF

This mortgage may not be changed or terminated orally. The covenants contained in this mortgage shall run with the land and bind the Mortgagor, the heirs, personal representatives, successors and assigns of the Mortgagor and all subsequent owners, encumbrancers, tenants and subtenants of the premises and shall enure to the benefit of the Mortgagee, the personal representatives, successors and assigns of the Mortgagee and all subsequent holders of this mortgage. The word "Mortgagor" shall be construed as if it read "Mortgagors" (but shall not include the Agency") and the word "Mortgagee" shall be construed as if it read "Mortgagees" whenever the sense of this mortgage so requires.

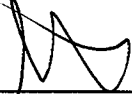
IN WITNESS WHEREOF, this mortgage has been duly executed by the Agency and the Mortgagor.

In Presence of :

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

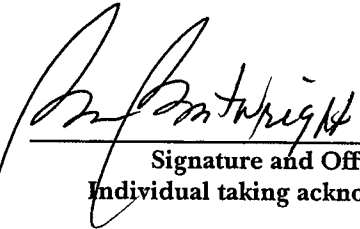
By: 
Kei Hayashi, Deputy Executive Director

MGC REALTY, INC.

By: 
Wayne Edelman, President

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

On the 5th day of September in the year 2006, before me, the undersigned, personally appeared KEI HAYASHI, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity and that by her signature upon the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

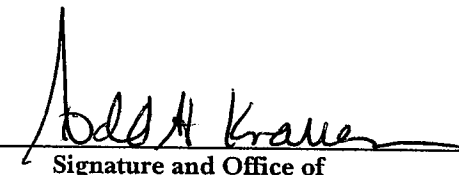


SUSAN BOATWRIGHT
NOTARY PUBLIC, State of New York
No. 01BO6123733
Qualified in Kings County
Commission Expires March 14, 2007

Signature and Office of
Individual taking acknowledgment

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

On the 6th day of September in the year 2006 before me, the undersigned, personally appeared WAYNE EDELMAN, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Signature and Office of
Individual taking acknowledgment

TODD A. KNAUER
Notary Public, State of New York
No. 02KN6079626
Qualified in Nassau County
Commission Expires August 26, 2010

*For acknowledgments taken in New York State.

** State, District of Columbia, Territory, Possession, or Foreign Country

_____) ss.:
On the ____ day of _____ in the year _____ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies) and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the _____ (Insert the city or other political subdivision and the state or country or other place the acknowledgment was taken).

Signature and Office of
Individual taking acknowledgment

** For acknowledgments taken outside New York State.

MORTGAGE

Title No.

**NEW YORK CITY INDUSTRIAL DEVELOPMENT
AGENCY and MGC REALTY, INC.**

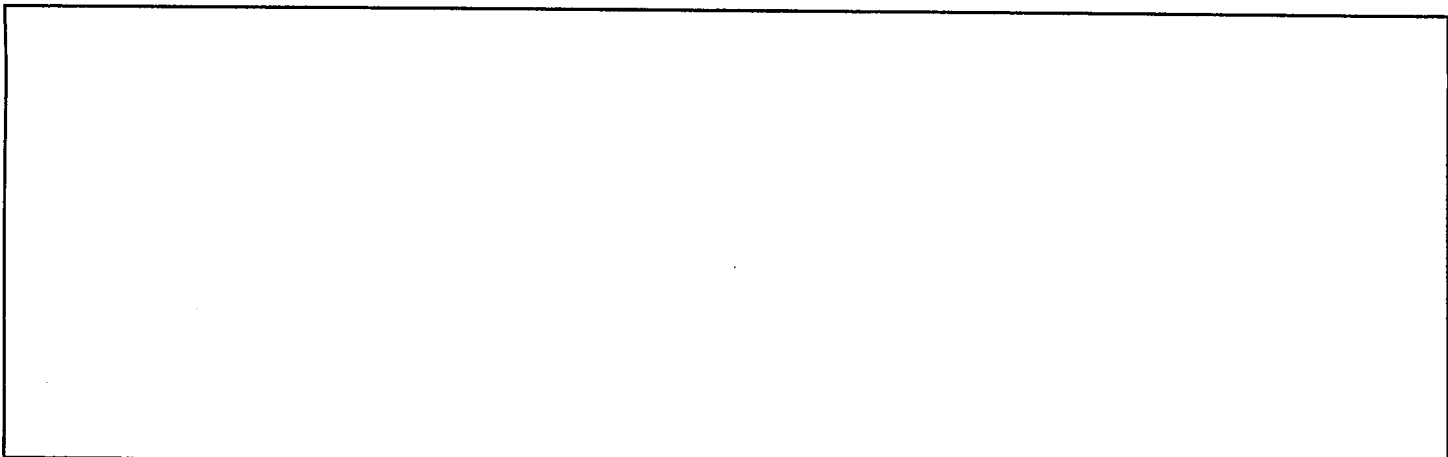
TO

HSBC BANK USA, NATIONAL ASSOCIATION

SECTION 10
BLOCK 2768
LOT 253
COUNTY BRONX

Return By Mail To:

TODD A. KNAUER, ESQ.
HAMBURGER, MAXSON, YAFFE, WISHOD,
KNAUER & ROTHBERG, LLP
225 Broadhollow Road, Suite 301E
Melville, NY 1174



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EXPIRATION DATE: August 31, 2007

September 6, 2006

TO WHOM IT MAY CONCERN

Re: New York City Industrial Development Agency
(2006 Meurice Garment Care of Manhasset, Inc. Project)

Ladies and Gentlemen:

The New York City Industrial Development Agency (the "Agency"), by this notice, hereby advises you as follows:

The Agency constitutes a corporate governmental agency and a public benefit corporation under the laws of the State of New York, and therefore, in the exercise of its governmental functions, is exempt from the imposition of any New York State or New York City sales and use tax. As an exempt governmental entity, no exempt organization identification number has been issued to the Agency nor is one required.

Pursuant to resolutions adopted by the Agency on December 13, 2005 and March 14, 2006, and a certain Lease Agreement, dated as of August 1, 2006 (the "Lease Agreement"), between the Agency and MGC Realty, Inc., a New York corporation (the "Company"), the Agency has authorized the Company to act as its agent for the acquisition, construction and equipping of a commercial facility (the "Facility") consisting of the acquisition of an approximately 12,500 square foot parcel of land and an approximately 12,500 square foot building thereon, and the renovation and equipping thereof, located at 535 Manida Street, Bronx, New York, all for use as a dry cleaning processing plant (the "Project"), for use and occupancy by the Company and its permitted sublessee, Meurice Garment Care of Manhasset, Inc., a New York corporation (the "Sublessee").

In connection with such resolution, the Lease Agreement and this Sales Tax Letter and pursuant to the authority therein granted, the Agency authorizes the Company to act as its agent in connection with the acquisition, constructing and equipping of the Project and authorizes the Company to use this Sales Tax Letter as its agent only for the payment of the costs of building materials, building fixtures and equipment, as described in Exhibit A attached hereto, for such acquisition, construction and equipping of the Project.

As agent for the Agency, the Company agrees that each contract, agreement, invoice, bill or purchase order entered into by the Company as agent for the Agency for the acquisition, construction and equipping of the Project shall include language in substantially the following form:

“This [contract, agreement, invoice, bill or purchase order] is being entered into by MGC Realty, Inc., a New York corporation (the “Agent”), as agent for and on behalf of the New York City Industrial Development Agency (the “Agency”) in connection with a certain project of the Agency for the Agent being the acquisition, construction and equipping of a commercial facility (the “Facility”), consisting of the acquisition of an approximately 12,500 square foot parcel of land located at 535 Manida Street, Bronx, New York and the construction and equipping of an approximately 12,500 square foot building thereon, all for use as a dry cleaning processing plant (the “Project”). The building materials and fixtures (excluding trade fixtures), capital improvements, equipment and other personal property to be used for the Project which are the subject of this [contract, agreement, invoice, bill or purchase order] shall be exempt from the sales and use tax levied by the State of New York and The City of New York if purchased and used in accordance with the terms and conditions set forth in the attached Sales Tax Letter of the Agency, and the Agent hereby represents that this [contract, agreement, invoice, bill or purchase order] is in compliance with the terms of the Sales Tax Letter. This [contract, agreement, invoice, bill or purchase order] is nonrecourse to the Agency, and the Agency shall not be directly or indirectly or contingently liable or obligated hereunder in any manner or to any extent whatsoever, and the Agent shall be the sole party liable hereunder. By execution or acceptance of this [contract, agreement, invoice, bill or purchase order], the [vendor or contractor] hereby acknowledges and agrees to the terms and conditions set forth in this paragraph.”

The acquisition of building materials, building fixtures and equipment constituting a part of the Project shall be exempt from the sales and use tax levied by the State of New York and The City of New York on the condition that (i) such building materials, fixtures and equipment are separately identifiable property of the Agency, and (ii) any such property shall have a useful life of one year or more, and shall solely be for the use of the Company and the Sublessee at the Facility, and for no other entity and at no other location, and be effected by and at the sole cost of the Company.

The Agency shall have no liability or performance obligations under any contract, agreement, invoice, bill or purchase order entered into by the Company as agent for the Agency hereunder. The Agency shall not be liable, either directly or indirectly or contingently, upon any such contract, agreement, invoice, bill or purchase order in any manner and to any extent whatsoever, and the Company shall be the sole party liable thereunder.

By execution by the Company of its acceptance of the terms of this Sales Tax Letter, the Company agrees to accept the terms hereof and represents and warrants to the Agency that the use of this Sales Tax Letter by the Company is strictly for the purposes above stated.

Accordingly, until the earlier of (i) the Expiration Date referred to above, (ii) the completion of the Project as provided in Section 2.2 of the Lease Agreement, (iii) the termination of the Lease Agreement, or (iv) the receipt by the Company of notice from the Agency of the termination of this Sales Tax Letter (in each case as so terminated, the "Termination Date"), all vendors, contractors and subcontractors are hereby authorized to rely on this Sales Tax Letter (or on a photocopy or fax of this Sales Tax Letter) as evidence that purchases of the Project property, to the extent effected by the Company (or by a contractor or subcontractor engaged by the Company) as agent for the Agency, are exempt from all New York State and New York City sales and use taxes.

Notwithstanding any contrary provisions in the Lease Agreement, ten (10) days prior to the expiration of this letter, the Lessee shall surrender this letter to the Agency for annual renewal. The Lessee may continue to use a facsimile copy of this Authorization for Sales Tax Exemption until its stated expiration date. Within ten (10) days of receipt of this letter, the Agency, if required, shall provide such annual renewal of the letter to the Lessee as provided in the Lease Agreement.

The Agency further appoints the Sublessee its agent for purposes of using the Facility.

MEMORANDUM OF CLOSING

(2006 Meurice Garment Care of Manhasset, Inc. Project)

of

New York City Industrial Development Agency
New York, New York

September 6, 2006

The pre-closing of the above captioned straight lease project took place at the offices of Hawkins Delafield & Wood LLP, One Chase Manhattan Plaza, New York, New York at ten o'clock a.m. on September 6, 2006.

All terms used herein shall have the same meaning as those used in the Lease Agreement, dated as of September 1, 2006, between New York City Industrial Development Agency (the "Agency") and MGC Realty, Inc., as lessee (the "Lessee").

I. Prior to the closing the following had occurred:

- (A) Meurice Garment Care of Manhasset, Inc. (the "Sublessee") submitted its application to the Agency requesting the Agency to provide financial assistance through its Small Industrial Incentive Program for the acquisition, construction and equipping of a commercial facility (the "Facility"), consisting of the acquisition of an approximately 12,500 square foot parcel of land and an approximately 12,500 square foot building thereon, and the construction and equipping thereof, located at 535 Manida Street, Bronx, New York 10474, all for use as a dry cleaning processing plant (the "Project").
- (B) On December 13, 2005 and March 14, 2006, the Agency adopted a resolution (i) authorizing the Project and undertaking to permit the financial assistance for the Project and to sublease the Facility Realty to the Lessee, (ii) authorizing the execution and delivery of the Lease Agreement and the taking of other action in connection therewith, and (iii) authorizing and approving matters related to the Project.

II. There were represented at the closing the following parties:

- (A) New York City Industrial Development Agency
By: Astrid Andre, Esq.
- (B) Hawkins Delafield & Wood LLP
By: Robin S. Sherak, Esq.

- (C) MGC Realty, Inc.
By: Wayne Edelman
- (D) Meurice Garment Care of Manhasset, Inc.
By: Wayne Edelman
- (E) Magoo's Crew, Inc.
By: Wayne Edelman
- (F) Natsac, Inc.
By: Wayne Edelman
- (G) Wayne Edelman
- (H) Law Offices of Nicholas Ferrar, Esq.
By: Nicholas Ferrar, Esq.
- (I) Fidelity National Title Insurance Company
By: _____
- (J) HSBC USA Bank, National Association
By: Loretta Mathushek
- (K) Hamburger, Maxson, Yaffee, Wishod & Knauer
By: Todd Knauer, Esq.

- III. The Closing - All transactions at the Closing were deemed to have taken place simultaneously, and no transactions were deemed to have been completed and no document was deemed to have been delivered unless and until all transactions were completed and all documents delivered.
- IV. At the Closing all of the documents specified in the Table of Contents to the Record of Proceedings were delivered.