

Lease Agreement

LEASE AGREEMENT

Dated as of April 1, 2003

by and between

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

and

THE CHILD SCHOOL

\$2,230,000

New York City Industrial Development Agency
Civic Facility Revenue Bonds
(The Child School Project), Series 2003A

\$16,020,000

New York City Industrial Development Agency
Civic Facility Revenue Bonds
(The Child School Project), Series 2003B

Affecting the Land generally known by the street addresses:
537 Main Street, 566 Main Street, 585 Main Street
and 587 Main Street on Roosevelt Island in New York,
as more particularly described in Exhibit A hereto

Record and Return to:

WINSTON & STRAWN

200 Park Avenue

New York, New York 10166

Attention: H. Sidney Holmes III, Esq.

File No.: 090570.82

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS AND REPRESENTATIONS	2
Section 1.1 Definitions	2
Section 1.2 Construction.....	5
Section 1.3 Representations and Warranties by Agency	6
Section 1.4 Findings by Agency	6
Section 1.5 Representations and Warranties by Lessee	6
 ARTICLE II THE PROJECT	 8
Section 2.1 The Project.....	8
Section 2.2 Issuance of Series 2003 Bonds; Application of Proceeds of Series 2003 Bonds; Additional Bonds.....	10
Section 2.3 Title Insurance	10
 ARTICLE III LEASE OF FACILITY AND RENTAL PROVISIONS	 11
Section 3.1 Lease of the Facility.....	11
Section 3.2 Duration of Term	11
Section 3.3 Rental Provisions	11
Section 3.4 Obligation of Lessee	13
Section 3.5 Right of Set-Off.....	14
 ARTICLE IV MAINTENANCE, TAXES, PAYMENTS IN LIEU OF TAXES AND INSURANCE.....	 14
Section 4.1 Maintenance, Alterations and Improvements.....	14
Section 4.2 Removal of Property of the Facility.....	15
Section 4.3 Payment in Lieu of Real Estate Taxes	16
Section 4.4 Payment of Impositions	16
Section 4.5 Insurance	17
Section 4.6 Advances by Agency or Trustee	20
Section 4.7 Compliance with Law.....	20
 ARTICLE V DAMAGE DESTRUCTION AND CONDEMNATION.....	 20
Section 5.1 Damage, Destruction and Condemnation	20
 ARTICLE VI PARTICULAR COVENANTS	 23
Section 6.1 Dissolution of Lessee; Restrictions on Lessee	23
Section 6.2 Indemnity	23
Section 6.3 Compensation and Expenses of Trustee, Paying Agent and Agency.....	26
Section 6.4 Retention of Title to Facility; Grant of Easements	27
Section 6.5 Discharge of Liens	28
Section 6.6 Financial Statements; No-Default Certificates.....	29
Section 6.7 Agency's Authority; Covenant of Quiet Enjoyment.....	29
Section 6.8 No Warranty of Condition or Suitability	30
Section 6.9 Amounts Remaining in Funds.....	30
Section 6.10 Reserved.....	30
Section 6.11 Issuance of Additional Bonds	30
Section 6.12 Redemption Under Certain Circumstances; Application of Gifts and Grants Relating to the Project.....	31
Section 6.13 Further Assurances.....	32
Section 6.14 Recording and Filing.....	32
Section 6.15 Non-Discrimination; Employment Information, Opportunities and Guidelines	32

Section 6.16 Right to Cure Agency Defaults	34
Section 6.17 Tax Covenants of Lessee	34
Section 6.18 Preservation of Exempt Status	35
ARTICLE VII EVENTS OF DEFAULT: REMEDIES.....	35
Section 7.1 Events of Default	35
Section 7.2 Remedies on Default	37
Section 7.3 Reletting of Facility	38
Section 7.4 Remedies Cumulative	39
Section 7.5 No Additional Waiver Implied by One Waiver	39
Section 7.6 Effect on Discontinuance of Proceedings	39
Section 7.7 Agreement to Pay Attorneys' Fees and Expenses.....	39
ARTICLE VIII OPTIONS.....	39
Section 8.1 Options.....	39
Section 8.2 Termination on Exercise of Option to Terminate	41
Section 8.3 Option to Purchase or Invite Tenders of Bonds	41
Section 8.4 Termination of Agreement.....	41
Section 8.5 Recapture of Agency Benefits	41
ARTICLE IX MISCELLANEOUS	42
Section 9.1 Indenture; Amendment	42
Section 9.2 Force Majeure	42
Section 9.3 Assignment or Sublease	43
Section 9.4 Priority	44
Section 9.5 Benefit of and Enforcement by Bondowners	44
Section 9.6 Amendments	44
Section 9.7 Notices	44
Section 9.8 Prior Agreements Superseded.....	44
Section 9.9 Severability	45
Section 9.10 Inspection of Facility	45
Section 9.11 Effective Date; Counterparts.....	45
Section 9.12 Binding Effect.....	45
Section 9.13 Net Lease	45
Section 9.14 Law Governing	45
Section 9.15 Investment of Funds.....	45
Section 9.16 Waiver of Trial by Jury.....	45
Section 9.17 Recourse under this Agreement or on Bonds.....	46
Section 9.18 Date of Agreement for Reference Purposes Only.....	46

LEASE AGREEMENT

This **LEASE AGREEMENT**, made and entered into as of April 1, 2003 (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 **THE CHILD SCHOOL** (the "Lessee"), a New York not-for-profit education corporation duly organized and existing under the laws of the State of New York, having an office at 317 East 33rd Street, New York 10016, 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 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 and which may include or mean a civic facility, 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 (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, the City by lease dated December 23, 1969, as amended (the "Master Lease"), conveyed substantially all of Roosevelt Island to the New York State Urban Development Corporation, d/b/a Empire State Development Corporation ("UDC") for a term of ninety-nine years; and

WHEREAS, pursuant to Chapter 899 of the Laws of 1984 (the "RIOC Act"), UDC assigned the Master Lease to The Roosevelt Island Operating Corporation ("RIOC"), and RIOC assumed all of UDC's rights, title and interest in and under the Master Lease and development subleases thereunder; and

WHEREAS, the development sublease, dated August 1, 1980, for the five minischools located on Roosevelt Island between the UDC and the City, as described in the RIOC Act (the "Minischool Sublease"), was terminated by a sublease termination agreement made as of August 31, 1995 by and among UDC, the City and RIOC (the "Termination Agreement"), a memorandum of which was recorded in New York County, the Office of the City Register on November 8, 1995 at Reel 2259 Page 1171; and

WHEREAS, in furtherance of the purposes of the Master Lease, RIOC and the Lessee entered into a Site Control Agreement dated as of January 15, 2002 with respect to the development and sublease of the land and improvements for four of the five minischools located on a portion of the real property formerly subleased to the City under the Minischool Sublease; and

WHEREAS, RIOC and the Lessee entered into a Sublease Agreement, dated March 28, 2003 (the "RIOC Sublease"), with respect to the four minischool buildings more particularly described below: and

WHEREAS, to accomplish the purposes of the Act, the Agency has entered into negotiations with the Lessee for the Agency to issue its civic facility revenue bonds to finance a portion of the costs of a project consisting of (i) the construction, improvement and equipping of four (4) existing minischool buildings located at 537 Main Street ("Unit A"), 566 Main Street ("Unit E"), 585 Main Street ("Unit C") and 587 Main Street ("Unit D") on Roosevelt Island in New York to house the Lessee's elementary, middle and high school, (ii) the funding of a Debt Service Reserve Fund and a Capitalized Interest Account, and (iii) the financing of certain costs of issuance relating to the Series 2003 Bonds (clauses (i), (ii) and (iii) comprise and are hereinafter referred to collectively as the "Project"), and in furtherance of said purpose on April 8, 2003 the Agency adopted a resolution (the "Bond Resolution") authorizing the Project and the issuance of the Bonds to finance in part the Project and thereupon to lease the Facility (to the extent existing as of the date hereof and as the same may be constructed and equipped hereafter) from the Lessee pursuant to a lease agreement (the "Company Lease Agreement") and to sublease the Facility back to the Lessee pursuant to a lease agreement (the "Lease Agreement"); and

WHEREAS, the Agency has determined that the Project and the financing of a portion of the costs thereof by the Agency will promote, is authorized by, and will be in furtherance of the policy of the State as set forth in the Act; and

WHEREAS, the Agency, in order to provide funds for a portion of the cost of the Project and for a portion of incidental and related costs thereto, will issue and sell its Civic Facility Revenue Bonds (The Child School Project), Series 2003A (the "Series 2003A Bonds") in an aggregate principal amount of \$2,230,000 and its Civic Facility Revenue Bonds (The Child School Project), Series 2003B (the "Series 2003B Bonds") in an aggregate principal amount of \$16,020,000 (collectively, the "Series 2003 Bonds"), all pursuant to the Act, the Bond Resolution and an Indenture of Trust dated as of even date herewith by and between the Agency and The Bank of New York, as Trustee, (the "Indenture") securing said Bonds; and

WHEREAS, the Agency, in order to provide funds to accomplish the purposes herein set forth, from time to time, subject to the terms and conditions hereof and of the Indenture, may issue Additional Bonds (as hereinafter defined) under and pursuant to the Indenture;

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 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. Terms not otherwise defined herein shall have the same meanings as used in the Indenture hereinbelow defined. The following terms shall have the following meanings in this Agreement:

Additional Bonds shall mean any Bonds of a Series, other than the Series 2003 Bonds, authorized to be issued pursuant to a Supplemental Indenture and issued under and pursuant to the Indenture.

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.

Agency Mortgage shall mean

(i) with respect to the Series 2003A Bonds, collectively, the Agency Leasehold Mortgage and Security Agreement (Construction Costs) No. 1, and the Agency Leasehold Mortgage and Security Agreement (Indirect Costs) No. 1, each of even date herewith, from the Agency and the Lessee to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith and creating first and second leasehold mortgage liens, respectively, which shall encumber the Facility; and

(ii) with respect to the Series 2003B Bonds, collectively, the Agency Leasehold Mortgage and Security Agreement (Construction Costs) No. 2 and the Agency Leasehold Mortgage and Security Agreement (Indirect Costs) No. 2, each of even date herewith, from the Agency and the Lessee to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith and creating third and fourth leasehold mortgage liens, respectively, which shall encumber the Facility.

Agreement shall mean this Agreement between the Agency and the Lessee, and shall include any and all amendments and supplements thereto hereafter made in conformity herewith and with the Indenture.

Authorized Representative shall mean, (i) in the case of the Agency, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director or 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 hereunder and of whom another Authorized Representative of the Agency gives written notice to the Trustee and the Lessee, and (ii) in the case of the Lessee, the Executive Director, Chief Financial Officer or any other officer or employee thereof who is authorized to perform specific acts or to discharge specific duties hereunder and of whom another Authorized Representative of the Lessee gives written notice to the Trustee and the Agency.

Bonds shall mean, collectively, the Series 2003A Bonds, the Series 2003B Bonds and any Additional Bonds.

Company Lease shall mean the Company Lease Agreement, dated as of even date herewith, between the Lessee, as landlord, and the Agency, as tenant.

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

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

Facility Equipment shall mean all fixtures, machinery, equipment, chattels and articles of personal property and all appurtenances and additions thereto and substitutions and replacements thereof, now or hereafter attached to or contained in or located on the Land and/or the Improvements located thereon or placed on any part thereof, though not attached thereto, which are used or usable in connection with the present or future operation thereof or the activities at any time conducted therein and all other property used in connection with the production of income from the Land and/or the Improvements located thereon or adapted for use therein, including, without limitation, any machinery, equipment and other tangible personal property acquired and installed as part of the Project pursuant to Section 2.1 hereof, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor and all parts, additions and accessories incorporated therein or affixed thereto, but excluding Lessee's Property within the meaning of Section 4.1(c) hereof and all machinery, equipment and other personal property installed by the Lessee prior to the date hereof or Existing Facility Property released pursuant to Section 4.2 hereof.

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

Fiscal Year of the Lessee shall mean a year of 365 or 366 days, as the case may be, commencing on [July 1 and ending on June 30], or such other year of similar length as to which the Lessee shall have given prior written notice thereof to the Agency and the Trustee at least ninety (90) days prior to the commencement thereof.

Guaranty Agreement shall mean the Guaranty Agreement dated as of even date herewith, from the Lessee, as guarantor, to the Trustee.

Improvements shall mean all buildings, structures, foundations, related facilities, fixtures and other improvements existing on the effective date hereof 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, but excluding any improvements released pursuant to Section 4.2 hereof.

Indenture shall mean the Indenture of Trust, dated as of even date herewith, by and between the Agency and the Trustee, as from time to time may be amended or supplemented by Supplemental Indentures in accordance with Article IX of the Indenture.

Independent Engineer shall mean a person (not an employee of either the Agency, the Lessee or any affiliate thereof) registered and qualified to practice engineering or architecture under the laws of the State, selected by the Lessee, and approved, in writing, by the Agency (which approvals shall not be unreasonably withheld).

Land shall mean, collectively, the real property located on those certain lots, pieces or parcels of land generally known by the street addresses 537 Main Street, 566 Main Street, 585 Main Street and 587 Main Street on Roosevelt Island in New York, all as more particularly described on Exhibit B annexed hereto and made a part hereof, together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto.

Legal Requirements shall mean the Constitutions of the United States and of the State of New York all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, 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, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

Lessee shall mean The Child School and its permitted successors and assigns pursuant to Sections 6.1 or 9.3 hereof.

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 Trustee) incurred in the collection thereof.

Opinion of Counsel shall mean a written opinion of counsel, who may (except as otherwise expressly provided in the Indenture or this Agreement) be counsel for the Lessee or the Agency and who shall be acceptable to the Agency and the Trustee (such approvals not to be unreasonably withheld), and which opinion shall be in a form reasonably acceptable to the Agency and the Trustee.

Permitted Encumbrances shall mean:

(i) this Agreement, the Company Lease (and all encumbrances the Company Lease is subject to and subordinate to as of the date hereof), the Agency Mortgage, the Building Loan Agreement and the Indenture;

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

(iii) utility, access and other easements and rights-of-way, restrictions and exceptions that will not materially interfere with or impair the Lessee's use and enjoyment of the Facility as herein provided;

(iv) 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, 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;

(v) those exceptions to title to the Facility enumerated in the title insurance policy delivered pursuant to Section 2.3 hereof insuring the Agency's leasehold title interest in the Facility, copies of which are on file at the principal corporate trust office of the Trustee and at the office of the Agency; and

(vi) any mortgage, lien, security interest or other encumbrance which exists in favor of the Trustee or with respect to the Lessee's Property as defined in Section 4.1(c) hereof; and

Plans and Specifications shall mean the plans and specifications for Project, as such plans and specifications may change from time to time as permitted by Section 2.1 of this Agreement.

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, collectively, mean (i) the construction, improvement and equipping of four (4) existing minischool buildings located at 537 Main Street ("Unit A"), 566 Main Street ("Unit E"), 585 Main Street ("Unit C") and 587 Main Street ("Unit D") on Roosevelt Island in New York to house the Lessee's elementary, middle and high school, (ii) the funding of a Debt Service Reserve Fund and a Capitalized Interest Account, and (iii) the financing of certain costs of issuance relating to the Series 2003 Bonds.

Series 2003A Bonds shall mean the Agency's Civic Facility Revenue Bonds (The Child School Project), Series 2003A issued, executed, authenticated and delivered pursuant to Article II of the Indenture.

Series 2003B Bonds shall mean the Agency's Civic Facility Revenue Bonds (The Child School Project), Series 2003B issued, executed, authenticated and delivered pursuant to Article II of the Indenture.

Series 2003 Bonds shall mean, collectively, the Series 2003A Bonds and the Series 2003B Bonds.

Sinking Fund Installment Payment Date shall mean each June 1 and December 1 commencing June 1, 2005.

State shall mean the State of New York.

Tax-Exempt Organization shall mean a Person organized under the laws of the United States of America or any state thereof which is an organization of the type described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

Trustee shall mean The Bank of New York, in its capacity as Trustee, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Indenture.

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 date of the execution and delivery of this Agreement.

(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) is authorized and empowered to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder and (iii) by proper action of its members, has duly authorized the execution and delivery of this Agreement.

Section 1.4 Findings by Agency. (a) 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 to the Agency, hereby finds and determines that the financing of a portion of the costs of the Project by the Agency and the leasing of the Facility to the Lessee is necessary to induce the Lessee to proceed with the Project.

(b) In order to finance a portion of the cost of the Project, the Agency proposes to issue the Series 2003 Bonds in an aggregate principal amount of \$18,250,000. The Series 2003 Bonds will mature, bear interest, be redeemable and have the other terms and provisions specified in the Form of Bonds set forth in the preambles to the Indenture.

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

- (a) The Lessee:
- (i) is a not-for-profit education corporation duly organized, validly existing and in good standing under the laws of the State of New York;
 - (ii) (A) is an organization described in Section 501(c)(3) of the Code ("Exempt Organization"), or corresponding provisions of prior law, and is not a "private foundation", as such term is defined under Section 501(a) of the Code, (B) has received a letter of other notification from the Internal Revenue Service to that effect and such letter or other notification has not been modified, limited or revoked, (C) is in compliance with all terms, limitations and conditions, if any, contained in such letter of other notification and the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist, and (D) is exempt from Federal income taxes under Section 501(a) of the Code;
 - (iii) has all requisite legal and corporate right, power and authority and all necessary licenses and permits to own, lease and operate the Facility and to carry on its business as now conducted and as presently proposed to be conducted;
 - (iv) is chartered by the New York State Board of Regents, has duly qualified and is authorized to conduct its operations and is in good standing in each jurisdiction

where the character of the Facility or the nature of its activities makes such qualification necessary; and

- (v) has the full legal and corporate right, power and authority to enter into and, by all necessary action, has duly authorized the execution, delivery and performance by the Lessee of the Security Documents and this Agreement, and no actions to be taken by the Lessee thereunder or hereunder will conflict with or violate any provision of the Lessee's Charter, as amended, By-laws, as amended, constitute a breach of or default under any agreement, instrument or indenture to which the Lessee is a party or by which it or the Facility may be bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon the Facility under the terms of any such agreement, instrument or indenture, except for Permitted Encumbrances or adversely affect or result in revocation of the Lessee's status as an Exempt Organization or give rise to unrelated trade or business income under Section 512 of the Code.

(b) Expenses for supervision by the officers or employees of the Lessee and expenses for work done by such officers or employees in connection with the Project will be included as a Project Cost only to the extent that such Persons were specifically employed for such purpose, the expenses do not exceed the actual cost thereof and are to be treated on the books of the Lessee as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis.

(c) There is no action or proceeding pending or to Lessee's knowledge, 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 Security 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 Lessee as of the date hereof in connection with the execution and delivery of this Agreement and each other Security 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 Security Documents have been obtained.

(d) The property included in the Facility as part of the Project is either property of the character subject to the allowance for depreciation under Section 167 of the Code, or land.

(e) The Facility will constitute a "civic facility" under the Act.

(f) The Lessee is organized and operated exclusively for not-for-profit purposes, and no part of the earnings of the Lessee inures to the benefit of any person, private shareholder or individual.

(g) The financial assistance (within the meaning of the Act) provided by the Agency to the Lessee through the issuance of the Bonds and as contemplated by this Agreement is reasonably necessary to induce the Lessee to proceed with the Project.

(h) The total of those certain Project Costs being financed with proceeds of the Bonds is at least equal to the aggregate principal amount of the Bonds, and such Project Costs are less than the total cost of the Project.

(i) No part of the proceeds of the Bonds will be used to finance inventory or will be used for working capital or to finance or refinance any cost other than costs of acquisition, construction and renovation of the Facility, and such costs of acquisition, construction and renovation shall constitute

Project Costs treated by the Lessee as capital expenditures in conformity with generally accepted accounting principles applied on a consistent basis.

(j) The Facility will be operated throughout the term of this Agreement by a New York not-for-profit corporation 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.

(k) No part of the proceeds of the Bonds (or any earnings thereon) 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 promotional 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.

(l) This Agreement and the other Security Documents to which the Lessee is a party constitute the legal, valid and binding obligations of the Lessee enforceable against the Lessee in accordance with their respective terms except to the extent that the enforceability thereof may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally, or the rights of creditors generally and by application of general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(m) The Lessee, upon completion of the Project, will be in material compliance 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.

(n) The Facility has been designed, and upon completion will be, in material compliance with all applicable Federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality; and the Lessee intends to operate the Facility or cause the Facility to be operated in accordance with this Agreement and as a qualified "project" in accordance with and as defined under the Act.

(o) The information set forth in the Certificate as to Representations and Information Regarding Arbitrage, executed by the Lessee, is true and correct as of the date of such Certificate and are incorporated by reference into this Agreement as if fully set forth herein.

(p) The Fiscal Year of the Lessee shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 and ending on June 30.

(q) The square footage of the Land is as follows: Unit A is approximately 7,902 square feet; Unit E is approximately 11,312 square feet; Unit C is approximately 13,328 square feet; and Unit D is approximately 17,061 square feet.

(r) The square footage of the Facility is as follows: Unit A is approximately 7,902 square feet; Unit E is approximately 15,692 square feet; Unit C is approximately 13,328 square feet; and Unit D is approximately 17,061 square feet.

(s) Neither the Lessee nor any affiliate thereof is a Prohibited Person.

ARTICLE II

THE PROJECT

Section 2.1 The Project. (a) The Lessee shall cause to be conveyed to the Agency at the time of the delivery and payment of the Series 2003 Bonds good and valid leasehold interest to the Facility, free and clear of all liens, claims, charges, encumbrances, security interests and servitudes other than Permitted Encumbrances, all against payment therefor by the Agency from the proceeds of the Series 2003 Bonds deposited in the Project Fund to the extent permitted by Section 2.2 hereof and Section 5.02 of the Indenture. In addition, leasehold title to all materials, equipment, machinery and other property intended to be incorporated or installed as part of the Facility and purchased with proceeds of the Bonds shall vest in the Agency immediately upon delivery to or installation or incorporation into the Facility or payment therefor, whichever shall occur first. The Lessee shall take all action necessary to so vest title to such materials, equipment, machinery and other property in the Agency and to protect such title against claims of any third parties.

(b) 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) acquiring and constructing and installing the Improvements comprising part of the Project and the Facility Equipment on or in the Facility Realty, (ii) making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other Persons, 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, equipping and completion of the Project from funds made available therefor in accordance with or as contemplated by this Agreement and (iv) asking, demanding, suing for, levying, recovering and receiving all such sums of money, debts due and other demands whatsoever which 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 acquire and/or complete the Project, or cause the Project to be completed, in accordance with the Plans and Specifications, in a good and workman-like manner, free of defects in materials and workmanship (including latent defects) by April 1, 2004; provided, however, the Lessee may revise the scope of the Project and may amend the Plans and Specifications, in either case subject to the prior written consent of the Agency (which consent shall not be unreasonably withheld) if such revisions or amendments would result in an increase in the estimated total cost of the Project of more than 10% of the estimated total cost of the Project before such revisions or amendments. Any amounts recovered by the Lessee, as agent of the Agency, by reason of damages, refunds, adjustments or otherwise in connection with the Project, after deduction of the reasonable expenses incurred in such recovery, if recovered prior to the date of completion of the Project and in an amount exceeding \$500,000, shall be deposited into the applicable subaccounts of the Project Fund and made available for payment of Project Costs, or, if such amount is in excess of \$500,000 and is recovered after such date of completion and not required to be applied pursuant to the provisions of Section 5.1 hereof, such amount shall be applied by the Trustee in accordance with the provisions of Section 5.02(d) of the Indenture. The Agency and the Lessee acknowledge and agree that the cost of the Project shall be paid from amounts on deposit in the Project Fund established under, and subject to, the Indenture derived from (i) the proceeds of the sale of the Bonds and interest earnings required by the terms of the Indenture to be deposited therein, and (ii) to the extent such amounts in the Project Fund are insufficient to pay all costs of the Project, from other available funds of the Lessee. In the event that amounts on deposit in the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Lessee shall pay that portion of such costs of

the Project as may be in excess of the amounts in the Project Fund available therefor and shall not be entitled to any reimbursement therefor from the Agency, the Trustee or the Owners of any of the Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the Lessee be entitled to any diminution of the rents payable or other payments to be made under this Agreement.

(c) The Lessee shall pay (i) all of the costs and expenses in connection with the preparation of any instruments of conveyance, the delivery of any instruments and documents and their filing and recording, if required, (ii) all taxes and charges payable in connection with the conveyance and transfer, or attributable to periods prior to the conveyance and transfer, to the Agency as set forth in Section 2.1(a) hereof, and (iii) all shipping and delivery charges and other expenses or claims incurred in connection with the Project.

(d) The Lessee covenants 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 and the Trustee immediately upon receipt thereof.

(e) The date of completion of the Project shall be evidenced by a certificate of an Authorized Representative of the Lessee in the form of Appendix C attached hereto, delivered to the Agency, the Trustee and the Initial Bondholders. Such certificate shall further certify as to the determination of the Rebate Requirement as provided in the Tax Certificate and the Indenture and shall direct any transfer to, or make payments of amounts for deposit in, the Rebate Fund.

Notwithstanding the foregoing, such certificate shall state (i) that it is given without prejudice to any rights of the Lessee against third parties which exist at the date of such certificate or which may subsequently come into being, (ii) that it is given only for the purposes of this Section and Section 5.02(d) of the Indenture, and (iii) that no Person other than the Agency and the Trustee may benefit therefrom. Such certificate of the Authorized Representative shall be accompanied by (i) a temporary certificate of occupancy, followed by a permanent certificate of occupancy when available, and 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 this Agreement; (ii) evidence satisfactory to the Agency that all real property taxes and assessments, or payments in lieu of taxes payable under Section 4.3 hereof, with respect to the Facility Realty have been paid in full; and (iii) a survey of the Facility prepared by a licensed surveyor at the Lessee's sole cost and expense, which survey shall (1) locate the building structures and improvements constructed as part of the Facility without any encroachment by any building or structural improvement on premises adjoining the Land, (2) show the location of all building structures and improvements constituting part of the Facility within lot and building lines in compliance with the applicable zoning requirements, and (3) indicate all rights of way and rights of others of record with respect to the Facility.

Section 2.2 Issuance of Series 2003 Bonds; Application of Proceeds of Series 2003 Bonds; Additional Bonds. (a) Contemporaneously with the execution and delivery of this Agreement, the Agency will sell and deliver the Series 2003 Bonds in the aggregate principal amount of \$18,250,000. The proceeds of sale of the Series 2003 Bonds shall be applied as follows: (i) an amount representing

accrued interest, if any, on the Series 2003 Bonds to their date of delivery to the initial purchasers thereof, shall be deposited in the Interest Account of the Bond Fund; (ii) an amount which, together with the maximum amount drawable or available under any Reserve Fund Facility on deposit in the Debt Service Reserve Fund, equals the Debt Service Reserve Fund Requirement shall be deposited in the Debt Service Reserve Fund; and (iii) the balance of the proceeds shall be deposited in the Project Fund to pay Project Costs.

(b) The application of the proceeds of sale of the Series 2003 Bonds is subject to the trust fund provisions of Section 13 of the Lien Law of the State. The Lessee shall receive all advances of the proceeds of the Series 2003 Bonds to be made hereunder and will hold the right to receive the same as a trust fund for the purpose of paying the cost of the Project and shall apply the same first to such payment before using any part thereof for any other purpose permitted hereunder.

(c) The Agency and the Lessee recognize that under the provisions of and subject to the conditions set forth in the Indenture and so long as the Lease Agreement is in effect, one or more series of Additional Bonds may be issued, authenticated and delivered upon original issuance for any or all of the following purposes: (i) providing funds in excess of the net proceeds of insurance and condemnation awards necessary to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (ii) providing for the financing or refinancing of Project Costs in connection with the acquisition, construction or installation of additional Improvements or Facility Equipment for incorporation into the Facility as part of the Project, (iii) refunding any Agency Bonds issued by the Agency or any indebtedness incurred by the Lessee to finance or refinance the acquisition or improvement of the Facility, and (iv) providing additional funds for the Debt Service Reserve Fund.

Section 2.3 Title Insurance. Simultaneously with the delivery of each Series of Bonds to the original purchaser(s) thereof, the Lessee will obtain and deliver to the Agency (a) a leasehold title insurance policy, in the amount of \$500,000 insuring the Agency's leasehold interest in the Facility against loss as a result of defects in title, (b) a leasehold mortgage title insurance policy in an aggregate amount not less than \$18,250,000 insuring the interests of the Agency and Trustee under the Agency Mortgages, respectively, and (c) a current survey of the Facility certified to the Lessee, the title company, the Agency and the Trustee. Any proceeds of such mortgage title insurance shall be paid by the applicable title company to the Trustee for deposit in the Renewal Fund and applied to remedy the defect in title. If not so capable of being applied or if any amounts remain, the amounts in the Renewal Fund shall be deposited by the Trustee in the Redemption Account of the Bond Fund for application, at the specific written direction of an Authorized Representative of the Lessee delivered to the Trustee, to the defeasance or redemption of Bonds. Any proceeds of such leasehold title insurance insuring against loss as a result of defects affecting the Agency's interest pursuant to the Company Lease or the Trustee's interest as holder of a lien on the Facility pursuant to the Agency's pledge under the Indenture shall be paid to the Trustee and deposited by the Trustee in the Redemption Account of the Bond Fund for application, at the written direction of an Authorized Representative of the Lessee delivered to the Trustee, to the purchase, redemption or defeasance of Bonds.

ARTICLE III

LEASE OF FACILITY AND RENTAL PROVISIONS

Section 3.1 Lease and Use of the Facility.

(a) *Lease of Facility.* In consideration of the rental payments, additional payments and any other payments for which provision is made herein and of the covenants, agreements and obligations

herein stated, and in reliance upon the representations and warranties contained herein, the Agency hereby subleases the Facility to the Lessee, and the Lessee hereby subleases the Facility from the Agency, in each case for and during the term herein and subject to the provisions of this Agreement.

(b) ***Use of Facility.*** The Lessee shall administer, occupy, use, maintain and operate the Facility as a "civic facility" within the meaning of the Act , primarily for educational and administrative purposes in accordance with the terms of this Agreement. During the term of this Agreement, the Lessee shall operate the Facility or cause the Facility to be operated in accordance with this Agreement and all Legal Requirements as a qualified "project" in accordance with and as defined in the Act and knows of no reason why the Facility will not be so operated. 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 any agreement applicable to 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 date of execution and delivery of this Agreement and shall expire June 1, 2033, or such earlier date as this Agreement may be terminated as hereinafter provided. The Agency hereby delivers to the Lessee and the Lessee hereby accepts sole and exclusive possession of the Facility.

Section 3.3 Rental Provisions.

(a) ***Rentals.*** Until the principal or Redemption Price, if any, of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee covenants to make rental payments in immediately available funds which the Agency directs the Lessee to pay directly to the Trustee (i) on October 31, 2003, November 30, 2003 and on December 31, 2003, the amount specified as "Monthly Interest" in Exhibit C hereto and on the last Business Day of each calendar month thereafter in an amount (net of any moneys then on deposit in the Bond Fund and available therefor) equal to one-third (1/3) of the interest coming due and payable on the Bonds on the next succeeding Interest Payment Date (all as set forth in Exhibit C hereto), and (ii) commencing on December 31, 2004 and on the last Business Day of each calendar month thereafter in an amount (net of any moneys then on deposit in the Bond Fund and available therefor) equal to one-sixth (1/6) of the Sinking Fund Installment coming due and payable on the next succeeding Interest Payment Date. The amount of each such rental payment shall be an amount sufficient, together with any amounts then available in the Bond Fund at the time of payment of such rental, to enable the Trustee in accordance with the Indenture to make payment, on each such due date, of the principal (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture) or Redemption Price, if applicable, of and interest on (including interest due upon the occurrence of an Event of Default or upon a Determination of Taxability) the Bonds becoming due on such date. Exhibit C to this Agreement sets forth the schedule of rental payments (inclusive of only regularly scheduled payments of Sinking Fund Installments, principal and interest with respect to the Bonds) to be made by the Lessee, determined as of the date of delivery of the Bonds. Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the Bond Fund is not sufficient to pay the Sinking Fund Installment, principal or Redemption Price, if applicable, of and interest on (including interest due upon the occurrence of an Event of Default or upon a Determination of Taxability), the Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Agency shall, pursuant to the Indenture, require the Trustee to promptly give notice of such deficiency to the Lessee, and the Lessee agrees to pay forthwith the amount of such deficiency in immediately available funds to the Trustee for deposit in the Bond Fund. Any such payments, and any other amounts payable to the Agency hereunder, shall constitute rental payments under this Section 3.3. In the event the Lessee should

fail to make or cause to be made any of the 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. The Lessee agrees to pay as rent additional amounts set forth in the Indenture to be paid by the Lessee with respect to interest on the Series 2003 Bonds in the event of a Determination of Taxability or an Event of Default.

(b) Debt Service Reserve Fund Withdrawals and Replenishment. Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in any account of the Bond Fund is not sufficient to pay the principal, Sinking Fund Installment, or Redemption Price of and interest (including interest due upon the occurrence of an Event of Default or upon a Determination of Taxability) on the Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Trustee on notice to Lessee shall in accordance with the Indenture cause to be disbursed from the Debt Service Reserve Fund into the Bond Fund moneys in an amount sufficient to fund any such deficiency. The Lessee covenants and agrees (in each case, as provided in the Indenture) (i) to cause the Debt Service Reserve Fund to be maintained at the Debt Service Reserve Fund Requirement, subject to such withdrawals therefrom and to deficiencies therein based on a valuation of the assets thereof, (ii) to replenish any withdrawals from the Debt Service Reserve Fund, to the extent necessary to cause the Debt Service Reserve Fund to be funded at the Debt Service Reserve Fund Requirement, by making a payment to the Trustee, in immediately available funds, not later than ten (10) days (or such longer period as the Initial Bondholders shall consent to) from the date the Lessee receives notice of such withdrawal, in an amount equal to the amount withdrawn from the Debt Service Reserve Fund, and (iii) to replenish any deficiencies in the Debt Service Reserve Fund based on a valuation of the assets thereof by making a deposit in an amount equal to such valuation deficiency. The Lessee agrees that in the event that a Reserve Fund Facility is on deposit in the Debt Service Reserve Fund, the Trustee shall, in accordance with the Indenture, withdraw any moneys on deposit therein, and, if necessary, in accordance with the Indenture, shall sell any securities on deposit therein, and apply such moneys or proceeds of the sale of such securities to fund any deficiencies in the accounts within the Bond Fund prior to making any claim under or drawing upon any such Reserve Fund Facility. The Lessee may restore the balance of amounts credited to the Debt Service Reserve Fund by causing the reinstatement of the maximum amounts available under any Reserve Fund Facility, provided that the moneys and value of securities on deposit in the Debt Service Reserve Fund, together with such maximum amounts, shall be in an amount sufficient to satisfy the Lessee's obligations under this Section 3.3(b).

(c) Missed Payments. In the event the Lessee should fail to make or cause to be made any of the 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; provided, however, that in the event that the Lessee shall fail to make rental payments pursuant to subsection (a) of this Section and amounts are withdrawn from the Debt Service Reserve Fund as a result thereof, the Lessee shall be deemed to have satisfied its obligation to make such missed rental payments by making full and timely payments, if any, as necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement pursuant to subsection (b) of this Section.

(d) Consent to Agency Mortgage and Assignment of Rentals. Pursuant to the Agency Mortgage, the Agency and the Lessee shall grant mortgages and security interests in their respective interests in the Facility prior to the lien of this Agreement, and pursuant to the Indenture, the Agency shall pledge and assign to the Trustee as security for the Bonds all of the Agency's right, title and interest in, to and under this Agreement (except for the Agency's Reserved Rights), including all rental payments hereunder, and in furtherance of said pledge the Agency will unconditionally assign such rental payments to the Trustee for deposit in the Bond Fund, in accordance with the Indenture. The Lessee hereby consents to the above-described pledge and assignment of this Agreement. The Lessee covenants and agrees that it will

comply with the provisions of the Indenture with respect to the Lessee and that the Trustee shall have the power, authority, rights and protections provided to it in the Indenture. The Lessee further covenants to use its best efforts to cause there to be obtained for the Agency any documents or opinions required of the Agency under the Indenture.

(e) Rebate Payments. The Lessee covenants and agrees to provide to the Trustee sufficient moneys as necessary to meet the Rebate Requirement described in the Tax Certificate.

(f) Prepayments. The Lessee shall have the right to make advance rental payments under Section 8.1 of this Agreement to the Trustee for deposit in the Redemption Account of the Bond Fund as and to the extent provided in the Indenture for redemption of the Bonds.

(g) Defeasance. No further rental payments need be made to the Agency during the term of this Agreement when and so long as the amount of cash and/or Government Obligations on deposit in the Bond Fund is sufficient to satisfy and discharge the obligations of the Agency under the Indenture and pay the Bonds as provided in Section 10.01 of the Indenture.

(h) Additional Rentals. Any payments made by the Lessee to the Trustee to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement in accordance with subsection (b) of this Section or to provide the Trustee with sufficient moneys as necessary to meet the Rebate Requirement in accordance with subsection (e) of this Section shall constitute additional rental payments payable under this Section.

Section 3.4 Obligation of Lessee. Except as provided in Section 3.4(b) hereof, the obligation of the Lessee to pay payments provided for in this Agreement, to maintain the Facility in accordance with Section 4.1 of this Agreement and to indemnify the Agency in accordance with Section 6.2 of this Agreement shall be an absolute, unconditional and general obligation of the Lessee, irrespective of any defense or any rights of set-off, recoupment, counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Agency, the Trustee or the Owner of any Bond.

The Lessee will not suspend or discontinue any such payment or terminate this Agreement (other than such termination as is provided for hereunder) for any cause whatsoever, and the Lessee waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender this Agreement or any obligation of the Lessee under this Agreement or the Facility or any part thereof except as provided in this Agreement or to any abatement, suspension, deferment, diminution or reduction in the rentals or other payments hereunder.

Section 3.5 Right of Set-Off. The Lessee hereby grants to the Agency for the equal and ratable benefit of all Bondholders a lien on and right of set-off against all the deposits, credits and property of the Lessee and any collateral of the Lessee now or hereinafter in the possession, under the control of or in transit to the Agency for all the Lessee's liabilities and payment obligations under this Agreement and the other Security Documents to which it is a party, and agrees that the same may be applied against such liabilities and payment obligations at any time after an Event of Default has occurred and is continuing under this Agreement.

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 insure that the security for the Bonds shall not be impaired. All replacements, renewals and repairs shall be equal 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 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 the completion 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 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) (A) if such additions or alterations are estimated to exceed \$500,000, such alteration or addition shall be conducted under the supervision of an Independent Engineer, or (B) if such additions or alterations are estimated to exceed \$1,000,000, such alterations or additions shall be conducted under the supervision of an Independent Engineer and in accordance with plans, specifications and cost estimates approved by the Agency (which approval shall not be unreasonably withheld or delayed), and (v) such additions or alterations do not change the nature of the Facility so that it would not constitute a "civic facility" or a qualified "project" as defined in and as contemplated by the Act. Subject to Section 4.1(c) hereof, all alterations of and additions to the Facility shall constitute a part of the Facility, subject to this Agreement and the Indenture, and the Lessee shall deliver or cause to be delivered to the Agency appropriate documents as may be necessary to convey leasehold title to such property to the Agency and to subject such property to this Agreement and the Indenture, 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, as part of the Project or otherwise, trade fixtures, machinery, equipment and other personal property and any appurtenances or additions thereto, and substitutions or replacements thereof, at the Lessee's own cost and expense and not from the proceeds of Bonds (the "Lessee's Property") without conveying title to such property to the Agency or subjecting such property to this Agreement. The Lessee's Property shall not constitute part of the Facility leased 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.

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 (the "**Existing Facility Property**") and thereby acquiring such Existing Facility Property, provided that:

(i) such Existing Facility Property is substituted or replaced by property (A) having equal or greater operating efficiency and utility and (B) being free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances: or

(ii) if such Existing Facility Property is not to be substituted or replaced by other property but is instead to be sold, scrapped, traded-in or otherwise disposed of in an arms-length bona fide transaction, the Lessee shall pay to the Trustee for deposit in the Redemption Account of the Bond Fund the amounts derived from such sale or scrapping, the trade-in value credit received or the proceeds received from such other disposition, provided that no such payment shall be required when such amounts in connection with any removal or related series of removals does not exceed \$500,000;

provided, however, no such removal as set forth in paragraph (i) or (ii) above shall be effected if (w) such removal would change the nature of the Facility as a "civic facility" within the meaning of the Act, (x) such removal would impair the usefulness, structural integrity or operating efficiency of the Facility, (y) such removal would reduce the fair market value of the Facility below its value immediately before such removal (except by the amount deposited in the Redemption Account of the Bond Fund pursuant to paragraph (ii) above), or (z) if there shall exist and be continuing an Event of Default hereunder.

(b) The Lessee shall deliver or cause to be delivered to the Agency and the Trustee appropriate documents conveying to the Agency title to any property installed or placed upon the Facility pursuant to Section 4.2(a)(i) hereof and subjecting such substitute or replacement property to this Agreement, and upon specific written request of the Lessee, the Agency shall deliver and shall cause the Trustee to deliver to the Lessee appropriate documents releasing all liens and security interests on 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 and expenses) incurred in subjecting to this Agreement any property installed or placed on the Facility as part of the Facility pursuant to this Section 4.2.

(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 rentals and other amounts payable by the Lessee under this Agreement.

(d) Within 120 days after the close of each Fiscal Year of the Lessee (i) during which Fiscal Year action was taken by the Lessee pursuant to Section 4.1(b) or 4.2(a) hereof involving substitute or replacement property having a cost in excess of \$500,000 or disposed of property with proceeds in excess of \$500,000, the Lessee shall furnish to the Agency and the Trustee 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) during which Fiscal Year of the Lessee no action was taken by the Lessee pursuant to Section 4.1(b) or 4.2(a) hereof (or, the only action taken was with respect to substitute or replacement property having a cost less than \$500,000 or the amount received for property disposed of was less than \$500,000), the Lessee shall furnish to the Agency and the Trustee a certificate to that effect.

Section 4.3 Payment in Lieu of Real Estate Taxes.

(a) *Description and Address of Project:*

The Project consists of: (i) the construction, improvement and equipping of four (4) existing minischool buildings located at 537 Main Street, 566 Main Street, 585 Main Street and 587 Main Street on Roosevelt Island in New York to house the Lessee's elementary, middle and high school. (ii) the funding of a Debt Service Reserve Fund and a Capitalized Interest Account, and (iii) the financing of certain costs of issuance relating to the Series 2003 Bonds.

(b) *Payments in Lieu of Real Estate Taxes:*

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. In the event the Agency's interest in the Facility shall exempt any portion of the Facility from the imposition of real estate taxes, then, so long as the Lessee (and each other user of the Facility) remains an eligible New York not-for-profit corporation pursuant to the regulations of the New York City Department of Finance for purposes of determining exemption from New York City real estate taxes, and until the earlier of (i) the payment in full of all the Bonds Outstanding in accordance with Section 10.01 of the Indenture, and (ii) the date on which the Agency no longer has an interest in the Facility, the Lessee shall make no payments in lieu of real estate taxes on the land, buildings and improvements constituting part of the Facility. However, to the extent the Lessee is not an eligible New York not-for-profit corporation pursuant to the regulations of the New York City Department of Finance for purposes of determining exemption from New York City Real Estate Taxes or the Lessee subleases the whole or any portion of the Facility to an entity that is not exempt from New York City real estate taxes and the Lessee would be obligated to pay any New York City real estate taxes, the Lessee shall not claim exemption from such real estate taxes by virtue of the Agency's presence in the lease chain for the Facility.

Section 4.4 Payment of Impositions. (a) Subject to its rights of contest in accordance with Section 4.4(b), the Lessee shall pay when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against the Facility, this Agreement, any estate or interest of the Agency or the Lessee in the Facility, or the rentals hereunder 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 promptly forward 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.

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

could result in the Agency and the Trustee being in any reasonable danger of civil liability (including accrual of interest, fines and/or penalties), (y) the Lessee shall deliver a written confirmation to the Agency and the Trustee that the Lessee shall indemnify and hold the Agency and the Trustee harmless from any claims, liabilities, costs or expenses as may derive with respect thereto. and (z) the Lessee shall provide to the Agency and the Trustee such security as the Agency and the Trustee may reasonably require.

(c) At the written request of the Agency, the Lessee shall provide to the Agency all reasonable information as may be requested with respect to any Imposition (as described in Section 4.4(a) hereof), the status thereof, the amount in dispute, and the action taken or proposed to be taken by the Lessee in connection therewith.

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 entities of like size and type as that of the Lessee. In addition to this general requirement, such insurance shall, for purposes of subsections (b) through (g), inclusive, of this Section 4.5, include, without limitation (hereinafter, "**Specific Coverage**");

(i) During any period of construction, renovation, improvement or reconstruction of the Facility, 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 Agency and the Trustee in a minimum amount of \$10,000,000 aggregate coverage for bodily and personal injury and property damage;

(ii) (A) Property damage insurance, and (B) during any period of construction, reconstruction or substantial renovation of the Facility (to the extent not otherwise covered by property damage insurance), Builders' All Risk Insurance written on "100% builders risk completed value, non-reporting form" including coverage therein for "completion and/or premises occupancy", and coverage for property damage insurance, all of which insurance shall include coverage for removal of debris, insuring the buildings, structures, facilities, equipment, furniture, fixtures and other property constituting a part of the Facility against loss or damage to the Facility by all risk of physical loss and an Agreed Upon Replacement Costs Endorsement, at all times in an amount such that the proceeds of such insurance shall be sufficient to prevent the Lessee, the Agency or the Trustee from becoming a co-insurer of any loss under the insurance policies but in any event in amounts equal to the greater of (A) 100% of the actual replacement value of the Facility as determined by a qualified insurance appraiser or insurer (selected by the Lessee and approved by the Agency) not less often than once every three years, at the expense of the Lessee, and (B) the principal amount of the Outstanding Bonds; any such insurance may provide that the insurer is not liable to the extent of the first \$50,000 with the result that the Lessee is its own insurer to the extent of \$50,000 of such risks;

(iii) General Liability insurance and/or Umbrella Liability insurance, including contractual liability coverage, in accordance with customary insurance practices for similar operations with respect to the Facility and the business thereby conducted in a minimum amount of \$10,000,000 per occurrence per location aggregate, which insurance (A) will also provide coverage (to the extent not otherwise covered by other insurance policies required herein) of the Lessee's obligations of indemnity under Section 6.2 hereof (but as to Section 6.2(a)(ix) only with respect to Section 6.2(a)(iii), (v), (vi) (as qualified by subsection (4) below) and (vii)), and

excluding, however, those obligations of the Lessee (1) requiring payment of taxes, (2) set forth in Section 6.2(a)(i) or (iv) hereof, (3) under Section 6.2(a)(viii) hereof to the extent not available to the Lessee at commercially reasonable rates) and (4) under Section 6.2(a)(vi), except to the extent covered under Section 6.2(a)(iii), (v) and (vii) 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 deductible amount;

(iv) Workers' compensation insurance, disability benefits insurance and such other forms of insurance that the Lessee 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 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; and

(v) Such other insurance in such amounts and against such insurable hazards as the Agency or the Trustee at the direction of the Holders of a majority in aggregate principal amount of the Bonds Outstanding from time to time may reasonably require provided that, if such insurance is required by the Agency, such insurance is available for commercially reasonable sums and is then being required by institutional lenders to be maintained by owners of similar facilities.

(b) All Specific Coverage required by Section 4.5(a) above shall be procured and maintained in financially sound and generally recognized responsible insurance companies authorized to write such insurance in the State and having an A.M. Best rating of "A-/X" or better.

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

(i) designate (except in the case of workers' compensation insurance) the Lessee, the Trustee and the Agency as additional insureds as their respective interests may appear;

(ii) provide that all insurance proceeds in excess of \$500,000 with respect to loss or damage to the property of the Facility be endorsed and made payable to the Trustee and shall name the Trustee as a loss payee under the standard loss payee clause and as a mortgagee under the terms of a standard mortgagee clause, which insurance proceeds shall be paid over to the Trustee and deposited in the Bond Fund;

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

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

(v) provide that such insurance shall be primary insurance without any right of contribution from any other insurance carried by the Agency or the Trustee to the extent that such

other insurance provides the Agency or the Trustee, as the case may be, with contingent and/or excess liability insurance with respect to its respective interest as such in the Facility;

(vi) 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 or the Trustee until at least thirty (30) days, or ten (10) days if due to nonpayment of premium, after receipt by the Agency and the Trustee, respectively, of written notice by such insurers of such cancellation, lapse, expiration or change;

(vii) 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

(viii) 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 deposited in the Bond Fund and applied in accordance with Section 5.1 hereof and the Indenture.

(e) Concurrently with the original issuance of the Series 2003 Bonds, the Lessee shall deliver or cause to be delivered to the Agency and the Trustee the following documents evidencing compliance with the Specific Coverage requirements of this Section 4.5: (i) on or prior to the execution and delivery of this Agreement, (A) a broker's certificate of coverage, and (B) certificate of liability insurance, evidence of property insurance, and certificates or other evidence of other required insurance, and, (ii) as soon as practicable thereafter, duplicate copies of insurance policies and/or binders. At least seven (7) Business Days prior to the expiration of any such policy, the Lessee shall furnish the Agency and the Trustee 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 or the Trustee 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 BUSINESS OR INTEREST OF THE LESSEE.

Section 4.6 Advances by Agency or Trustee. In the event the Lessee fails to make any payment or perform or observe any obligation required of it under this Agreement, the Agency or the Trustee or any Bondholder holding 100% of the Bonds Outstanding after first notifying the Lessee of any such failure on its part, upon notice by the Agency, the Trustee or such Bondholder (except if any emergency condition shall exist) may (but shall not be obligated to), and without waiver of any of the

rights of the Agency or the Trustee or such Bondholder under this Agreement or the Indenture or any other Security Documents, 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 or the Trustee or such Bondholder, as the case may be, shall become an additional obligation of the Lessee to the Agency or to the Trustee or to such Bondholder, as the case may be, which amounts, together with interest thereon at the rate per annum equal to the rate of interest established by the Trustee from time to time as its prime rate in New York, New York (which prime rate shall be effective for the purposes hereof on the date on which such rate is effective for the Trustee's purposes), plus five percent (5%) per annum, from the date advanced, the Lessee will pay upon demand therefor by the Agency or the Trustee or such Bondholder, as the case may be. Any remedy herein vested in the Agency or the Trustee for the collection of the rental payments or other amounts due hereunder shall also be available to the Agency and the Trustee for the collection of all such amounts so advanced.

Section 4.7 Compliance with Law.

(a) **Compliance.** The Lessee shall not use or occupy, and will not permit any use or occupancy of, the Facility, or any part thereof, contrary to any Legal Requirements. The Lessee shall, throughout the term of this Agreement and at its sole cost and expense, promptly observe and comply with all Legal Requirements, and shall 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 shall not, without the prior written consent of the Agency, initiate, join in or consent to any private restrictive covenant, zoning ordinance, or other public or private restriction, limiting or defining the uses which may be made of the Facility or any part thereof.

(b) **Contest.** 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 Agency or the Trustee being in any reasonable 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 or the Trustee to protect the security intended to be offered by the Security Documents.

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 (with a replacement cost in excess of \$500,000) 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 Facility shall be temporarily taken for a period exceeding six months 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 rent or other amounts payable by the Lessee under this Agreement, and

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

(b) Upon the occurrence of a Loss Event, any Net Proceeds in excess of \$500,000 derived therefrom shall be paid to the Trustee for deposit in the Renewal Fund and held and disbursed in accordance with the Indenture and the Lessee shall either:

(i) at its own cost and expense (except to the extent paid from the Net Proceeds deposited in the Renewal Fund as provided below and in Section 5.06 of the Indenture), promptly and diligently rebuild, replace, repair or restore, or cause to be rebuilt, replaced, repaired or restored, 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, the Trustee or any Bondowner, nor shall the rent or other amounts payable by the Lessee under this Agreement be abated, postponed or reduced), or

(ii) to the extent and upon the conditions permitted to do so under Section 8.1 hereof and under the Indenture, the Lessee shall exercise its option to purchase the Agency's interest in the Facility and make advance rental payments to redeem the Bonds in whole and terminate the Agency's interest in the Facility.

Not later than ninety (90) days after the occurrence of a Loss Event, the Lessee shall advise the Agency and the Trustee in writing of the action to be taken by the Lessee under this Section 5.1(b), a failure to so timely notify being deemed an election in favor of subdivision (i) above to be exercised in accordance with the provisions of clause (i) above.

If the Lessee shall elect to or shall otherwise be required to rebuild, replace, repair or restore the Facility as set forth in subdivision (i) above, the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in Section 5.02 of the Indenture to pay or reimburse the Lessee, at the election of the Lessee, either as such work progresses or upon the completion thereof, provided, however, that the amounts so disbursed by the Trustee to the Lessee shall not exceed the actual cost of such work. If, on the other hand, the Lessee shall, if permitted under this Agreement and the Indenture, exercise its option in subdivision (ii) above, the Trustee shall transfer the Net Proceeds from the Renewal Fund to the Redemption Account of the Bond Fund to be applied to the redemption of Bonds in accordance with the Indenture.

(c) All such rebuilding, replacements, repairs or restorations of the Facility shall:

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

(ii) be completed in accordance with plans and specifications and cost estimates approved in writing by the Initial Bondholder, for so long as the Initial Bondholder holds 100% of the Bonds, and at all other times, the Trustee (which approval shall not be unreasonably withheld or delayed),

(ii) not change the nature of the Facility as a qualified "project" as defined in and as contemplated by the Act,

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

(v)(A) if the estimated cost of such rebuilding, replacement, repair or restoration is in excess of \$500,000, be effected under the supervision of an Independent Engineer, or (B) if the estimated cost of such rebuilding, replacement, repair or restoration is in excess of \$1,000,000, be effected under the supervision of an Independent Engineer and in accordance with plans and specifications and cost estimates approved in writing by the Agency and the Trustee (which approvals shall not be unreasonably withheld).

(d) Pending the disbursement or transfer thereof, the Net Proceeds in the Renewal Fund shall be applied and may be invested as provided in the Indenture.

(e) The Agency, the Trustee 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 be subject to the approval of the Lessee, so long as an Event of Default shall not have occurred, the Agency and the Trustee (such approvals not to be unreasonably withheld or delayed).

(f) Notwithstanding anything contained herein to the contrary, if all or substantially all of the Facility shall be taken or condemned (other than through a temporary taking or condemnation for a period of less than six months), or if such taking or condemnation renders the Facility unsuitable for use by the Lessee as contemplated hereby, the Lessee shall exercise its option to purchase the Agency's interest in the Facility pursuant to Section 8.1 hereof, and the amount of the Net Proceeds so recovered shall be transferred from the Renewal Fund and deposited in the Redemption Account of the Bond Fund, and the Lessee shall thereupon pay to the Trustee for deposit into the Redemption Account of the Bond Fund an amount which, when added to any amounts then in the Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole (including, without limitation, principal and interest to the maturity or redemption date and redemption premium, if any) at the earliest possible date, and to pay the expenses of redemption, the fees and expenses of the Agency, the Trustee and the Paying Agents, together with all other amounts due under the Indenture and under this Agreement, and such amount shall be applied, together with such other available moneys in such Bond Fund, if applicable, to such redemption or retirement of the Bonds on said redemption or maturity date, provided that the payment obligation and the obligation of the Lessee to redeem the Bonds in whole under this Section 5.1(f) shall arise when the Lessee shall have received the Net Proceeds in respect of such taking or condemnation.

(g) The Lessee shall be entitled to any insurance proceeds or condemnation award, compensation or damages attributable to the Lessee's Property so long as such proceeds, award, compensation or damages are in addition to the Net Proceeds otherwise payable in respect of such casualty or taking.

(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.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.1 Dissolution of Lessee: Restrictions on Lessee. (a) The parties hereto understand that the purchasers of the Bonds will make their purchase thereof in partial reliance upon the credit and financial condition of the Lessee. The Lessee covenants and agrees that at all times during the term of this Agreement, it will (i) maintain its corporate existence, (ii) continue to be a New York not-for-profit educational corporation as shall constitute a Tax-Exempt Organization subject to service of process in the State and organized under the laws of 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 Agreement, and (iv) not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it.

(b) The Lessee, however, without violating the foregoing, with the prior written consent of the Agency, which shall not be unreasonably withheld or delayed, may consolidate with or merge into another not-for-profit Tax-Exempt Organization, or permit one or more not-for-profit Tax-Exempt Organizations 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 not-for-profit Tax-Exempt Organization (and thereafter liquidate, wind-up or dissolve or not, as the Lessee may elect) if (i) the Lessee is the surviving, resulting or transferee New York not-for-profit educational corporation and continues to be a Tax-Exempt Organization, or (ii) in the event that the Lessee is not the surviving, resulting or transferee not-for-profit corporation, (1) the surviving, resulting or transferee New York not-for-profit corporation (A) is solvent and subject to service of process in the State and organized under the laws of the State, (B) is a Tax-Exempt Organization, (C) assumes in writing all of the obligations of the Lessee contained in this Agreement and all other Security Documents to which the Lessee shall be a party, and in the Opinion of Counsel (addressed to the Agency and the Trustee), delivered to the Agency and the Trustee, (x) such New York not-for-profit corporation is a Tax-Exempt Organization and shall be bound by all of the terms applicable to the Lessee of this Agreement and all other Security Documents to which the predecessor Lessee corporation shall have been a party, and (y) such action does not legally impair the security for the Owners of the Bonds afforded by the Security Documents, and (D) has fund balances (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, and (2) the Lessee delivers to the Agency and the Trustee an opinion of Bond Counsel to the effect that such action will not adversely affect the validity of the Bonds or the exclusion of interest on the Bonds from gross income for Federal income tax purposes.

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, affiliated companies or affiliated individuals) thereof and persons under the Agency's control or supervision, the Trustee, the Initial Bondholder and the Paying Agent(s) (collectively, the "**Indemnified Parties**") 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, reasonable costs and expenses (collectively, "**Claims**") of any kind for losses, damage, injury and liability of every kind and nature and however caused, arising during the period commencing from December 10, 2002, 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), other than, with respect to any Indemnified Party, losses arising from the gross negligence or willful misconduct of such Indemnified Party, arising upon or about the Facility or resulting from, arising out of, or in any way connected with:

(i) the financing of the costs of the Facility and the marketing, issuance, sale and remarketing of the Bonds for such purpose,

(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 the Indemnified Party, the Lessee or any other Person of, or performance by the Indemnified Party, the Lessee or any other Person, as the case may be, of, any of their respective obligations under, this Agreement, the Indenture or any other Security 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,

(vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement,

(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 hereinafter defined) 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 or the Trustee, which are based upon or in any way related to such Hazardous Materials including, without limitation, reasonable attorney and consultant fees and expenses, 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),

Notwithstanding the foregoing, the Lessee's indemnification and defense requirements set forth in Section 6.2(a) hereof with respect to the Agency shall not apply to any Claims for Liability arising from or based upon the failure of the Agency to have complied with either the Constitution of the United States of America or the Constitution of the State in connection with its approval of the Project or the issuance of the Bonds (hereinafter, the "School Proviso").

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) Subject to the limitations set forth in this Section 6.2, the Lessee releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable for, any Claims for losses, damage, injury or liability incurred as a result of action taken by such Indemnified Party with respect to any of the matters set forth in subdivision (i) through (ix) of 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 the Agency or the Agency's failure pursuant to the School Proviso, 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 limitation of any other representations, warranties and covenants made by the Lessee under this Agreement, the Lessee further represents, warrants and covenants that 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 that, 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, 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 shall use its best efforts to ensure compliance by all tenants, occupants and users of the Facility with, all applicable Legal Requirements, whenever and by whomever triggered, and shall obtain and comply with, and use its best efforts to ensure that all tenants, subtenants, occupants and users of the Facility obtain and comply with, any and all approvals, registrations or permits required thereunder, provided, however, that if any such tenant, subtenant, occupant or user shall be an Affiliate of the Lessee, the obligations of the Lessee with respect to such Persons shall be absolute and not limited to best efforts.

(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 and in compliance with all applicable Legal Requirements (i) conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions required by applicable law to clean up and remove all Hazardous Materials, on, from, or affecting the Facility (x) in accordance with all Legal Requirements, (y) to the reasonable satisfaction of the Agency, and (z) in accordance with the orders and directives of all Federal, state and local governmental authorities, and (ii) defend, indemnify, and hold harmless each Indemnified Party from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (w) the presence, disposal, release, or threatened release of any Hazardous Materials which are on, from, or affecting the Facility; (x) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; (y) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials;

and/or (z) any violation of laws, orders, regulations, requirements or 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.

(v) In the event the Agency 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.

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.

(d) The indemnifications and protections set forth in this Section 6.2 shall be extended, with respect to each Indemnified Party, to its members, directors, officers, employees, agents and servants and persons under its control or supervision.

(e) To effectuate the purposes of this Section 6.2, the Lessee will provide for and insure, in the public 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 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.

(f) For the purposes of this Section 6.2, the Lessee shall not be deemed an employee, agent or servant of the Agency or a person under the Agency’s control or supervision.

(g) The provisions of this Section 6.2 shall be in addition to any and all other obligations and liabilities the Lessee may have to any Indemnified Party in any other agreement or at common law, and shall survive the termination of this Agreement.

Section 6.3 Compensation and Expenses of Trustee, Paying Agent and Agency. The Lessee shall, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay reasonable compensation to the Trustee for its services under the Indenture and all reasonable out-of-pocket expenses (including counsel fees and disbursements) actually incurred by the Trustee in performing its duties thereunder including but not limited to expenses incurred in purchasing, redeeming, exchanging, transferring, registering and preparing new Bonds or making any investments in accordance with the Indenture. The Lessee shall also pay the reasonable compensation and reasonable out-of-pocket expenses of the Paying Agent(s) for the Bonds actually incurred by the Paying Agent(s) in accordance with the

performance of their services under the Indenture. The Lessee shall further pay the reasonable fees, costs and expenses of the Agency together with any reasonable fees and disbursements incurred by the Agency's Bond Counsel and the Agency's general counsel in performing services for the Agency in connection with this Agreement or the Indenture or any other Security Document.

The Lessee further agrees to pay any placement agent fees due to Commerce Capital Markets, Inc. for placement of the Series 2003 Bonds, and the Lessee agrees to indemnify and hold harmless the Initial Bondholder and the Agency against any and all such claims in connection therewith.

On the date of the sale and delivery by the Agency of the Series 2003 Bonds, the Lessee shall pay to the Agency, and the Agency acknowledges receipt of, an initial financing fee in the amount of \$116,250, of which \$2,500 of such fee has been received by the Agency prior to the date hereof as an application fee to the Agency. In addition, the Lessee agrees to pay, as an annual administrative servicing fee to the Agency, the amount of \$500 payable initially on the sale and delivery by the Agency of the Series 2003 Bonds and on every anniversary thereof until the termination of this Agreement.

Section 6.4 Retention of Title to Facility; Grant of Easements. (a) The Agency shall not sell, assign, encumber (other than for Permitted Encumbrances), convey or otherwise dispose of the Facility or any part thereof or interest therein during the term of this Agreement, except as set forth in Sections 4.2 and 7.2 hereof and without the prior written consent of the Lessee and the Trustee at the written direction of Owners of all of the Outstanding Bonds, and any purported disposition without such consent shall be void.

The Agency will, however, at the written request of the Lessee, and with the prior written consent of the Trustee and the Initial Bondholder, 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 this Agreement and lien of the Agency Mortgage, as shall be necessary or convenient 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, and provided, further, that any consideration received by the Agency or the Lessee from the granting of said leases, rights of way, easements, permits or licenses shall be paid to the Trustee and deposited in the Redemption Account of the Bond Fund for application in connection with the purchase, redemption or defeasance of Bonds. The Agency agrees, at the sole cost and expense of the Lessee, to execute and deliver and to cause and direct the Trustee 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 this Agreement.

Notwithstanding any other provision of this Agreement, so long as there exists no Event of Default hereunder, and with the prior written consent of the Trustee, the Lessee may from time to time request in writing to the Agency the release of and removal from this Agreement of any unimproved part of the Facility (on which none of the improvements, including the buildings, structures, improvements, related facilities, major appurtenances, fixtures or other property comprising the Facility are 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 and cause and direct the Trustee to execute and deliver any and all instruments necessary or appropriate to so release and remove such portion of the Land and convey leasehold title thereto in the Lessee or such Person as the Lessee may designate subject to the following: (i) any liens, easements, encumbrances and reservations to which leasehold 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 lien of this Agreement and the Indenture); and (v) any liens for taxes or assessments not then delinquent; provided, however, no such release shall be effected unless (1) there shall be deposited with the Trustee a certificate of an Independent Engineer addressed to the Agency and the Trustee, 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 Land and the release so proposed to be made 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; and (2) there shall be deposited with the Trustee an amount of cash for deposit in the Redemption Account of the Bond Fund for application to the purchase, redemption or defeasance of Bonds equal to the greatest of (A) the original cost of such portion of the Land financed with Bond proceeds so released, such cost to be determined by the appraisal of an independent real estate brokerage firm of recognized standing within the City of New York, (B) the fair market value of such portion, such value to be determined by the appraisal of an independent real estate brokerage firm of recognized standing within the City of New York, and (C) if such portion is released in connection with the sale of such portion, the amount received by the Lessee upon such sale.

(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 rents payable under Section 3.3 hereof or the other payments required to be made by the Lessee under this Agreement.

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 Trustee or against any of the rentals or other amounts payable under this Agreement or the interest of the Agency, or the Lessee under this Agreement or the Company Lease, other than Liens for Impositions (as defined in Section 4.4) not yet payable, or payable without the addition of any fine, penalty, interest or cost for non-payment, Permitted Encumbrances, or Liens being contested as permitted by Section 6.5(b), 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 the Trustee and, except where the validity of such Lien is being contested in accordance with the provisions of Section 6.5(b) hereof, 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 and the Trustee), 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 any interest therein, or in this Agreement or the Company Lease, of the Agency, the Lessee or the Trustee or against any of the rentals or other amounts payable under this Agreement, (2) neither the Facility nor any part thereof or interest therein would be in any reasonable danger of being sold, forfeited or lost, (3) neither the Agency nor the Trustee would be in any reasonable danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and (4) the Lessee shall have furnished such security, if any, as may be required in such proceedings; provided, however, if such proceeding could result in the Agency

and the Trustee being in any reasonable danger of civil liability (including accrual of interest, fines and/or penalties), (y) the Lessee shall deliver a written confirmation to the Agency and the Trustee that the Lessee shall indemnify and hold the Agency and the Trustee harmless from any claims, liabilities, costs or expenses as may derive with respect thereto, and (z) the Lessee shall provide to the Agency and the Trustee such security as the Agency and the Trustee may reasonably require.

(c) At the written request of the Agency, the Lessee shall provide to the Agency all reasonable information as may be requested with respect to any Lien (as described in Section 6.5(a) hereof), the status thereof, the amount in dispute, and the action taken or proposed to be taken by the Lessee in connection therewith.

(d) An Authorized Representative of the Lessee shall certify to the Agency and the Trustee the existence of any action relating to utility, access and other easements and rights-of-way, restrictions and exceptions that materially interfere with or impair the Lessee's use and enjoyment of the Facility. Such certification shall be given within 10 days after the Lessee has notice of such action.

Section 6.6 Financial Statements; No-Default Certificates. (a) The Lessee agrees to furnish to the Agency, the Initial Bondholder and the Trustee, as soon as available and in any event within one hundred and fifty (150) days after the close of each Fiscal Year of the Lessee, a copy of the annual audited financial statements of the Lessee and its subsidiaries, if any (including balance sheets as at the end of such Fiscal Year and the related statements of revenues, expenses and changes in fund balances and, if applicable, income, earnings, retained 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 Trustee. The failure of the Lessee and its subsidiaries, if any, to timely provide such financial statements in accordance with this Section 6.6 shall constitute an immediate Event of Default hereunder.

(b) The Lessee shall deliver to the Agency at the written request of the Agency and the Trustee with each delivery required by Section 6.6(a) hereof, (i) a certificate of an Authorized Representative of the Lessee as to whether or not, as of the close of such preceding Fiscal Year of the Lessee, and at all times during such Fiscal Year, the Lessee was in compliance with all the provisions which relate to the Lessee in this Agreement and in any other Security Document to which it shall be a party; provided, however, 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) a certificate of an Authorized Representative of the Lessee that the insurance it maintains complies with the provisions of Section 4.5 of this Agreement, whether such insurance has been in full force and effect at all times during the preceding Fiscal Year of the Lessee and that such insurance is in full force and effect on the date of delivery of such certificate, and that duplicate copies of all policies and certificates thereof (or self-insurance program documents) have been filed with the Agency and the Trustee and are in full force and effect. In addition, upon twenty (20) days' prior request by the Agency or the Trustee, the Lessee will execute, acknowledge and deliver to the Agency and the Trustee a certificate of an Authorized Representative of the Lessee either stating that to the knowledge of such Authorized Representative after due inquiry, no default under or breach of any of the terms hereof which, 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 and the Trustee of the occurrence of any Event of Default hereunder or any event which with notice or lapse of time or both would constitute an

Event of Default hereunder of which it has knowledge. 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.

(d) The Lessee shall, on the first Business Day of each month until completion of construction (as evidenced by the delivery of a completion certificate in the form of Appendix C hereto), provide to the Initial Bondholders a written status report by an Authorized Representative of the Lessee (the "Status Report"), detailing (i) the status of construction at the Facility and (ii) the occupancy of the Facility or the date on which the Lessee intends to occupy the Facility. The Status Report shall be accompanied by a written report by the Lessee's [construction manager] with respect to (i) the inspection and evaluation of the progress of the construction work performed at the Facility and (iii) its evaluation and approval of all payment orders submitted by contractors for work performed at the Facility.

(e) The Lessee shall promptly advise the Initial Bondholders, in writing, of any change or expected change in the accounting firms utilized by the Lessee.

Section 6.7 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 Indenture, so long as the Lessee shall pay the rent and all other sums 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 Lessee shall have, hold and enjoy, during the term hereof, peaceful, quiet and undisputed possession of the Facility, and the Agency shall from time to time take all necessary action to that end, subject to Permitted Encumbrances.

Section 6.8 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 EXTENT TO WHICH FUNDS AVAILABLE TO THE LESSEE WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. THE LESSEE IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR PURPOSES OF THE LESSEE. 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 6.9 Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the funds or accounts created under the Indenture upon the expiration or sooner or later termination of the term of this Agreement as provided in this Agreement, after payment in full of the Bonds (in accordance with Section 10.01 of the Indenture), the fees, charges and expenses of the Trustee (including reasonable counsel fees and expenses), the Paying Agents and the Agency in accordance with the Indenture and after all rents and all other amounts payable hereunder and under the other Security

Documents shall have been paid in full, and after all amounts required to be paid to the United States government pursuant to the Tax Certificate or the Indenture have been so paid, shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

Section 6.10 Reserved.

Section 6.11 Issuance of Additional Bonds. The Agency and the Lessee recognize that under the provisions of and subject to the conditions set forth in the Indenture, the Agency is authorized, but shall not be required, to enter into a Supplemental Indenture and to issue one or more series of Additional Bonds on a parity with the Series 2003 Bonds and any Outstanding Additional Bonds for the purpose of (i) providing funds in excess of the Net Proceeds for insurance or eminent domain to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (ii) providing extensions, additions or improvements to the Facility or (iii) refunding Outstanding Bonds. If no Event of Default hereunder has occurred and is continuing, and there has been no occurrence of an event or condition which with the giving of notice or the passage of time or both would constitute an Event of Default hereunder, the Agency will consider the issuance of Additional Bonds in a principal amount as is specified in a written request submitted to the Agency on behalf of the Lessee and signed by an Authorized Representative thereof in accordance with the applicable provisions set forth in the Indenture. If Additional Bonds are to be issued pursuant to the Indenture, the Agency and the Lessee shall enter into an amendment to this Agreement, if necessary, providing, among other things, for the payment by the Lessee of such additional rentals as are necessary in order to amortize in full the principal of and interest on such Additional Bonds and any other costs in connection therewith.

Section 6.12 Redemption Under Certain Circumstances; Application of Gifts and Grants Relating to the Project. (a) Either (i) upon the determination by resolution of the Board of Directors of the Agency that the Lessee is operating the Facility or any portion thereof in violation of applicable material law or not as a qualified "project" in accordance with the Act and the failure of the Lessee, within sixty (60) days (or such longer period as may be established pursuant to the proviso to this sentence) of the receipt by the Lessee of written notice of such noncompliance from the Agency, to cure such noncompliance together with a copy of such resolution (a copy of which notice shall be sent to the Trustee), or (ii) in the event the Lessee shall fail to obtain or maintain the public liability insurance with respect to the Facility required under Section 4.5(a)(iii) hereof and the failure of the Lessee, within ten (10) days (or such longer period as may be established pursuant to the proviso to this sentence) of the receipt by the Lessee of written notice of such noncompliance from the Agency, to cure such noncompliance, the Lessee covenants and agrees that it shall, on the immediately succeeding Interest Payment Date following the expiration of such cure period, pay to the Trustee advance rentals in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of 100% of the aggregate principal amount of the Outstanding Bonds together with interest accrued thereon to such Interest Payment Date, provided, however, that if such noncompliance cannot be cured within such 60-day or 10-day cure period, as the case may be, with diligence (and is capable of being cured) and the Lessee promptly commences the curing of such noncompliance and thereafter prosecutes the curing thereof with diligence and to the Agency's reasonable satisfaction, such period of time within which the Lessee may cure such failure shall be extended for such additional period of time as may be necessary to cure the same with diligence and the Agency shall notify the Trustee of any such extension. With respect to any proposed resolution regarding the matters described in clause (i) of the immediately preceding sentence, the Agency shall give prior written notice of the meeting at which the members of the Agency are to consider such resolution to the Lessee and the Trustee, which notice shall be no less than sixty (60) days prior to such meeting.

(b) (i) If, prior to completion of the construction of a component of the Project, the Lessee receives any gift or grant required by the terms thereof to be used solely to pay any item which is a cost of such component of the Project, the Lessee shall apply such gift or grant to completion of the construction of such component of the Project. In the event that the amount of such gift or grant is in excess of the amount necessary to complete such component of the Project at the specific written direction of the Lessee, and if proceeds of Series 2003 Bonds have been expended on such component of the Project, the Lessee shall deliver to the Trustee, for deposit in a special subaccount of the Redemption Account, an amount equal to the excess of (A) the sum of such gift or grant, plus any prior gift or grant relating to such component, plus the amount of the proceeds of such Series 2003 Bonds expended for such component, over (B) the total cost of such component (up to the amount of proceeds of such Series 2003 Bonds which were expended for such component). The Trustee shall apply such moneys, at the written direction of an Authorized Representative of the Lessee, to the Project Fund if the Project is not yet complete or to the purchase (at prices not exceeding par) or redemption of an equal principal amount of such Series 2003 Bonds. In no event shall such amounts be used to effect the redemption of any Series 2003 Bonds prior to date on which such Bonds shall become eligible for redemption in accordance with the terms of Section 3.01 of the Indenture or to effect the purchase or redemption of Bonds other than Series 2003 Bonds at any time.

(ii) If, after completion of the construction of a component of the Project, the Lessee receives any gift or grant which prior to such completion it reasonably expected to receive and which is required by the terms thereof to be used solely to pay any item which is a cost of such component of the Project, and if proceeds of Series 2003 Bonds have been expended on such component of the Project, the Lessee shall, to the extent not inconsistent with the terms of such gift or grant, deliver to the Trustee, for deposit in a special subaccount of the Redemption Account, an amount of money equal to the excess of (A) the sum of such gift or grant, plus any prior gift or grant relating to such component, plus the amount of Series 2003 Bond proceeds expended for such component, over (B) the total cost of such component (up to the amount of proceeds of such Series 2003 Bonds which were expended for such component). The Trustee shall apply such moneys, at the written direction of an Authorized Representative of the Lessee, to the Project Fund if the Project is not yet complete or to the purchase (at prices not exceeding par) or redemption of an equal principal amount of such Series 2003 Bonds. In no event shall such amounts be used to effect the redemption of any Series 2003 Bonds prior to date on which such Series 2003 Bonds shall become eligible for redemption in accordance with the terms of Section 3.01 of the Indenture or to effect the purchase or redemption of Bonds other than Series 2003 Bonds at any time.

The Lessee shall, prior to directing the redemption of any Bonds in accordance with this Section 6.12, consult with Bond Counsel for advice as to a manner of selection of Bonds for redemption that will not adversely affect the exclusion of interest on any Series 2003 Bonds from gross income for Federal income tax purposes.

Section 6.13 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 or the Trustee deems necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Agency or the Trustee hereunder or under the Indenture.

Section 6.14 Recording and Filing. This Agreement as originally executed shall be recorded by the Agency, at the expense of 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. The security interest of the Trustee created by the Indenture shall be perfected by the filing of financing

statements by the Lessee which fully comply with the New York State Uniform Commercial Code - Secured Transactions in the office of the Secretary of State of the State, in the City of Albany, New York, the Office of the County Clerk of New York County and in the appropriate office of the Register of the City of New York, as the Agency and the Trustee shall reasonably determine to be required by the laws of the State. The Agency, at the expense of the Lessee, shall file or cause to be filed all necessary continuation statements (and additional financing statements) within the time prescribed by the New York State Uniform Commercial Code - Secured Transactions in order to continue (or attach and perfect) the security interest created by this Agreement, to the end that the rights of the Agency, the Owners of the Bonds and the Trustee in the Facility shall be fully preserved as against creditors or purchasers for value from the Agency or the Lessee. The Agency and the Trustee are authorized, if permitted by applicable law, to file one or more Uniform Commercial Code financing statements disclosing any security interest in the Facility, this Agreement and the sums due under this Agreement, as attorney-in-fact for the Lessee. The Lessee agrees to perform all acts (including the payment of all costs of the Agency and the Trustee, including reasonable counsel fees and expenses) necessary in order to enable the Agency to comply with Section 6.07 of the Indenture. The Lessee will, within ten (10) days after notice of any such filing, recording or other act, cause there to be furnished to the Agency and the Trustee written notice of the details and adequacy and of such filing, recording or other act and specifying any re-recording, re-filing or other act to be effected in the future with respect to this Agreement, the Indenture, any other Security Document or financing statements.

Section 6.15 Non-Discrimination; Employment Information, Opportunities and Guidelines; and Covenants.

(a) (i) The Lessee shall ensure that all employees and applicants for employment at the Facility are afforded equal employment opportunity without discrimination.

(ii) At all times during the construction, maintenance and operation of the Facility, the Lessee shall not discriminate against any employee or applicant for employment because of race, color, creed, age, sex or national origin. The Lessee shall use reasonable 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 or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated.

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

(iv) The Lessee shall furnish to the Agency all information reasonably 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.

(v) 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 Project;

(b) Except as is otherwise provided by collective bargaining contracts or other agreements to which the Lessee is a party, the Lessee shall cause new employment opportunities created as a result of the Project to 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. 97-300) in which the Project is located. Except as is otherwise provided by collective bargaining contracts or other agreements to which the Lessee is a party, the Lessee covenants and agrees, where practicable, to first consider persons eligible to participate in programs under the Federal Job Training Partnership Act (P.L. No. 97-300) who shall be referred to administrative entities or service delivery areas created pursuant to such Federal Job Training Partnership Act or by the Community Services Division of the New York State Department of Labor for such new employment opportunities.

(c) The Lessee 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 to 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 Lessee and Lessee's employees to determine compliance of the Project with this Section and to enable the provisions of this Section to be achieved. In addition, upon the Agency's request, the Lessee shall provide to the Agency any employment information in the Lessee's possession which is pertinent to the Lessee and the Lessee's employees to enable the Agency and/or EDC to comply with its reporting requirements pursuant to New York City Local Laws 69, 1993, 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 itself, 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 69 of 1993, (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) Annually, by August 1 of each year, commencing on August 1, 2004, until the termination of this Agreement, the Lessee 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 A-1 hereto, certified as to accuracy by an Authorized Representative of the Lessee, and shall attach thereto a copy of the Lessee's final payroll report evidencing the total number of employees employed by the Lessee during such reporting period. In addition, upon a redemption of the Series 2003 Bonds, the Lessee shall submit to the Agency an employment report, substantially in the form of Schedule A-2 hereto, certified as to accuracy by an Authorized Representative of the Lessee, and shall attach thereto a copy of the Lessee's final payroll report evidencing the total number of employees employed by the Lessee during the most recent period commencing July 1 of the previous year and ending June 30 of the year of the obligation of filing such report.

(e) Covenants and Representations.

(i) Annually, by August 1 of each year, commencing on August 1, 2004, until the termination of this Agreement, the Lessee shall deliver to the Agency a school compliance certificate, substantially in the form of Appendix D, with respect to the most recently completed academic year.

(ii) The Lessee represents that it chartered by the New York State Board of Regents as an education institution.

(iii) The Lessee represents that a plan for the sharing of the Lessee's facilities with one or more New York City public schools has been approved by its Board of Trustees on April 7, 2003 (as the same may be amended or supplemented from time to time, a "Sharing Plan"); that such authorization by the Board of Trustees is in full force and effect; and that a Sharing Plan is either currently being implemented or shall be implemented by no later than the fifth (5th) academic year following the first academic year during which the Facility is opened for use and made available to at least fifty percent (50%) of the students intended to occupy the Facility ("Substantial Occupancy"). Once so implemented, the Lessee covenants that thereafter and throughout the term of this Agreement, a Sharing Plan shall continue to be in effect and shall be implemented.

(iv) The Lessee represents that a program by which the Lessee, the Lessee's trustees, administration, faculty or students provide service to the community (in addition to sharing facilities with one or more public schools) has been approved by the Lessee's Board of Trustees on April 7, 2003 (as same may be amended or supplemented from time to time, a "Community Service Program"); that such authorization by the Board of Trustees is in full force and effect; and that a Community Service Program is either currently being implemented or shall be implemented by no later than the fifth (5th) academic year following the first academic year during Substantial Occupancy of the Facility is achieved. In the alternative, the Lessee represents that it employs or that it shall employ, by no later than the fifth (5th) academic year following the first academic year during Substantial Occupancy of the Facility is achieved, at least one, full-time, paid staff member of the Lessee whose duties shall be entirely devoted to the administration and implementation of community service activities to be undertaken by the Lessee, the Lessee's trustees, administration, faculty or students. Once so implemented, the Lessee covenants throughout the term of this Agreement, the Lessee shall either implement a Community Service Program, or it shall employ a staff member as aforesaid.

Section 6.16 Right to Cure Agency Defaults. The Agency hereby grants the Lessee full authority for account of the Agency to perform any covenant or obligation the non-performance of which is alleged to constitute a default in any notice received by the Lessee, in the name and stead of the Agency, with full power of substitution.

Section 6.17 Tax Covenants of Lessee.

(a) The Lessee covenants to comply with each requirement of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In furtherance of the covenant contained in the preceding sentence, the Lessee agrees to comply with the provisions of the Tax Certificate as a source of guidance for complying with the Code.

(b) The Lessee covenants that it will not take any action or fail to take any action with respect to the Bonds which would cause such Bonds to be "arbitrage bonds", within the meaning of such term as used in Section 148 of the Code and the regulations promulgated thereunder, as amended from time to time.

(c) The Lessee agrees that it shall promptly pay to the Trustee, as additional sums under this Agreement, the amount of any Rebate Requirement, as defined in the Tax Certificate, the Agency is obligated to pay to the United States Department of the Treasury.

(d) The obligation of the Lessee to make the payments provided for in this Section shall be absolute and unconditional, and the failure of the Agency, the Trustee or any other Person to execute or

deliver or cause to be delivered any documents or to take any action required under this Agreement or otherwise shall not relieve the Lessee of its obligation under this Section.

(e) Notwithstanding any other provision of the Indenture or this Agreement to the contrary, so long as necessary in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, the covenants contained in this Section shall survive the discharge and satisfaction of the Bonds (in accordance with Section 10.01 of the Indenture) and the term of this Agreement.

(f) The Lessee will not use any of the funds provided by the Agency hereunder, or any other funds, nor will it permit any of the funds provided by Agency hereunder, or any other funds, to be used in a manner which would impair the exclusion of the interest on the Bonds from gross income for Federal income tax purposes. In furtherance of this covenant the Lessee agrees to comply with the terms of the Tax Certificate executed by the Lessee in connection with the issuance of the Bonds.

Section 6.18 Preservation of Exempt Status. (a) The Lessee represents and warrants that as of the date of execution of this Agreement: (i) it is an organization described in Section 501(c)(3) of the Code; (ii) it has received a ruling letter or determination from the Internal Revenue Service to that effect; (iii) such letter or determination has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of such letter or determination; (v) the facts and circumstances which form the basis of such letter or determination continue substantially to exist as represented to the Internal Revenue Service; (vi) it is not a "private foundation", as defined in Section 509 of the Code; and (vii) it is exempt from Federal income taxes under Section 501(a) of the Code and it is in compliance with the provisions of said Code and any applicable regulations thereunder necessary to maintain such status.

(b) The Lessee agrees that (i) it shall not perform any acts, enter into any agreements, carry on or permit to be carried on or at the Facility or permit the Facility to be used in or for any trade or business, which shall constitute the basis for losing its exemption under Section 501 of such Code; (ii) it shall not, for the term hereof, use more than five percent (5%) of the proceeds of the Bonds (net of any deposits to the Debt Service Reserve Fund) or permit the same to be used, directly or indirectly, in any trade or business that constitutes an unrelated trade or business as defined in Section 513(a) of the Code or in any trade or business carried on by any person or persons who are not governmental units or Section 501(c)(3) organizations; (iii) it shall not directly or indirectly use the proceeds of the Bonds to make or finance loans to persons other than governmental units or Section 501(c)(3) organizations; (iv) it shall not take any action or permit any circumstances within its control to arise or continue, if such action or circumstances, or its expectation on the date of issue of the Bonds, would cause the Bonds to be "arbitrage bonds" under the Code or cause the interest paid by the Agency on the Bonds to be subject to Federal income tax in the hands of the Owners thereof; and (v) it shall use its best efforts to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes.

(c) The Lessee (or any "related person", as defined in Section 147(a)(2) of the Code) shall not, pursuant to an arrangement, formal or informal, purchase the Bonds in an amount related to the amount of the payments due from the Lessee under this Agreement unless such Bonds are delivered to the Trustee for cancellation as provided in the Indenture.

Section 6.19 Funding of the Debt Service Reserve Fund. The Agency agrees to cause the Trustee, pursuant to the Indenture, to deposit, from the proceeds of the Series 2003 Bonds, into the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Fund Requirement. The Lessee shall have the right to cause to be delivered to the Trustee for deposit into the Debt Service Reserve Fund a

Reserve Fund Letter of Credit, in accordance with Section 5.10 of the Indenture. In the event that the Lessee causes to be delivered to the Trustee for deposit into the Debt Service Reserve Fund a Reserve Fund Letter of Credit, the Lessee shall comply with all obligations of the Lessee, and shall have all rights of the Lessee, contemplated by the Indenture in connection therewith.

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 within one day of the date due any rent that has become due and payable by the terms hereof;

(b) Failure of the Lessee to pay any amount (except the obligation to pay rent under Section 3.3 hereof) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under Sections 4.4 or 4.5 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 the Trustee;

(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 3.1(b) or Section 7.1(a) or (b) hereof) and (1) 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 the Trustee, 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 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 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, 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 or the Lessee or of all or any substantial part of its 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 sixty (60) days; or any order for relief against the Lessee or the Lessee shall be entered in an involuntary case under the Federal Bankruptcy Code; the terms "dissolution" or

“liquidation” of the Lessee as used above shall not be construed to prohibit any action otherwise permitted by Section 6.1 hereof;

(f) Any representation or warranty made (i) by the Lessee in the application, commitment letter and related materials submitted to the Agency or the initial purchaser(s) of the Bonds of any Series for approval of the Project or its financing, or (ii) by the Lessee herein under any of the other Security Documents or (iii) in the Letter of Representation and Indemnity Agreement delivered to the Agency and the original purchaser(s) of the Bonds of any Series, or (iv) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing shall prove to be false, misleading or incorrect in any material respect as of the date made;

(g) An “Event of Default” under any Security Document shall occur and be continuing;

(h) If a default beyond any applicable notice and/or grace period occurs under any mortgage or security agreement other than the Security Documents now or hereafter encumbering or affecting all or any part of the Facility; or

(i) If a default beyond any applicable notice and/or grace period occurs under any fee mortgage in respect of the Facility, or if the Lessee, the Agency and/or the Trustee shall be made a party in any action or proceeding in connection with any such fee mortgage, including, without limitation, a foreclosure or similar proceeding.

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, or the Trustee where so provided, may, or shall as the case may be, take any one or more of the following remedial steps:

(a) The Trustee, as and to the extent provided in Article VII of the Indenture, may, upon the written direction of the Agency, cause all principal installments of rent payable under Section 3.3 hereof for the remainder of the term of this Agreement to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable; provided, however, that upon the occurrence of an Event of Default under Section 7.1(d) or (e) hereof, all principal installments of rent payable under Section 3.3 hereof for the remainder of the term of this Agreement, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Agency, the Trustee, the Owners of the Bonds or any other Person being a condition to such acceleration;

(b) The Agency, with the prior written consent of the Trustee, or the Trustee, may re-enter and take possession of the Facility without terminating this Agreement, and sublease the Facility for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts payable by the sublessee in such subletting, and the rents and other amounts payable by the Lessee hereunder;

(c) The Agency, with the prior written consent of the Trustee, or the Trustee, may terminate this Agreement, and exclude the Lessee from possession of the Facility, in which case this Agreement and all of the estate, right, title and interest herein granted or vested in the Lessee hereunder shall cease and terminate unless prior to such time all accrued unpaid rentals (exclusive of any such rentals accrued solely by virtue of the acceleration of the due date of the Bonds as provided in Section 7.01 of the Indenture), shall have been paid and all such defaults shall have been fully cured except in the event that the curing of any such default in the case of the Event of

Default specified in Section 7.1(c) hereof takes more than thirty (30) days and the Lessee is proceeding diligently to cure the default. No such termination of this Agreement shall relieve the Lessee of its liability and obligations hereunder and such liability and obligations shall survive any such termination;

(d) The Agency or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Lessee under this Agreement;

(e) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder; and

(f) The Agency, without the consent of the Trustee or any Bondowner or any other Person but with prompt notice to the Trustee and the Bondowner, may proceed to enforce the Agency's Reserved Rights by (i) bringing an action for damages, injunction or specific performance, and/or (ii) taking whatever action at law or in equity as may appear necessary or desirable to collect payments of amounts due by the Lessee under the Agency's Reserved Rights or to enforce the performance or observance of any obligations, covenants or agreements of the Lessee under the Agency's Reserved Rights, and/or (iii) terminating the Company Lease and this Agreement and all of the Agency's right, title and interest in the Facility. The Lessee hereby appoints the Agency as its agent and attorney-in-fact to execute, deliver and record on behalf of Lessee any documents and instruments which may be necessary to effectuate such termination of the Company Lease and this Agreement as described in clause "(iii)" immediately preceding; and such documents and instruments shall include, but not be limited to, real property transfer tax forms and affidavits, and all forms and affidavits necessary for and in connection with New York State Gains Tax clearance, if applicable. The Lessee agrees that the agency and power of attorney which it has granted in the sentence preceding shall be deemed irrevocable for the purposes described and that same shall be coupled with an interest.

In the event that the Lessee fails to make any rental payment required in Section 3.3 hereof, the installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid.

Notwithstanding the foregoing, prior to the earlier of the execution by the Agency pursuant to Section 7.3 hereof of a firm bilateral agreement for the reletting of the Facility, and if the Event of Default shall be capable of being remedied by the Lessee:

(1) payment by the Lessee of all accrued unpaid rentals (exclusive of any such rentals accrued solely by virtue of acceleration of the due date of the Bonds as provided in Section 7.01 of the Indenture), and such other amounts in default hereunder, and rendering such performance as has been defaulted on hereunder and otherwise fully cure all other defaults hereunder; and

(2) in such event, this Agreement shall be fully reinstated, as if it had never been terminated, and the Lessee shall be accordingly restored to the occupancy, use and possession of the Facility.

No action taken pursuant to this Section 7.2 (including repossession of the Facility or 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, all of which shall survive any such action.

Section 7.3 Reletting of Facility. If the right of the Lessee to the occupancy, use and possession of the Facility shall be terminated in any way, the Agency may relet the same or any part thereof for the account and benefit of the Lessee for such rental terms to such Persons and for such period or periods as may be fixed and determined by the Agency after notice to and approval by the Trustee, but the Agency shall not unreasonably refuse to accept or receive any suitable occupant or tenant offered by the Lessee provided that the reletting to an occupant or tenant offered by the Lessee does not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. The Agency and the Trustee shall not otherwise be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Lessee, and if a sufficient sum shall not be received from any reletting to satisfy the rental payments hereby agreed to be made by the Lessee, after paying the expenses of reletting and collection, then the Lessee hereby agrees to pay and satisfy any such deficiency if, as and when the same exists; provided, however, any excess rentals from any such reletting shall be credited to any rental due or to become due by the Lessee.

Section 7.4 Remedies Cumulative. The rights and remedies of the Agency or the Trustee under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Agency or the Trustee allowed by law with respect to any default under this Agreement. Failure by the Agency or the Trustee 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, or of the right to recover possession of the Facility by reason thereof. Nothing in this Section 7.4 shall be deemed to restrict the right of the Lessee to reinstate this lease as provided in Section 7.2.

Section 7.5 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/or the Trustee and the Lessee or any delay or omission on the part of the Agency and/or the Trustee in exercising any rights hereunder or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Lessee hereby waives the benefit and advantage of, and covenants not to assert against the Agency or the Trustee, any valuation, inquisition, stay, appraisal, extension or redemption laws now existing or which may hereafter exist which, but for this provision, might be applicable to any sale or reletting made under the judgment, order or decree of any court or under the powers of sale and reletting conferred by this Agreement or otherwise.

Section 7.6 Effect on Discontinuance of Proceedings. In case any proceeding taken by the Trustee under the Indenture or this Agreement or under any other Security Document on account of any Event of Default hereunder or under the Indenture shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then, and in every such case, the Agency, the Trustee and the Owners of the Bonds shall be restored, respectively, to their former positions and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 7.7 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 or the Trustee or the Bondowner should employ attorneys or incur other expenses for the collection of rentals or other amounts 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 or the Trustee or the Bondowner the reasonable fees and disbursements of such attorneys and such other expenses so incurred.

ARTICLE VIII

OPTIONS

Section 8.1 Options. (a) The Lessee has the option to make advance rental payments for deposit in the Redemption Account of the Bond Fund to effect the defeasance, redemption or purchase of the Bonds in whole or in part in accordance with the terms of the Indenture. The Lessee shall exercise its option to make such advance rental payments by delivering a written notice of an Authorized Representative of the Lessee to the Trustee in accordance with the Indenture, with a copy to the Agency, setting forth (i) the amount of the advance rental payment, (ii) the principal amount of Outstanding Bonds of a Series requested to be redeemed with such advance rental payment, (iii) if the Bonds of a Series are to be redeemed in part, the maturities and principal amounts thereof to be redeemed and (iv) the date on which such principal amount of Bonds are to be redeemed. Such date of redemption shall be on any date during the term of this Agreement if the Bonds are to be redeemed in whole or on any Interest Payment Date of the Bonds if the Bonds are to be redeemed in part and shall in either case be a date not less than forty (40) days nor more than ninety (90) days from the date such written notice shall have been delivered to the Trustee. The Lessee shall exercise its option to effect the redemption of the Bonds in whole under the circumstances set forth in Section 5.1(f) of this Agreement and as otherwise permitted under this Agreement. Any such advance rental payment shall be paid to the Trustee in legal tender on or before the redemption date and shall be in an amount which, when added to the amount on deposit in the Redemption Account of the Bond Fund and available therefor, will be sufficient to pay the Redemption Price of the Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Agency, the Trustee and the Paying Agents in connection with such redemption. The Lessee shall further pay on or before any date of redemption of the Bonds in whole, in legal tender, to the Agency, the Trustee and the Paying Agents, as the case may be, all fees and expenses owed such party or any other party entitled thereto under and as permitted by this Agreement or the Indenture together with (i) all other amounts due and payable under this Agreement or the Indenture and (ii) any amounts required to be rebated to the Federal government pursuant to the Indenture.

(b) The Lessee shall have the option to terminate this Agreement on any date during the term of this Agreement by causing the redemption, purchase or defeasance in whole of all Outstanding Bonds in accordance with the terms set forth in the Indenture.

(c) As a condition precedent to the termination of this Agreement, pursuant to Section 8.1(b) hereof, the Lessee shall pay to the Trustee, in consideration thereof, in legal tender, advance rental payments, for deposit in the Bond Fund (if payment in full of the principal or the Redemption Price of, and interest on, all the Outstanding Bonds, and the interest thereon at maturity or upon earlier redemption has not yet been made) equal to the sum of the following:

(1) an amount which, when added to the amount on deposit in the Bond Fund and available therefor, will be sufficient to redeem, purchase or defease the Outstanding Bonds in accordance with the provisions of the Indenture, including, without limitation, the principal of or

the Redemption Price (as the case may be) of, together with interest to maturity or redemption date (as the case may be) on, the Outstanding Bonds;

(2) expenses of redemption, the fees and expenses of the Agency and the Trustee and all other amounts due and payable under this Agreement or the Indenture on or before such date; and

(3) one dollar.

(d) Upon such payment in full of the principal of and interest on the Outstanding Bonds (whether at maturity or earlier redemption) in accordance with Section 8.1(c) hereof, the Lessee may terminate this Agreement by (1) delivering to the Agency prior written notice of an Authorized Representative of the Lessee no more than thirty (30) days after the payment in full of the Bonds of the exercise of such option to terminate this Agreement which notice shall set forth a requested closing date for the termination of this Agreement which shall be not later than sixty (60) days after the payment in full of the Bonds, and (2) paying on such closing date the fees and expenses of the Agency and the Trustee (including reasonable counsel fee and expenses) and all other amounts due and payable under this Agreement or the Indenture. Upon the written request of the Lessee, the Agency may approve the extension or waiver of any of the time periods set forth in this paragraph.

(e) The Lessee shall not, at any time, assign or transfer its option to terminate this Agreement as contained in this Section 8.1 separate and apart from a permitted assignment of this Agreement pursuant to Section 9.3 hereof without the prior written consent of the Agency and the Trustee.

Section 8.2 Termination on Exercise of Option to Terminate. Upon termination of this Agreement in accordance with Section 8.1 hereof, the Agency will, upon payment of the consideration payable in accordance with Section 8.1(c) hereof deliver or cause to be delivered to the Lessee a termination of this Agreement in recordable form. Concurrently with the delivery of such termination, there shall be delivered by the Agency to the Trustee any instructions or other instruments required by Section 10.01 of the Indenture to defease and pay the Bonds.

Section 8.3 Option to Purchase or Invite Tenders of Bonds. The Lessee shall have the option, at any time during the term of this Agreement, to purchase Bonds for its own account, whether by direct negotiation, through a broker or dealer, or by a tender offer to the Owners thereof. The Bonds so purchased by the Lessee shall be delivered to the Trustee for cancellation within fifteen (15) days of the date of purchase. The Agency shall at all reasonable times make available or cause to be made available to the Lessee its registration books (maintained at the principal corporate trust office of the Trustee) containing the names and addresses of the Bondowners if known.

Section 8.4 Termination of Agreement. After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with Section 10.01 of the Indenture, the Lessee may terminate this Agreement by paying the fees and expenses of the Agency, the Trustee, the Bond Registrar and Paying Agents and all other amounts due and payable under this Agreement or the Indenture and the other Security Documents, and by giving the Agency notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to the survival of the obligations of the Lessee under Sections 4.3 (if applicable, until such time as the Lessee shall again pay taxes as the record owner of the Facility Realty or shall be exempt from such payment as a not-for-profit organization as determined by the New York City Department of Finance), 6.2, 8.5, 9.15 and 9.16.

Section 8.5 Recapture of Agency Benefits. It is understood and agreed by the parties to this Agreement that the Agency is issuing the Bonds to finance a portion of the Project Costs and is entering into this Agreement in order to accomplish the public purposes of the Act. In consideration therefor, the Lessee hereby agrees as follows:

(a) In the event the Lessee exercises its option to pay in advance all rental payments becoming due hereunder (other than pursuant to Section 5.1 hereof in connection with a Loss Event or a consolidation or merger permitted under Section 6.1 hereof) and shall thereafter vacate or sell all or substantially all of the Facility, or cause all or substantially all of the Facility to be sold or vacated within ten (10) years from the date of issuance of the Bonds, the Lessee shall pay to the Agency as a return of public benefits conferred by the Agency, the following amounts:

1. one hundred percent (100%) of the Benefits if the Facility is sold or vacated within the first six (6) years after the issuance of the Bonds;
2. eighty percent (80%) of the Benefits if the Facility is sold or vacated during the seventh (7th) year after the issuance of the Bonds;
3. sixty percent (60%) of the Benefits if the Facility is sold or vacated during the eighth (8th) year after the issuance of the Bonds;
4. forty percent (40%) of the Benefits if the Facility is sold or vacated during the ninth (9th) year after the issuance of the Bonds; or
5. twenty percent (20%) of the Benefits if the Facility is sold or vacated during the tenth (10th) year after the issuance of the Bonds.

The term "Benefits" shall mean, collectively, any exemption from mortgage recording tax or exemption from filing and recording fees.

The Lessee covenants and agrees to furnish the Agency with written notification upon the Lessee's vacating of the Facility or upon any sale of all or substantially all of the Facility or any portion thereof made within ten (10) years of the issuance of the Bonds. 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 Indenture; Amendment. The Lessee shall have and may exercise all the rights, powers and authority stated to be in the Lessee in the Indenture and in the Bonds, and the Indenture and the Bonds shall not be modified, altered or amended in any manner which adversely affects such rights, powers and authority so stated to be in the Lessee or otherwise adversely affects the Lessee without the written consent of the Lessee.

Section 9.2 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 or other payments required under the terms hereof, or to comply with Sections 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 or of terrorism, 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.

Section 9.3 Assignment or Sublease.

(a) Except as provided in Section 9.3(d) below, the Lessee may not at any time (i) subject to Section 6.1 hereof, assign or transfer this Agreement, or (ii) sublet the whole or any part of the Facility without the prior written consent of the Agency and the Trustee which consent of the Agency will take into consideration the Agency's subletting policies as in effect from time to time and provided that, (1) any assignee, transferee or sublessee of the Lessee is a Tax-Exempt Organization or, if such sublessee is not a Tax-Exempt Organization, the Lessee shall deliver to the Agency an opinion of nationally recognized bond counsel acceptable to the Agency to the effect that the sublease with such sublessee will not adversely affect the exclusion of the interest on any Tax-Exempt Bonds from gross income for Federal income tax purposes and an Opinion of Counsel to the effect that such transfer or sublease shall not cause the Facility to cease being a "project" under the Act; (2) the Lessee shall nevertheless remain liable to the Agency for the payment of all rent and for the full performance of all of the terms, covenants and conditions of this Agreement and of any other Security Document to which it shall be a party; (3) any assignee, transferee or sublessee of the Lessee of the Facility in whole shall have assumed in writing 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; (4) any assignee, transferee or sublessee shall utilize the Facility as a qualified "project" within the meaning of the Act; (5) such assignment, transfer or sublease shall not violate any provision of this Agreement, the Indenture or any other Security Document; (6) with respect to any subletting in part, the term of each such sublease does not exceed five (5) years and at any given date, no more than an aggregate of twenty percent (20%) of such space would be subleased by the Lessee; (7) such assignment, transfer or 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 and the Trustee that such insurance coverage shall in no manner be limited by reason of such assignment, transfer or sublease; and (8) each such assignment, transfer or sublease contains such other provisions as the Agency or the Trustee may reasonably require. The Lessee shall furnish or cause to be furnished to the Agency and the Trustee a copy of any such sublease in substantially final form at least thirty (30) days prior to the date of execution thereof.

(b) Any consent by the Agency and the Trustee 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 and the Trustee consent to any other or subsequent assignment, transfer or sublease, or as modifying or limiting the rights of the Agency or the Trustee 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 rent, may and is hereby empowered to collect rent 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 rent 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 not to amend, modify, terminate or assign, or to suffer any amendment, modification, termination or assignment of, any sublease without the prior written consent of the Agency.

(e) The Lessee shall file with the Agency by January 1 of each year commencing January 1, 2004, a certificate of an Authorized Representative of the Lessee with respect to all tenancies in effect at the Facility Realty, in the form of the Subtenant Survey attached hereto as Appendix B.

Section 9.4 Priority. Pursuant to the Indenture, the Agency will pledge and assign the rentals and certain other moneys receivable under this Agreement to the Trustee as security for payment of the principal or Redemption Price, if applicable, of and interest on the Bonds. This Agreement shall be subject and subordinate to the Indenture and to such pledge and assignment effected by the Indenture.

Section 9.5 Benefit of and Enforcement by Bondowners. The Agency and the Lessee agree that this Agreement is executed in part to induce the purchase of the Bonds and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the Agency and the Lessee as set forth in this Agreement are hereby declared to be for the benefit of the Owner from time to time of the Bonds and may be enforced as provided in Article VII of the Indenture on behalf of the Bondowner by the Trustee.

Section 9.6 Amendments. This Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture and only if the Lessee shall assume in writing the obligations of such amended Agreement.

Section 9.7 Notices. All notices, certificates or other communications hereunder shall be sufficient if sent (i) by registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service or (iii) by hand delivery, and addressed to the intended recipient thereof as follows:

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;

if to the Lessee, to: The Child School, 317 East 33rd Street, New York 10016, Attention: Executive Director; and

if to the Trustee, to: The Bank of New York, 101 Barclay Street, 21st Floor, New York, New York 10286, Attention: Corporate Trust Administration.

The Agency, the Lessee and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. A copy of any notice given to the Agency or the Lessee under this Lease Agreement shall also be given to the Trustee at the address indicated in Section 11.03 of the Indenture. Any notice, certificate or other communication hereunder shall, except as may expressly be provided, herein, be deemed to have been delivered or given (A) three (3) Business Days following posting if transmitted by mail, (B) one day following sending if transmitted by a nationally recognized overnight delivery service, or (C) upon delivery if given by hand delivery, with rejection of delivery to constitute delivery.

Section 9.8 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 9.9 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 9.10 Inspection of Facility. The Lessee will permit the Trustee or its duly authorized agents, at all reasonable times and upon reasonable notice to enter upon the Facility and to examine and inspect the Facility and exercise its rights hereunder and under the Indenture with respect to the Facility. The Lessee will further permit the Agency, or its duly authorized agent, during normal business hours and upon reasonable notice to enter the Facility but solely for the purpose of assuring that the Lessee is complying with its covenant against violation of the Establishment Clause under Section 3.1(b) hereof and is operating the Facility, or is causing the Facility to be operated, as a "civic facility" and a qualified "project" under the Act consistent with the purposes set forth in the recitals to this Agreement and with the public purposes of the Agency, 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 9.11 Effective Date; Counterparts. This Agreement shall become effective upon its delivery. 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 9.12 Binding Effect. This Agreement shall inure to the benefit of, and shall be binding upon, the Agency, the Lessee and their respective successors and assigns and, to the extent expressly provided herein, shall inure to the benefit of the Trustee and the Owners of the Bonds.

Section 9.13 Net Lease. It is the intention of the parties hereto that this Agreement be a "net lease" and that all of the rent be available for debt service on the Bonds, and this Agreement shall be construed to effect such intent.

Section 9.14 Law Governing. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE WITHOUT GIVING EFFECT TO THE PRINCIPLES OF THE CONFLICTS OF LAWS THEREOF.

Section 9.15 Investment of Funds. Any moneys held as part of the Rebate Fund, Bond Fund, the Project Fund, the Debt Service Reserve Fund or the Renewal Fund or in any special fund provided for in this Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the

specific written request of an Authorized Representative of the Lessee, be invested and reinvested by the Trustee as provided in the Indenture. Neither the Agency nor the Trustee nor any of their members, directors, officers, agents, servants or employees shall be liable for any depreciation in the value of any such investments or for any loss arising therefrom.

Interest and profit derived from such investments shall be credited and applied as provided in the Indenture, and any loss resulting from such investments shall be similarly charged.

Section 9.16 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 9.17 Recourse Under this Agreement or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Agency or the Lessee, as applicable, contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency and the Lessee, as the case may be, and not of any member, director, officer, employee or agent of the Agency or the Lessee, in his individual capacity, and no recourse shall be had for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Agency or the Lessee or any natural person executing the Bonds.

Section 9.18 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 executed and delivered on April 22, 2003.

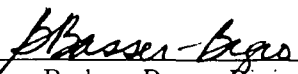
IN WITNESS WHEREOF, the Agency and the Lessee each have caused its corporate name to be hereunto subscribed by a duly Authorized Representative and attested by another Authorized Representative, all being done as of the year and day first above written.

ATTEST:



Assistant Secretary

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

By: 

Barbara Basser-Bigio
Executive Director

THE CHILD SCHOOL

By: _____
Maari de Souza
Executive Director

IN WITNESS WHEREOF, the Agency and the Lessee each have caused its corporate name to be hereunto subscribed by a duly Authorized Representative and attested by another Authorized Representative, all being done as of the year and day first above written.

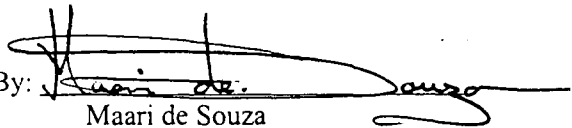
ATTEST:

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

Assistant Secretary

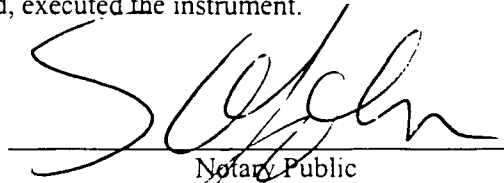
By: _____
Barbara Basser-Bigio
Executive Director

THE CHILD SCHOOL

By: 
Maari de Souza
Executive Director

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

On the 18th day of April, in the year 2003, before me, the undersigned, personally appeared Barbara Basser-Bigio, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

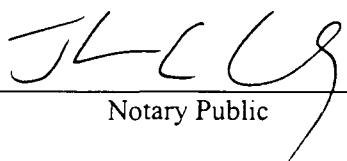


Notary Public

SHERYL A. JOHNSON
Notary Public State of New York
No. 01JC6039107
Qualified in New York County
Commission Expires March 27, 2006

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

On the 21st day of April, in the year 2003, before me, the undersigned, personally appeared Maari de Souza, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public
Thomas J. Conley
Notary Public, State of New York
No. 41477765
2000-01-01 to 2003-12-31
New York State Notary Public

DESCRIPTION OF THE PROJECT

The Project consists of: (i) the construction, improvement and equipping of four (4) existing buildings located at 537 Main Street, 566 Main Street, 585 Main Street and 587 Main Street on Roosevelt Island in New York to house the Lessee's elementary, middle and high school, (ii) the funding of a Debt Service Reserve Fund and a Capitalized Interest Account, and (iii) the financing of certain costs of issuance relating to the Series 2003 Bonds.

Exhibit B

DESCRIPTION OF THE LAND

ALL those certain plots, pieces or parcels of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough and County of New York, City and State of New York, bounded and described as follows:

See Attached Descriptions

[to be inserted]

SCHEDULE A DESCRIPTION

Policy No.: 3102-01039

Parcel 1

Island House Mini School (Tentative Lot 2)

Description of School Unit "C"

ALL that plot, piece and parcel of land, situate, lying and being on Roosevelt Island in the City, County and State of New York, more particularly described as follows:

BEGINNING at a point being a point of curvature on the easterly line or the West Promenade having a coordinate of N 14,267.97, E 17,618.92, said point of beginning being also S 40 degrees 17 minutes, 13 seconds W a distance of 531.49 feet from a monument having a coordinate of N 14,673.40, E 17,962.59, and designated as SJR-4, and

RUNNING THENCE the following 25 courses:

1. Along a curve to the right having a radius of 30.00 feet and a distance along the arc of 47.79 feet to a point of tangency;
2. THENCE S 55 degrees 49 minutes, 22 seconds E a distance of 9.44 to a point;
3. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 5.10 feet to a point;
4. THENCE S 55 degrees 49 minutes, 22 seconds E a distance of 20.49 feet to a point;
5. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 10.95 feet to a point;
6. THENCE S 55 degrees 49 minutes, 22 seconds E a distance of 4.97 feet to a point;
7. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 2.86 feet to a point;
8. THENCE S 55 degrees 49 minutes, 22 seconds E a distance of 20.32 feet to a point;
9. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 82.89 feet to a point;
10. THENCE S 55 degrees 49 minutes, 22 seconds E a distance of 6.21 feet to a point;
11. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 82.89 feet to a point;
12. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 25.61 feet to a

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

point;

13. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 13.56 feet to a point;

14. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 6.21 feet to a point;

15. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 4.43 feet to a point;

16. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 20.52 feet to a point;

17. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 8.36 feet to a point;

18. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 31.02 feet to a point;

19. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 96.92 feet to a point;

20. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 6.21 feet to a point;

21. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 28.67 feet to a point;

22. THENCE S 55 degrees 49 minutes, 22 seconds E a distance of 3.08 feet to a point;

23. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 24.84 feet to a point;

24. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 4.77 feet to a point;

25. THENCE N 32 degrees 53 minutes, 47 seconds E a distance of 7.50 feet to the point and place of beginning;

EXCLUDING THEREFROM all of the space above a horizontal plane with an elevation of 29.50 feet (referring to Belmont Island Datum), having a vertical projection upward, with no upward limit, said horizontal plan being more particularly described as follows:

BEGINNING at a point, said point being the terminus of the 9th course of the property of School Unit "C" hereinabove described (S 34 degrees 10 minutes 38 seconds W a distance of 82.89 feet), and

RUNNING THENCE the following 16 courses:

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

1. S 55 degrees 49 minutes, 22 seconds E a distance of 6.21 feet to a point;
2. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 3.58 feet to a point;
3. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 6.21 feet to a point;
4. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 1.50 feet to a point;
5. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 20.11 feet to a point;
6. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 1.50 feet to a point;
7. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 4.92 feet to a point;
8. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 1.50 feet to a point;
9. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 1.52 feet to a point;
10. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 48.50 feet to a point;
11. THENCE S 55 degrees 49 minutes, 22 seconds E a distance of 1.50 feet to a point;
12. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 2.56 feet to a point;
13. THENCE S 55 degrees 49 minutes, 22 seconds E a distance of 4.93 feet to a point;
14. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 1.56 feet to a point;
15. THENCE S 55 degrees 49 minutes, 22 seconds E a distance of 20.12 feet to a point;
16. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 46.42 feet to the point and place of beginning;

AND ALSO EXCLUDING THEREFROM all of the space above a horizontal plane with an elevation of 29.50 feet (referring to Belmont Island Datum), having a vertical projection upward, with no upward limit, said horizontal plan being more particularly described as follows:

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

BEGINNING at a point, said point being the terminus of the 13th course of the property of School Unit "C" hereinabove described (S 34 degrees 10 minutes 38 seconds W a distance of 13.56 feet), and

RUNNING THENCE the following 8 courses:

1. N 55 degrees 49 minutes, 22 seconds W a distance of 6.21 feet to a point;
2. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 4.43 feet to a point;
3. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 20.52 feet to a point;
4. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 8.36 feet to a point;
5. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 6.25 feet to a point;
6. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 1.33 feet to a point;
7. THENCE S 55 degrees 49 minutes, 22 seconds E a distance of 32.98 feet to a point;
8. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 5.26 feet to the point and place of beginning;

AND ALSO EXCLUDING THEREFROM all of the space above a horizontal plane with an elevation of 29.50 feet (referring to Belmont Island Datum), having a vertical projection upward, with no upward limit, said horizontal plane being more particularly described as follows:

BEGINNING at a point, said point being the terminus of the 12th course of the property of School Unit "C" hereinabove described (N 55 degrees 49 minutes 22 seconds W a distance of 25.61 feet) and

RUNNING THENCE the following 4 courses:

1. S 34 degrees 10 minutes, 38 seconds W a distance of 8.30 feet to a point;
2. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 32.98 feet to a point;
3. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 8.30 feet to a point;
4. THENCE S 55 degrees 49 minutes, 22 seconds E a distance of 32.98 feet to the point and place of beginning;

AND ALSO EXCLUDING THEREFROM the area and volume of all columns and footings

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

(herein referred to as "Excluded Improvements") now or hereafter passing through or located within the boundaries of the property of School Unit "C" hereinabove described and required for the support of structures now or hereafter comprising that portion of the Housing known as Island House;

TOGETHER WITH an exclusive easement for the use and maintenance of a storage, mechanical and electrical room located within that portion of the Housing known as Island House, being more particularly described as follows:

BEGINNING at a point, said point being the northwesterly corner of the interior wall of said storage, mechanical and electrical room and having a coordinate of N 14,185.31, E 17,699.34 and

RUNNING THENCE along the interior walls of said storage, mechanical and electrical room the following 6 courses:

1. S 55 degrees 49 minutes, 22 seconds E a distance of 31.50 feet to a point;
2. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 13.42 feet to a point;
3. THENCE S 55 degrees 49 minutes, 22 seconds E a distance of 0.92 feet to a point;
4. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 4.50 feet to a point;
5. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 32.42 feet to a point;
6. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 17.92 feet to a point and place of beginning;

FOR CONVEYANCING ONLY:

AND TOGETHER WITH an exclusive easement for the use and maintenance of a storage room located within that portion of the housing known as Island House, being more particularly described as follows:

BEGINNING at a point, said point being the northwesterly corner of the interior wall of said storage room and having a coordinate of N 14,156.81, E 17,697.26, and

RUNNING THENCE along the interior walls of said storage room the following 6 courses:

1. S 55 degrees 49 minutes, 22 seconds E a distance of 18.13 feet to a point;
2. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 4.63 feet to a point;
3. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 0.97 feet to a

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

point;

4. THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 13.42 feet to a point;

5. THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 17.21 feet to a point;

6. THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 18.04 feet to a point and place of beginning;

AND TOGETHER WITH the following additional easements:

(1) a non-exclusive easement for access to and use of the stairway located on that portion of the Housing known as Island House and leading to the top of the roof of School Unit "C", the area of said stairway being more particularly described as follows:

BEGINNING at a point, said point being the terminus of the 12th course of the property of School Unit "C" hereinabove described (N 55 degrees 49 minutes 22 seconds W a distance of 25.61 feet), and

RUNNING THENCE the following 4 courses:

a) S 55 degrees 49 minutes, 22 seconds E a distance of 20.58 feet to a point;

b) THENCE S 34 degrees 10 minutes, 38 seconds W a distance of 4.00 feet to a point;

c) THENCE N 55 degrees 49 minutes, 22 seconds W a distance of 20.58 feet to a point;

d) THENCE N 34 degrees 10 minutes, 38 seconds E a distance of 4.00 feet to a point and place of beginning;

(2) a non-exclusive easement upon, over, across and through that portion of the Housing known as Island House for access in and to the property of School Unit "C" hereinabove described, and to the storage, mechanical and electrical rooms within that portion of the housing known as Island House hereinabove described, for the purpose of using, constructing, reconstructing, inspecting, maintaining, altering, repairing, replacing and retaining such property and such storage, mechanical and electrical rooms;

(3) a non-exclusive easement upon, over, across and through that portion of the Housing known as Island House for (a) access in and to the stations for the central pneumatic waste collection system located within that portion of the housing known as Island House, and (b) use of such stations for disposal of refuse, but only in accordance with all Legal Requirements and Insurance Requirements;

(4) a non-exclusive easement upon, over, across (including, without limitation, the Housing Utility lines) and through that portion of the housing known as

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

Island House to the extent reasonably necessary to construct, reconstruct, inspect use, maintain, alter, repair, replace, renew and retain the School Utility Lines;

BUT SUBJECT TO the following permitted exceptions:

(1) an easement upon, over, across and through the property of School Unit "C" hereinabove described, and the storage, mechanical and electrical rooms within that portion of the housing known as Island House hereinabove described, to inspect, construct, reconstruct, maintain, alter, repair, replace, renew and retain the columns and footings herein referred to as excluded improvements, and to relocate such columns and footings or construct additional columns and footings, if required to maintain the structural integrity portion of the housing known as Island House; and

(2) an easement upon, over, across and through the property of School Unit "C" hereinabove described and the storage, mechanical and electrical rooms within that portion of the housing known as Island House hereinabove described, to the extent reasonably necessary to construct, reconstruct, inspect, use, maintain, alter, repair, replace, renew and retain the Housing Utility Lines, and to relocate or expand the Housing Utility Lines if required to service the housing; and

(3) an easement of ingress and egress upon, over, across and through the property of School Unit "C" hereinabove described, and the storage, mechanical and electrical rooms within that portion of the housing known as Island House hereinabove described, as may be reasonably necessary in order to exercise the rights described above as permitted exceptions, or to exercise any other rights granted under the Sublease or the Ground Lease to UDC, any owner or sublessee of the housing or any portion thereof, any mortgagee, or any of their respective successors or assigns.

The coordinates used herein refer to a local coordinate system, which is based on the United States Army Corps of Engineers Coordinate System with the following applicable coordinate transformation between the two coordinate systems.

USACE COORDINATES

LOCAL COORDINATE SYSTEM

S 11,393.254

N 10,000.00

W 842.168

E 15,000.00

The elevations mentioned in this description refer to M.L.W. Elevation at Belmont Island El. 0.00 which is 2.265 feet below M.S.L. at Sandy Hook.

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

Parcel 2

Westview Mini School (tentative Lot 3)

DESCRIPTION OF SCHOOL UNIT "D":

ALL that plot, piece or parcel of land, lying and being on Roosevelt Island in the City, county and State of New York, more particularly described as follows:

BEGINNING at a point having a coordinate of N 14, 422.91, E 17, 757.77, said point of beginning being located the following 8 courses from a monument having a coordinate of N 14,673.40, E 17,962.39 and designated as SJR-4:

1. S 12 degrees, 17 minutes, 45 seconds, W a distance of 69.57 feet to a point; THENCE
2. S 50 degrees, 34 minutes, 43 seconds, W a distance of 39.51 feet to a point; THENCE
3. S 47 degrees, 21 minutes, 42 seconds, W a distance of 75.78 feet to a point; THENCE
4. S 46 degrees, 46 minutes, 29 seconds, W a distance of 23.18 feet to a point; THENCE
5. S 46 degrees, 55 minutes, 36 seconds, W a distance of 86.61 feet to a point; THENCE
6. S 46 degrees, 33 minutes, 23 seconds, W a distance of 21.26 feet to a point; THENCE
7. S 46 degrees, 54 minutes, 09 seconds, W a distance of 17.03 feet to a point; THENCE
8. S 43 degrees, 05 minutes, 51 seconds, E a distance of 6.59 feet to said point of BEGINNING; and

RUNNING THENCE, from said point of BEGINNING, the following 58 courses:

1. S 43 degrees, 09 minutes, 07 seconds, E a distance of 15.34 feet to a point; THENCE
2. S 46 degrees, 50 minutes, 53 seconds, W a distance of 0.50 feet to a point; THENCE
3. S 43 degrees, 09 minutes, 07 seconds, E a distance of 9.82 feet to a point; THENCE
4. S 46 degrees, 50 minutes, 53 seconds, W a distance of 16.01 feet to a point; THENCE

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

5. N 43 degrees, 09 minutes, 07 seconds, W a distance of 1.12 feet to a point; THENCE
6. S 46 degrees, 50 minutes, 53 seconds, W a distance of 13.46 feet to a point; THENCE
7. S 43 degrees, 09 minutes, 07 seconds, E a distance of 11.30 feet to a point; THENCE
8. N 46 degrees, 50 minutes, 53 seconds, E a distance of 6.27 feet to a point; THENCE
9. N 43 degrees, 09 minutes, 07 seconds, W a distance of 6.66 feet to a point; THENCE
10. N 46 degrees, 50 minutes, 53 seconds, E a distance of 23.20 feet to a point; THENCE
11. S 43 degrees, 09 minutes, 07 seconds, E a distance of 44.86 feet to a point; THENCE
12. S 46 degrees, 50 minutes, 53 seconds, W a distance of 16.60 feet to a point; THENCE
13. S 43 degrees, 09 minutes, 07 seconds, E a distance of 9.00 feet to a point; THENCE
14. N 46 degrees, 50 minutes, 53 seconds, E a distance of 16.10 feet to a point; THENCE
15. S 43 degrees, 09 minutes, 07 seconds, E a distance of 5.00 feet to a point; THENCE
16. N 46 degrees, 50 minutes, 53 seconds, E a distance of 0.50 feet to a point; THENCE
17. S 43 degrees, 09 minutes, 07 seconds, E a distance of 32.86 feet to a point; THENCE
18. N 46 degrees, 50 minutes, 53 seconds, E a distance of 0.50 feet to a point; THENCE
19. S 43 degrees, 09 minutes, 07 seconds, E a distance of 4.30 feet to a point; THENCE
20. S 46 degrees, 50 minutes, 53 seconds, W a distance of 2.02 feet to a point; THENCE .
21. N 43 degrees, 09 minutes, 07 seconds, W a distance of 1.32 feet to a point; THENCE
22. S 46 degrees, 50 minutes, 53 seconds, W a distance of 23.02 feet to a

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

- point; THENCE
23. N 43 degrees, 09 minutes, 07 seconds, W a distance of 26.16 feet to a point; THENCE
24. S 46 degrees, 50 minutes, 53 seconds, W a distance of 6.33 feet to a point; THENCE
25. S 43 degrees, 50 minutes, 07 seconds, E a distance of 11.83 feet to a point; THENCE
26. N 46 degrees, 50 minutes, 53 seconds, E a distance of 2.83 feet to a point; THENCE
27. S 43 degrees, 09 minutes, 07 seconds, E a distance of 14.33 feet to a point; THENCE
28. S 46 degrees, 09 minutes, 07 seconds, W a distance of 39.40 feet to a point; THENCE
29. N 43 degrees, 09 minutes, 07 seconds, W a distance of 13.45 feet to a point; THENCE
30. S 46 degrees, 50 minutes, 53 seconds, W a distance of 33.24 feet to a point; THENCE
31. S 43 degrees, 09 minutes, 07 seconds, E a distance of 18.98 feet to a point; THENCE
32. S 34 degrees, 10 minutes, 38 seconds, W a distance of 34.57 feet to a point; THENCE
33. N 55 degrees, 49 minutes, 22 seconds, W a distance of 15.27 feet to a point; THENCE
34. N 34 degrees, 10 minutes, 38 seconds, E a distance of 5.51 feet to a point; THENCE
35. N 55 degrees, 49 minutes, 22 seconds, W a distance of 6.20 feet to a point; THENCE
36. S 34 degrees, 10 minutes, 38 seconds, W a distance of 5.51 feet to a point; THENCE
37. N 55 degrees, 49 minutes, 22 seconds, W a distance of 14.96 feet to a point; THENCE
38. N 34 degrees, 10 minutes, 38 seconds, E a distance of 5.94 feet to a point; THENCE
39. N 55 degrees, 49 minutes, 22 seconds, W a distance of 6.04 feet to a point; THENCE

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

40. S 34 degrees, 10 minutes, 38 seconds, W a distance of 5.94 feet to a point; THENCE
41. N 55 degrees, 49 minutes, 22 seconds, W a distance of 14.97 feet to a point; THENCE
42. N 34 degrees, 10 minutes, 38 seconds E a distance of 5.54 feet to a point; THENCE
43. N 55 degrees, 49 minutes, 22 seconds, W a distance of 6.02 feet to a point; THENCE
44. S 34 degrees, 10 minutes, 38 seconds, W a distance of 5.54 feet to a point; THENCE
45. N 55 degrees, 49 minutes, 22 seconds, W a distance of 62.58 feet to a point; THENCE
46. N 34 degrees, 10 minutes, 38 seconds, E a distance of 15.30 feet to a point; THENCE
47. S 55 degrees, 49 minutes, 22 seconds, E a distance of 5.60 feet to a point; THENCE
48. N 34 degrees, 10 minutes, 38 seconds, E a distance of 13.28 feet to a point; THENCE
49. N 55 degrees, 49 minutes, 22 seconds, W a distance of 5.60 feet to a point; THENCE
50. N 34 degrees, 10 minutes, 38 seconds, E a distance of 15.04 feet to a point; THENCE
51. S 55 degrees, 49 minutes, 22 seconds, E a distance of 5.59 feet to a point; THENCE
52. N 34 degrees, 10 minutes, 38 seconds, E a distance of 5.96 feet to a point; THENCE
53. N 55 degrees, 49 minutes, 22 seconds, W a distance of 5.59 feet to a point; THENCE
54. N 34 degrees 10 minutes, 38 seconds E a distance of 36.51 feet to a point; THENCE
55. S 55 degrees 49 minutes, 22 seconds E a distance of 5.49 feet to a point; THENCE
56. N 46 degrees 50 minutes, 53 seconds E a distance of 77.36 feet to the point and place of beginning;

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

EXCLUDING THEREFROM all of the space above a horizontal plane with an elevation of 31.50 feet (referring to Belmont Island Datum), having a vertical projection upward, with no upward limit, said horizontal plane being more particularly described as follows:

BEGINNING at a point, said point being the point of beginning of the property of School Unit "D" hereinabove described, and having a coordinate of N 14, 422.91, E 17, 757.77, and

RUNNING THENCE the following 42 courses:

1. S 43 degrees 9 minutes 7 seconds E a distance of 1.34 feet to a point
2. THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 0.50 feet to a point;
3. THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 9.82 feet to a point;
4. THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 16.01 feet to a point;
5. THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 1.12 feet to a point;
6. THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 13.46 feet to a point;
7. THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 11.30 feet to a point;
8. THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 6.27 feet to a point;
9. THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 6.66 feet to a point;
10. THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 23.20 feet to a point;
11. THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 8.33 feet to a point;
12. THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 0.50 feet to a point;
13. THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 36.53 feet to a point;
14. THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 16.60 feet to a point;

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

- 15.THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 9.00 feet to a point;
- 16.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 16.10 feet to a point;
- 17.THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 5.00 feet to a point;
- 18.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 0.50 feet to a point;
- 19.THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 32.86 feet to a point;
- 20.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 0.50 feet to a point;
- 21.THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 4.30 feet to a point;
- 22.THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 2.02 feet to a point;
- 23.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 1.32 feet to a point;
- 24.THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 65.92 feet to a point;
- 25.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 13.45 feet to a point;
- 26.THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 3.32 feet to a point;
- 27.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 1.30 feet to a point;
- 28.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 3.32 feet to a point;
- 29.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 21.93 feet to a point;
- 30.THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 3.32 feet to a point;
- 31.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 14.02 feet to a point;
- 32.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 3.32 feet to a

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

point;

33.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 21.86 feet to a point;

34.THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 3.33 feet to a point;

35.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 13.90 feet to a point;

36.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 3.33 feet to a point;

37.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 21.90 feet to a point;

38.THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 3.36 feet to a point;

39.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 13.96 feet to a point;

40.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 3.36 feet to a point;

41.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 1.06 feet to a point;

42.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 67.94 feet to the point and place of beginning:

ALSO EXCLUDING THEREFROM all of the space below a horizontal plane with an elevation of 23.00 feet (referring to Belmont Island Datum), having a vertical projection downward, with no downward limit, said horizontal plane being more particularly described as follows:

BEGINNING at a point, said point being the terminus of the 13th course of the property of School Unit "D" hereinabove described (S 43 degrees 9 minutes, 7 seconds E a distance of 36.53 feet) and

RUNNING THENCE the following 26 courses:

1. S 46 degrees 50 minutes, 53 seconds W a distance of 16.00 feet to a point;

2.THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 9.00 feet to a point;

3.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 16.10 feet to a point;

4.THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 5.00 feet to a point;

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

5.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 0.50 feet to a point;

6.THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 32.86 feet to a point;

7.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 0.50 feet to a point;

8.THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 4.30 feet to a point;

9.THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 2.02 feet to a point;

10.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 1.32 feet to a point;

11.THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 23.02 feet to a point;

12.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 26.16 feet to a point;

13.THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 6.33 feet to a point;

14.THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 11.83 feet to a point;

15.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 2.83 feet to a point;

16.THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 14.33 feet to a point;

17.THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 39.40 feet to a point;

18.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 35.38 feet to a point;

19.THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 3.32 feet to a point;

20.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 14.02 feet to a point;

21.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 3.32 feet to a point;

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

22. THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 0.44 feet to a point;

23. THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 39.72 feet to a point;

24. THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 12.33 feet to a point;

25. THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 27.72 feet to a point;

26. THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 12.33 feet to the point and place of beginning;

AND ALSO EXCLUDING THEREFROM the area and volume of all columns and footings (herein referred to as "Excluded Improvements") now or hereafter passing through or located within the boundaries of the property of School Unit "D" hereinabove described and required for the support of structure now or hereafter comprising that portion of the Housing known as Westview;

FOR CONVEYANCING ONLY:

TOGETHER WITH an exclusive easement for the use and maintenance of a mechanical and electrical room located within that portion of the Housing known as Westview, being more particularly described as follows:

BEGINNING at a point, said point being S 43 degrees 9 minutes, 7 seconds E a distance of 1.00 feet and S 46 degrees 50 minutes, 53 seconds W a distance of 1.50 feet from the terminus of the 18th course of the property of School Unit "D" hereinabove described (N 46 degrees 50 minutes, 53 seconds E a distance of 0.50 feet) and having a coordinate of N 14,356.95, E 1,816.87, and

RUNNING THENCE the following 12 courses:

1. S 43 degrees 9 minutes, 7 seconds E a distance of 37.09 feet to a point;

2. THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 0.33 feet to a point;

3. THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 10.50 feet to a point;

4. THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 30.00 feet to a point;

5. THENCE S 43 degrees 9 minutes, 7 seconds E a distance of 0.50 feet to a point;

6. THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 20.33 feet to a point;

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

7.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 15.00 feet to a point;

8.THENCE S 46 degrees 50 minutes, 53 seconds W a distance of 8.00 feet to a point;

9.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 27.59 feet to a point;

10.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 43.75 feet to a point;

11.THENCE N 43 degrees 9 minutes, 7 seconds W a distance of 5.50 feet to a point;

12.THENCE N 46 degrees 50 minutes, 53 seconds E a distance of 14.25 feet to the point and place of beginning;

AND TOGETHER WITH the following additional easements:

(1) a non-exclusive easement upon, over, across and through that portion of the Housing known as Westview for access in and to the property of School Unit "D" hereinabove described, and to the mechanical and electrical room within that portion of the Housing known as Westview hereinabove described, for the purpose of using, constructing, reconstructing, inspecting, maintaining, altering, repairing, replacing and retaining such property and such mechanical and electrical room; and

(2) a non-exclusive easement upon, over, across and through that portion of the Housing known as Westview for (a) access in and to the stations for the central pneumatic waste collection system located within that portion of the Housing known as Westview, and (b) use of such stations for disposal of refuse, but only in accordance with all Legal Requirements and Insurance Requirements; and

(3) a non-exclusive easement upon, over, across (including, without limitations, the Housing Utility Lines) and through that portion of the Housing known as Westview to the extent reasonably necessary to construct, reconstruct, inspect, use, maintain, alter, repair, replace, renew and retain the School Utility Lines;

BUT SUBJECT TO the following Permitted Exceptions:

(1) an easement upon, over, across, and through the property of School Unit "D" hereinabove described, and the mechanical and electrical room within that portion of the Housing known as Westview hereinabove described, to inspect, construct, reconstruct, maintain, alter, repair, replace, renew and retain the columns and footings herein referred to as Excluded Improvements, and to relocate such columns and footings or construct additional columns and footings, if required to maintain the structural integrity of that portion of the Housing known as Westview; and

(2) an easement upon, over, across and through the property of School Unit "D"

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

hereinabove described, and the mechanical and electrical room within that portion of the Housing known as Westview hereinabove described, to the extent reasonably necessary to construct, reconstruct, inspect, use, maintain, alter, repair, replace, renew and retain the Housing Utility Lines, and to relocate or expand the Housing Utility Lines if required to service the Housing; and

(3) an easement of ingress and egress upon, over, across and through the property of School Unit "D" hereinabove described, and the mechanical and electrical room within that portion of the Housing known as Westview hereinabove described, as may be reasonably necessary in order to exercise the rights described above as Permitted Exceptions, or to exercise any other rights granted under the Sublease or the Ground Lease to UDC, any owner or sublessee of the Housing or any portion thereof, any Mortgagee, or any of their respective successors or assigns.

The coordinates used herein refer to a local coordinate system, which is based on the United States Army Corps of Engineers Coordinate System with the following applicable coordinate transformation between the two coordinate systems.

USACE COORDINATES

LOCAL COORDINATE SYSTEM

S 11,393.254
W 842.168

N 10,000.00
E 15,000.00

The elevations mentioned in this description refer to M.L.W. Elevations at Belmont Island El. 0.00 which is 2.265 feet below M.S.L. at Sandy Hook.

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

Parcel 3

Rivercross Mini School (tentative Lot 4)

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

Description of School Unit "A"

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

BEGINNING at a point, said point being a point on line of the 15th course (North 11 degrees 48 minutes 41 seconds East a distance of 39.14 feet) and being North 11 degrees 48 minutes 41 seconds East a distance of 21.82 feet from the terminus of the 14th course (North 20 degrees 04 minutes 26 seconds West a distance of 148.01 feet) as described and known as Parcel 6 on Roosevelt Island and having a coordinate of North-13640.53, East 17246.06, and RUNNING THENCE

(1) North 11 degrees 48 minutes 41 seconds East a distance of 13.88 feet to a point; THENCE

(2) South 78 degrees 11 minutes 19 seconds East a distance of 1.40 feet to a point being the southwesterly corner of the 1 story school building and running thence, along the face of the 1 story school building the following 41 courses:

(3) North 34 degrees 10 minutes 38 seconds East a distance of 19.14 feet to a point; THENCE

(4) North 55 degrees 49 minutes 22 seconds West a distance of 2.44 feet to a point; THENCE

(5) North 34 degrees 10 minutes 38 seconds East a distance of 10.88 feet to a point; THENCE

(6) South 55 degrees 49 minutes 22 seconds East a distance of 2.53 feet to a point; THENCE

(7) North 34 degrees 10 minutes 38 seconds East a distance of 18.01 feet to a point; THENCE

(8) North 55 degrees 49 minutes 22 seconds West a distance of 2.52 feet to a point; THENCE

(9) North 34 degrees 10 minutes 38 seconds East a distance of 10.83 feet to a point; THENCE

(10) South 55 degrees 49 minutes 22 seconds East a distance of 2.55 feet to a point; THENCE

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

- (11) North 34 degrees 10 minutes 38 seconds East a distance of 27.54 feet to a point; THENCE
- (12) North 55 degrees 49 minutes 22 seconds West a distance of 12.20 feet to a point; THENCE
- (13) North 34 degrees 10 minutes 38 seconds East a distance of 15.29 feet to a point; THENCE
- (14) South 55 degrees 49 minutes 22 seconds East a distance of 4.63 feet to a point; THENCE
- (15) North 34 degrees 10 minutes 38 seconds East a distance of 23.32 feet to a point; THENCE
- (16) South 55 degrees 49 minutes 22 seconds East a distance of 11.68 feet to a point; THENCE
- (17) North 34 degrees 10 minutes 38 seconds East a distance of 5.71 feet to a point; THENCE
- (18) North 55 degrees 49 minutes 22 seconds West a distance of 3.69 feet to a point; THENCE
- (19) North 34 degrees 10 minutes 38 seconds East a distance of 10.37 feet to a point; THENCE
- (20) South 55 degrees 49 minutes 22 seconds West a distance of 9.64 feet to a point; THENCE
- (21) North 34 degrees 10 minutes 38 seconds East a distance of 5.95 feet to a point; THENCE
- (22) South 55 degrees 49 minutes 22 seconds East a distance of 9.26 feet to a point; THENCE
- (23) South 34 degrees 10 minutes 38 seconds West a distance of 5.95 feet to a point; THENCE
- (24) South 55 degrees 49 minutes 22 seconds East a distance of 8.89 feet to a point; THENCE
- (25) North 34 degrees 10 minutes 38 seconds East a distance of 2.78 feet to a point; THENCE
- (26) South 55 degrees 49 minutes 22 seconds East a distance of 6.12 feet to a point; THENCE
- (27) South 21 degrees 20 minutes 27 seconds East a distance of 14.99 feet to a point;

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

- (28) South 34 degrees 10 minutes 38 seconds West a distance of 2.78 feet to a point; THENCE
- (29) South 55 degrees 49 minutes 22 seconds East a distance of 15.32 feet to a point; THENCE
- (30) South 34 degrees 10 minutes 38 seconds West a distance of 42.42 feet to a point; THENCE
- (31) North 55 degrees 49 minutes 22 seconds West a distance of 4.67 feet to a point; THENCE
- (32) South 34 degrees 10 minutes 38 seconds West a distance of 8.14 feet to a point; THENCE
- (33) South 55 degrees 49 minutes 22 seconds East a distance of 2.47 feet to a point; THENCE
- (34) South 34 degrees 10 minutes 38 seconds West a distance of 10.95 feet to a point; THENCE
- (35) South 55 degrees 49 minutes 22 seconds West a distance of 2.47 feet to a point; THENCE
- (36) South 34 degrees 10 minutes 38 seconds West a distance of 17.95 feet to a point; THENCE
- (37) South 55 degrees 49 minutes 22 seconds East a distance of 2.51 feet to a point; THENCE
- (38) South 34 degrees 10 minutes 38 seconds West a distance of 10.84 feet to a point; THENCE
- (39) North 55 degrees 49 minutes 22 seconds West a distance of 2.51 feet to a point; THENCE
- (40) South 34 degrees 10 minutes 38 seconds West a distance of 19.11 feet to a point; THENCE
- (41) North 55 degrees 49 minutes 22 seconds West a distance of 28.20 feet to a point; THENCE
- (42) South 34 degrees 10 minutes 38 seconds West a distance of 6.00 feet to a point; THENCE
- (43) North 72 degrees 01 minutes 11 seconds West a distance of 26.30 feet to the point and place of BEGINNING.

EXCLUDING from the above described School Unit "A" is the space occupied by the present existing 10 story apartment building extending over part of the 1 story school building from a horizontal plane 8 feet above the top of roof of the 1 story school building, which has an elevation of 38.21 referring to Belmont

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

Island Datum, having a vertical projection upward, with no upward limit, said horizontal plane being more particularly described as follows:

BEGINNING at a point, said point being the terminus of the 21st course (North 34 degrees 10 minutes 38 seconds East a distance of 5.95 feet) as described herein as School Unit "A" having a coordinate of North 13769.79, East 17341.23 and running thence along the face of the 1 story school building projected upward the following 6 courses:

(1) South 55 degrees 49 minutes 22 seconds East a distance of 9.26 feet to a point; THENCE

(2) South 34 degrees 10 minutes 38 seconds West a distance of 5.95 feet to a point; THENCE

(3) South 55 degrees 49 minutes 22 seconds East a distance of 8.89 feet to a point; THENCE

(4) North 34 degrees 10 minutes 38 seconds East a distance of 2.78 feet to a point; THENCE

(5) South 55 degrees 49 minutes 22 seconds East a distance of 6.12 feet to a point; THENCE

(6) South 21 degrees 20 minutes 27 seconds East a distance of 6.22 feet to a point on the easterly face of a 10 story apartment building projected downward;

THENCE, along the face of the aforementioned 10 story apartment building projected downward the following 2 courses:

(7) South 34 degrees 10 minutes 38 seconds West a distance of 23.22 feet to a point; THENCE

(8) South 55 degrees 49 minutes 22 seconds West a distance of 17.16 feet to a point on the balcony projected downward, thence along the face of the balcony projected downward the following 3 courses:

(9) South 34 degrees 10 minutes 38 seconds West a distance of 1.43 feet to a point; THENCE

(10) North 55 degrees 49 minutes 22 seconds West a distance of 17.24 feet to a point; THENCE

(11) North 34 degrees 10 minutes 38 seconds East a distance of 7.75 feet to a point on the southerly face of a 10 story apartment building projected downward; thence, along the face of the aforementioned 10 story apartment building projected downward the following 2 courses:

(12) North 55 degrees 49 minutes 22 seconds West a distance of 10.33 feet to a point; THENCE

(13) North 34 degrees 10 minutes 38 seconds East a distance of 1.40 feet to a

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

point on the northerly face of the 1 story school building projected upward and running thence along the aforementioned face of the 1 story school building projected upward the following 6 courses:

(14) South 55 degrees 49 minutes 22 seconds East a distance of 9.57 feet to a point; THENCE

(15) North 34 degrees 10 minutes 38 seconds East a distance of 5.71 feet to a point; THENCE

(16) North 55 degrees 49 minutes 22 seconds West a distance of 3.69 feet to a point; THENCE

(17) North 34 degrees 10 minutes 38 seconds East a distance of 10.37 feet to a point; THENCE

(18) South 55 degrees 49 minutes 22 seconds East a distance of 9.64 feet to a point; THENCE

(19) North 34 degrees 10 minutes 38 seconds East a distance of 5.95 feet to the point and place of BEGINNING.

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

PARCEL 4
SCHOOL UNIT 'E' "Eastwood"

ALL that plot, piece and parcel of land lying and being on Roosevelt Island in the City, County and State of New York, more particularly described as follows:

BEGINNING at a point having a coordinate of North 14,065.74, East 17,908.82, said point of beginning being located the following 8 courses from a monument designated as SJR-3:

- 1) North 65° 51' 41" East a distance of 507.26 feet to a point; thence
- 2) North 46° 36' 00" East a distance of 117.76 feet to a point; thence
- 3) North 43° 24' 00" West a distance of 2.00 feet to a point; thence
- 4) North 46° 36' 00" East a distance of 38.23 feet to a point; thence
- 5) South 43° 24' 00" East a distance of 2.00 feet to a point; thence
- 6) North 46° 36' 00" East a distance of 257.88 feet to a point; thence
- 7) North 22° 03' 00" East a distance of 391.17 feet to a point; thence
- 8) South 67° 57' 00" East a distance of 2.08 feet to said point of beginning;
and

RUNNING THENCE, from said point of beginning, the following 33 courses:

- 1) South 67° 57' 00" East a distance of 6.00 feet to a point; thence
- 2) North 22° 03' 00" East a distance of 20.46 feet to a point; thence
- 3) South 67° 57' 00" East a distance of 19.67 feet to a point; thence
- 4) North 22° 03' 00" East a distance of 0.42 feet to a point; thence
- 5) South 55° 49' 22" East a distance of 31.92 feet to a point; thence
- 6) North 34° 10' 38" East a distance of 21.97 feet to a point; thence
- 7) South 55° 49' 22" East a distance of 9.35 feet to a point; thence
- 8) South 34° 10' 38" West a distance of 21.21 feet to a point; thence
- 9) South 55° 49' 22" East a distance of 18.21 feet to a point; thence
- 10) North 34° 10' 38" East a distance of 27.17 feet to a point; thence
- 11) North 79° 10' 38" East a distance of 20.22 feet to a point; thence

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

- 12) South 10° 49' 22" East a distance of 20.22 feet to a point; thence
- 13) South 34° 10' 38" West a distance of 14.71 feet to a point; thence
- 14) South 55° 49' 22" East a distance of 11.33 feet to a point; thence
- 15) North 34° 10' 38" East a distance of 9.45 feet to a point; thence
- 16) South 55° 49' 22" East a distance of 0.68 feet to a point; thence
- 17) North 34° 10' 38" East a distance of 7.07 feet to a point; thence
- 18) South 55° 49' 22" East a distance of 3.96 feet to a point; thence
- 19) South 34° 10' 38" West a distance of 7.07 feet to a point; thence
- 20) South 55° 49' 22" East a distance of 13.33 feet to a point; thence
- 21) South 10° 49' 22" East a distance of 33.37 feet to a point; thence
- 22) South 79° 10' 38" West a distance of 20.12 feet to a point; thence
- 23) South 34° 10' 38" West a distance of 38.66 feet to a point; thence
- 24) North 55° 49' 22" West a distance of 29.25 feet to a point; thence
- 25) South 79° 10' 38" West a distance of 26.80 feet to a point; thence
- 26) North 10° 49' 22" West a distance of 26.97 feet to a point; thence
- 27) North 34° 10' 38" East a distance of 10.34 feet to a point; thence
- 28) North 55° 49' 22" West a distance of 50.16 feet to a point; thence
- 29) North 22° 03' 00" East a distance of 0.46 feet to a point; thence
- 30) North 67° 57' 00" West a distance of 20.92 feet to a point; thence
- 31) North 22° 03' 00" East a distance of 4.75 feet to a point; thence
- 32) North 67° 57' 00" West a distance of 4.75 feet to a point; thence
- 33) North 22° 03' 00" East a distance of 18.26 feet to the point and place of beginning;

EXCLUDING THEREFROM all of the space above a horizontal plane with an elevation of 41.46 feet (referring to Belmont Island Datum), having a vertical projection upward, with no upward limit, said horizontal plane being more particularly described as follows:

BEGINNING at a point, said point being the point of beginning of the property of School Unit "E" hereinabove described, and having a coordinate of North

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

14,065.74, East 17,908.82, and

RUNNING THENCE the following 8 courses:

- 1) South 67° 57' 00" East a distance of 6.00 feet to a point; thence
- 2) North 22° 03' 00" East a distance of 20.46 feet to a point; thence
- 3) South 67° 57' 00" East a distance of 19.67 feet to a point; thence
- 4) South 22° 03' 00" West a distance of 43.47 feet to a point; thence
- 5) North 67° 57' 00" West a distance of 20.92 feet to a point; thence
- 6) North 22° 03' 00" East a distance of 4.75 feet to a point; thence
- 7) North 67° 57' 00" West a distance of 4.75 feet to a point; thence
- 8) North 22° 03' 00" East a distance of 18.26 feet to the point and place of beginning;

AND ALSO EXCLUDING THEREFROM all of the space below a horizontal plane with an elevation of 24.00 feet (referring to Belmont Island Datum), having a vertical projection downward, with no downward limit, said horizontal plane being more particularly described as follows:

BEGINNING at a point, said point being the point of beginning of the property of School Unit "E" hereinabove described, and having a coordinate of North 14,065.74, East 17,908.82, and

RUNNING THENCE the following 8 courses:

- 1) South 67° 57' 00" East a distance of 6.00 feet to a point; thence
- 2) North 22° 03' 00" East a distance of 20.46 feet to a point; thence
- 3) South 67° 57' 00" East a distance of 19.67 feet to a point; thence
- 4) South 22° 03' 00" West a distance of 43.47 feet to a point; thence
- 5) North 67° 57' 00" West a distance of 20.92 feet to a point; thence
- 6) North 22° 03' 00" East a distance of 4.75 feet to a point; thence
- 7) North 67° 57' 00" West a distance of 4.75 feet to a point; thence
- 8) North 22° 03' 00" East a distance of 18.26 feet to the point and place of beginning;

AND ALSO EXCLUDING THEREFROM the area and volume of all columns and footings (herein referred to as "Excluded Improvements") now or hereafter passing through or located within the boundaries of the property of School Unit "E" hereinabove

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

described and required for the support of structures now or hereafter comprising that portion of the Housing known as Eastwood;

TOGETHER WITH the following Easements:

- 1) a non-exclusive Easement upon, over, across and through
 - (a) that portion of the Housing known as Eastwood and
 - (b) all other property leased by UDC pursuant to the Ground Lease for access in and to the property of School Unit "E" hereinabove described, for the purpose of using, operating, constructing, reconstructing, inspecting, maintaining, altering, repairing, replacing and retaining such property; and
- 2) a non-exclusive Easement upon, over, across and through that portion of the Housing known as Eastwood for:
 - (a) access in and to the stations for the central pneumatic waste collection system located within that portion of the Housing known as Eastwood, and
 - (b) use of such stations for disposal of refuse, but only in accordance with all Legal Requirements and Insurance Requirements; and
- 3) South 67° 57' 00" East a distance of 19.67 feet to a point; thence
- 4) South 22° 03' 00" West a distance of 43.47 feet to a point; thence
- 5) North 67° 57' 00" West a distance of 20.92 feet to a point; thence
- 6) North 22° 03' 00" East a distance of 4.75 feet to a point; thence
- 7) North 67° 57' 00" West a distance of 4.75 feet to a point; thence
- 8) North 22° 03' 00" East a distance of 18.26 feet to the point and place of beginning;

AND ALSO EXCLUDING THEREFROM the area and volume of all columns and footings (herein referred to as "Excluded Improvements") now or hereafter passing through or located within the boundaries of the property of School Unit "E" hereinabove described and required for the support of structures now or hereafter comprising that portion of the Housing known as Eastwood;

TOGETHER WITH the following Easements:

- 1) a non-exclusive Easement upon, over, across and through
 - a) that portion of the Housing known as Eastwood and
 - b) all other property leased by UDC pursuant to the Ground Lease for access in and to the property of School Unit "E" hereinabove described, for the purpose of using, operating, constructing, reconstructing, inspecting, maintaining, altering, repairing, replacing and retaining such property; and
- 2) a non-exclusive Easement upon, across and through that portion of the Housing known as Eastwood for:
 - (a) access in and to the stations for the central pneumatic waste collection

SCHEDULE A DESCRIPTION (Continued)

Policy No.: 3102-01039

system located within that portion of the Housing known as Eastwood, and
(b) use of such stations for disposal of refuse, but only in accordance with all
Legal Requirements and Insurance Requirements; and

3) a non-exclusive Easement upon, over, across and through

(a) that portion of the Housing known as Eastwood (including, without
limitation, the Housing Utility Lines) and

(b) all other property leased by UDC pursuant to the Ground Lease to the extent
reasonably necessary to construct, reconstruct, inspect, use, maintain, alter,
repair, replace, renew and retain the School Utility Lines;

BUT SUBJECT TO the following Permitted Exceptions:

1) an easement upon, over, across and through the property of School Unit "E"
hereinabove described, to inspect, construct, reconstruct, maintain, alter,
repair, replace, renew and retain the columns and footings herein referred to as
Excluded Improvements, and to relocate such columns and footings or construct
additional columns and footings, if required to maintain the structural
integrity of that portion of the Housing known as Eastwood; and

2) an easement upon, over, across and through the property of School Unit "E"
hereinabove described, to the extent reasonably necessary to construct,
reconstruct, inspect, use, maintain, alter, repair, replace, renew and retain
the Housing Utility Lines, and to relocate or expand the Housing Utility Lines
if required to service the Housing; and

3) an easement of ingress and egress upon, over, across and through the
property of School Unit "E" hereinabove described, as may be reasonably
necessary in order to exercise the rights described above as Permitted
Exceptions, or to exercise any other rights granted under the Sublease or the
Ground Lease to UDC, any owner or sublessee of the Housing or any portion
thereof, any Mortgagee, or any of their respective successors or assigns.

THE coordinates used herein refer to a local coordinate system, which is based
on the United States Army Corps of Engineers Coordinate System with the
following applicable coordinate transformation between the two coordinate
systems.

USACE COORDINATES
South 11,393.254
West 842.168

LOCAL COORDINATE SYSTEM
North 10,000.00
East 15,000.00

THE elevations mentioned in this description refer to M.L.W. Elevations at
Belmont Island E1. 0.00 which is 2.265 feet below M.S.L. at Sandy Hook.

SCHEDULE OF PAYMENTS¹
(AS OF THE DATE OF DELIVERY OF THE BONDS)

SEE ATTACHED SCHEDULE PREPARED BY COMMERCE CAPITAL MARKETS, INC.

[TO BE INSERTED]

¹ This schedule only includes the portion of rental payments that correspond to regularly scheduled principal and interest payments due with respect to the Bonds.

**New York City Industrial Development Agency
Civic Facility Revenue Bonds, Series 2003
(The Child School Project)**

Period Ending	Scheduled Debt Service to Bondholders			Scheduled Debt Service to Trustee ⁽¹⁾			Annual Debt Service
	Semiannual Principal	Quarterly Interest	Debt Service	Monthly Principal	Monthly Interest	Monthly Debt Service	
				\$ 559,584.39 - Deposit to CAPI			
6/30/03	\$ -	\$ 144,147.72	\$ 144,147.72	\$ -	\$ -	\$ -	\$ 144,147.72
7/31/03	-	-	-	-	-	-	-
8/31/03	-	-	-	-	-	-	-
9/30/03	-	341,402.50	341,402.50	-	-	-	-
10/31/03	-	-	-	-	89,122.78	89,122.78	-
11/30/03	-	-	-	-	89,122.78	89,122.78	-
12/31/03	-	341,402.50	341,402.50	-	89,122.78	89,122.78	-
1/31/04	-	-	-	-	113,800.83	113,800.83	-
2/28/04	-	-	-	-	113,800.83	113,800.83	-
3/31/04	-	341,402.50	341,402.50	-	113,800.83	113,800.83	-
4/30/04	-	-	-	-	113,800.83	113,800.83	-
5/31/04	-	-	-	-	113,800.83	113,800.83	-
6/30/04	-	341,402.50	341,402.50	-	113,800.83	113,800.83	1,365,610.00
7/31/04	-	-	-	-	113,800.83	113,800.83	-
8/31/04	-	-	-	-	113,800.83	113,800.83	-
9/30/04	-	341,402.50	341,402.50	-	113,800.83	113,800.83	-
10/31/04	-	-	-	-	113,800.83	113,800.83	-
11/30/04	-	-	-	-	113,800.83	113,800.83	-
12/31/04	-	341,402.50	341,402.50	-	113,800.83	113,800.83	-
1/31/05	-	-	-	15,833.33	113,800.83	129,634.17	-
2/28/05	-	-	-	15,833.33	113,800.83	129,634.17	-
3/31/05	-	341,402.50	341,402.50	15,833.33	113,800.83	129,634.17	-
4/30/05	-	-	-	15,833.33	113,800.83	129,634.17	-
5/31/05	-	-	-	15,833.33	113,800.83	129,634.17	-
6/30/05	95,000.00	341,402.50	436,402.50	15,833.33	113,800.83	129,634.17	1,460,610.00
7/31/05	-	-	-	15,833.33	113,246.67	129,080.00	-
8/31/05	-	-	-	15,833.33	113,246.67	129,080.00	-
9/30/05	-	339,740.00	339,740.00	15,833.33	113,246.67	129,080.00	-
10/31/05	-	-	-	15,833.33	113,246.67	129,080.00	-
11/30/05	-	-	-	15,833.33	113,246.67	129,080.00	-
12/31/05	95,000.00	339,740.00	434,740.00	15,833.33	113,246.67	129,080.00	-
1/31/06	-	-	-	16,666.67	112,692.50	129,359.17	-
2/28/06	-	-	-	16,666.67	112,692.50	129,359.17	-
3/31/06	-	338,077.50	338,077.50	16,666.67	112,692.50	129,359.17	-
4/30/06	-	-	-	16,666.67	112,692.50	129,359.17	-
5/31/06	-	-	-	16,666.67	112,692.50	129,359.17	-
6/30/06	100,000.00	338,077.50	438,077.50	16,666.67	112,692.50	129,359.17	1,550,635.00
7/31/06	-	-	-	18,333.33	112,109.17	130,442.50	-
8/31/06	-	-	-	18,333.33	112,109.17	130,442.50	-
9/30/06	-	336,327.50	336,327.50	18,333.33	112,109.17	130,442.50	-
10/31/06	-	-	-	18,333.33	112,109.17	130,442.50	-
11/30/06	-	-	-	18,333.33	112,109.17	130,442.50	-
12/31/06	110,000.00	336,327.50	446,327.50	18,333.33	112,109.17	130,442.50	-
1/31/07	-	-	-	19,166.67	111,467.50	130,634.17	-
2/28/07	-	-	-	19,166.67	111,467.50	130,634.17	-
3/31/07	-	334,402.50	334,402.50	19,166.67	111,467.50	130,634.17	-
4/30/07	-	-	-	19,166.67	111,467.50	130,634.17	-
5/31/07	-	-	-	19,166.67	111,467.50	130,634.17	-
6/30/07	115,000.00	334,402.50	449,402.50	19,166.67	111,467.50	130,634.17	1,566,460.00
7/31/07	-	-	-	20,000.00	110,796.67	130,796.67	-
8/31/07	-	-	-	20,000.00	110,796.67	130,796.67	-
9/30/07	-	332,390.00	332,390.00	20,000.00	110,796.67	130,796.67	-
10/31/07	-	-	-	20,000.00	110,796.67	130,796.67	-
11/30/07	-	-	-	20,000.00	110,796.67	130,796.67	-
12/31/07	120,000.00	332,390.00	452,390.00	20,000.00	110,796.67	130,796.67	-
1/31/08	-	-	-	20,000.00	110,096.67	130,096.67	-
2/28/08	-	-	-	20,000.00	110,096.67	130,096.67	-
3/31/08	-	330,290.00	330,290.00	20,000.00	110,096.67	130,096.67	-
4/30/08	-	-	-	20,000.00	110,096.67	130,096.67	-
5/31/08	-	-	-	20,000.00	110,096.67	130,096.67	-
6/30/08	120,000.00	330,290.00	450,290.00	20,000.00	110,096.67	130,096.67	1,565,360.00

**New York City Industrial Development Agency
Civic Facility Revenue Bonds, Series 2003
(The Child School Project)**

Period Ending	Scheduled Debt Service to Bondholders			Scheduled Debt Service to Trustee ⁽¹⁾			Annual Debt Service
	Semiannual Principal	Quarterly Interest	Debt Service	Monthly Principal	Monthly Interest	Monthly Debt Service	
7/31/08	--	--	--	20,833.33	109,396.67	130,230.00	--
8/31/08	--	--	--	20,833.33	109,396.67	130,230.00	--
9/30/08	--	328,190.00	328,190.00	20,833.33	109,396.67	130,230.00	--
10/31/08	--	--	--	20,833.33	109,396.67	130,230.00	--
11/30/08	--	--	--	20,833.33	109,396.67	130,230.00	--
12/31/08	125,000.00	328,190.00	453,190.00	20,833.33	109,396.67	130,230.00	--
1/31/09	--	--	--	21,666.67	108,667.50	130,334.17	--
2/28/09	--	--	--	21,666.67	108,667.50	130,334.17	--
3/31/09	--	326,002.50	326,002.50	21,666.67	108,667.50	130,334.17	--
4/30/09	--	--	--	21,666.67	108,667.50	130,334.17	--
5/31/09	--	--	--	21,666.67	108,667.50	130,334.17	--
6/30/09	130,000.00	326,002.50	456,002.50	21,666.67	108,667.50	130,334.17	1,563,385.00
7/31/09	--	--	--	22,500.00	107,909.17	130,409.17	--
8/31/09	--	--	--	22,500.00	107,909.17	130,409.17	--
9/30/09	--	323,727.50	323,727.50	22,500.00	107,909.17	130,409.17	--
10/31/09	--	--	--	22,500.00	107,909.17	130,409.17	--
11/30/09	--	--	--	22,500.00	107,909.17	130,409.17	--
12/31/09	135,000.00	323,727.50	458,727.50	22,500.00	107,909.17	130,409.17	--
1/31/10	--	--	--	23,333.33	107,121.67	130,455.00	--
2/28/10	--	--	--	23,333.33	107,121.67	130,455.00	--
3/31/10	--	321,365.00	321,365.00	23,333.33	107,121.67	130,455.00	--
4/30/10	--	--	--	23,333.33	107,121.67	130,455.00	--
5/31/10	--	--	--	23,333.33	107,121.67	130,455.00	--
6/30/10	140,000.00	321,365.00	461,365.00	23,333.33	107,121.67	130,455.00	1,565,185.00
7/31/10	--	--	--	24,166.67	106,305.00	130,471.67	--
8/31/10	--	--	--	24,166.67	106,305.00	130,471.67	--
9/30/10	--	318,915.00	318,915.00	24,166.67	106,305.00	130,471.67	--
10/31/10	--	--	--	24,166.67	106,305.00	130,471.67	--
11/30/10	--	--	--	24,166.67	106,305.00	130,471.67	--
12/31/10	145,000.00	318,915.00	463,915.00	24,166.67	106,305.00	130,471.67	--
1/31/11	--	--	--	25,000.00	105,459.17	130,459.17	--
2/28/11	--	--	--	25,000.00	105,459.17	130,459.17	--
3/31/11	--	316,377.50	316,377.50	25,000.00	105,459.17	130,459.17	--
4/30/11	--	--	--	25,000.00	105,459.17	130,459.17	--
5/31/11	--	--	--	25,000.00	105,459.17	130,459.17	--
6/30/11	150,000.00	316,377.50	466,377.50	25,000.00	105,459.17	130,459.17	1,565,585.00
7/31/11	--	--	--	25,833.33	104,584.17	130,417.50	--
8/31/11	--	--	--	25,833.33	104,584.17	130,417.50	--
9/30/11	--	313,752.50	313,752.50	25,833.33	104,584.17	130,417.50	--
10/31/11	--	--	--	25,833.33	104,584.17	130,417.50	--
11/30/11	--	--	--	25,833.33	104,584.17	130,417.50	--
12/31/11	155,000.00	313,752.50	468,752.50	25,833.33	104,584.17	130,417.50	--
1/30/12	--	--	--	26,666.67	103,680.00	130,346.67	--
2/28/12	--	--	--	26,666.67	103,680.00	130,346.67	--
3/31/12	--	311,040.00	311,040.00	26,666.67	103,680.00	130,346.67	--
4/30/12	--	--	--	26,666.67	103,680.00	130,346.67	--
5/31/12	--	--	--	26,666.67	103,680.00	130,346.67	--
6/30/12	160,000.00	311,040.00	471,040.00	26,666.67	103,680.00	130,346.67	1,564,585.00
7/31/12	--	--	--	27,500.00	102,746.67	130,246.67	--
8/31/12	--	--	--	27,500.00	102,746.67	130,246.67	--
9/30/12	--	308,240.00	308,240.00	27,500.00	102,746.67	130,246.67	--
10/31/12	--	--	--	27,500.00	102,746.67	130,246.67	--
11/30/12	--	--	--	27,500.00	102,746.67	130,246.67	--
12/31/12	165,000.00	308,240.00	473,240.00	27,500.00	102,746.67	130,246.67	--
1/31/13	--	--	--	28,333.33	101,784.17	130,117.50	--
2/28/13	--	--	--	28,333.33	101,784.17	130,117.50	--
3/31/13	--	305,352.50	305,352.50	28,333.33	101,784.17	130,117.50	--
4/30/13	--	--	--	28,333.33	101,784.17	130,117.50	--
5/31/13	--	--	--	28,333.33	101,784.17	130,117.50	--
6/30/13	170,000.00	305,352.50	475,352.50	28,333.33	101,784.17	130,117.50	1,562,185.00

**New York City Industrial Development Agency
Civic Facility Revenue Bonds, Series 2003
(The Child School Project)**

Period Ending	Scheduled Debt Service to Bondholders			Scheduled Debt Service to Trustee ⁽¹⁾			Annual Debt Service
	Semiannual Principal	Quarterly Interest	Debt Service	Monthly Principal	Monthly Interest	Monthly Debt Service	
7/31/13	-	-	-	30,000.00	100,792.50	130,792.50	-
8/31/13	-	-	-	30,000.00	100,792.50	130,792.50	-
9/30/13	-	302,377.50	302,377.50	30,000.00	100,792.50	130,792.50	-
10/31/13	-	-	-	30,000.00	100,792.50	130,792.50	-
11/30/13	-	-	-	30,000.00	100,792.50	130,792.50	-
12/31/13	180,000.00	302,377.50	482,377.50	30,000.00	100,792.50	130,792.50	-
1/31/14	-	-	-	30,833.33	99,660.00	130,493.33	-
2/28/14	-	-	-	30,833.33	99,660.00	130,493.33	-
3/31/14	-	298,980.00	298,980.00	30,833.33	99,660.00	130,493.33	-
4/30/14	-	-	-	30,833.33	99,828.13	130,661.46	-
5/31/14	-	-	-	30,833.33	99,828.13	130,661.46	-
6/30/14	185,000.00	299,484.38	484,484.38	30,833.33	99,828.13	130,661.46	1,568,219.38
7/31/14	-	-	-	31,666.67	98,496.04	130,162.71	-
8/31/14	-	-	-	31,666.67	98,496.04	130,162.71	-
9/30/14	-	295,488.13	295,488.13	31,666.67	98,496.04	130,162.71	-
10/31/14	-	-	-	31,666.67	98,496.04	130,162.71	-
11/30/14	-	-	-	31,666.67	98,496.04	130,162.71	-
12/31/14	190,000.00	295,488.13	485,488.13	31,666.67	98,496.04	130,162.71	-
1/31/15	-	-	-	33,333.33	97,300.63	130,633.96	-
2/28/15	-	-	-	33,333.33	97,300.63	130,633.96	-
3/31/15	-	291,901.88	291,901.88	33,333.33	97,300.63	130,633.96	-
4/30/15	-	-	-	33,333.33	97,300.63	130,633.96	-
5/31/15	-	-	-	33,333.33	97,300.63	130,633.96	-
6/30/15	200,000.00	291,901.88	491,901.88	33,333.33	97,300.63	130,633.96	1,564,780.02
7/31/15	-	-	-	34,166.67	96,042.29	130,208.96	-
8/31/15	-	-	-	34,166.67	96,042.29	130,208.96	-
9/30/15	-	288,126.88	288,126.88	34,166.67	96,042.29	130,208.96	-
10/31/15	-	-	-	34,166.67	96,042.29	130,208.96	-
11/30/15	-	-	-	34,166.67	96,042.29	130,208.96	-
12/31/15	205,000.00	288,126.88	493,126.88	34,166.67	96,042.29	130,208.96	-
1/31/16	-	-	-	35,833.33	94,752.50	130,585.83	-
2/28/16	-	-	-	35,833.33	94,752.50	130,585.83	-
3/31/16	-	284,257.50	284,257.50	35,833.33	94,752.50	130,585.83	-
4/30/16	-	-	-	35,833.33	94,752.50	130,585.83	-
5/31/16	-	-	-	35,833.33	94,752.50	130,585.83	-
6/30/16	215,000.00	284,257.50	499,257.50	35,833.33	94,752.50	130,585.83	1,564,768.76
7/31/16	-	-	-	36,666.67	93,399.79	130,066.46	-
8/31/16	-	-	-	36,666.67	93,399.79	130,066.46	-
9/30/16	-	280,199.38	280,199.38	36,666.67	93,399.79	130,066.46	-
10/31/16	-	-	-	36,666.67	93,399.79	130,066.46	-
11/30/16	-	-	-	36,666.67	93,399.79	130,066.46	-
12/31/16	220,000.00	280,199.38	500,199.38	36,666.67	93,399.79	130,066.46	-
1/31/17	-	-	-	38,333.33	92,015.63	130,348.96	-
2/28/17	-	-	-	38,333.33	92,015.63	130,348.96	-
3/31/17	-	276,046.88	276,046.88	38,333.33	92,015.63	130,348.96	-
4/30/17	-	-	-	38,333.33	92,015.63	130,348.96	-
5/31/17	-	-	-	38,333.33	92,015.63	130,348.96	-
6/30/17	230,000.00	276,046.88	506,046.88	38,333.33	92,015.63	130,348.96	1,562,492.52
7/31/17	-	-	-	40,000.00	90,568.54	130,568.54	-
8/31/17	-	-	-	40,000.00	90,568.54	130,568.54	-
9/30/17	-	271,705.63	271,705.63	40,000.00	90,568.54	130,568.54	-
10/31/17	-	-	-	40,000.00	90,568.54	130,568.54	-
11/30/17	-	-	-	40,000.00	90,568.54	130,568.54	-
12/31/17	240,000.00	271,705.63	511,705.63	40,000.00	90,568.54	130,568.54	-
1/31/18	-	-	-	41,666.67	89,058.54	130,725.21	-
2/28/18	-	-	-	41,666.67	89,058.54	130,725.21	-
3/31/18	-	267,175.63	267,175.63	41,666.67	89,058.54	130,725.21	-
4/30/18	-	-	-	41,666.67	89,058.54	130,725.21	-
5/31/18	-	-	-	41,666.67	89,058.54	130,725.21	-
6/30/18	250,000.00	267,175.63	517,175.63	41,666.67	89,058.54	130,725.21	1,567,762.52

**New York City Industrial Development Agency
Civic Facility Revenue Bonds, Series 2003
(The Child School Project)**

Period Ending	Scheduled Debt Service to Bondholders			Scheduled Debt Service to Trustee ⁽¹⁾			Annual Debt Service
	Semiannual Principal	Quarterly Interest	Debt Service	Monthly Principal	Monthly Interest	Monthly Debt Service	
7/31/18	--	--	--	43,333.33	87,485.63	130,818.96	--
8/31/18	--	--	--	43,333.33	87,485.63	130,818.96	--
9/30/18	--	262,456.88	262,456.88	43,333.33	87,485.63	130,818.96	--
10/31/18	--	--	--	43,333.33	87,485.63	130,818.96	--
11/30/18	--	--	--	43,333.33	87,485.63	130,818.96	--
12/31/18	260,000.00	262,456.88	522,456.88	43,333.33	87,485.63	130,818.96	--
1/31/19	--	--	--	44,166.67	85,849.79	130,016.46	--
2/28/19	--	--	--	44,166.67	85,849.79	130,016.46	--
3/31/19	--	257,549.38	257,549.38	44,166.67	85,849.79	130,016.46	--
4/30/19	--	--	--	44,166.67	85,849.79	130,016.46	--
5/31/19	--	--	--	44,166.67	85,849.79	130,016.46	--
6/30/19	265,000.00	257,549.38	522,549.38	44,166.67	85,849.79	130,016.46	1,565,012.52
7/31/19	--	--	--	45,833.33	84,182.50	130,015.83	--
8/31/19	--	--	--	45,833.33	84,182.50	130,015.83	--
9/30/19	--	252,547.50	252,547.50	45,833.33	84,182.50	130,015.83	--
10/31/19	--	--	--	45,833.33	84,182.50	130,015.83	--
11/30/19	--	--	--	45,833.33	84,182.50	130,015.83	--
12/31/19	275,000.00	252,547.50	527,547.50	45,833.33	84,182.50	130,015.83	--
1/31/20	--	--	--	48,333.33	82,452.29	130,785.63	--
2/28/20	--	--	--	48,333.33	82,452.29	130,785.63	--
3/31/20	--	247,356.88	247,356.88	48,333.33	82,452.29	130,785.63	--
4/30/20	--	--	--	48,333.33	82,452.29	130,785.63	--
5/31/20	--	--	--	48,333.33	82,452.29	130,785.63	--
6/30/20	290,000.00	247,356.88	537,356.88	48,333.33	82,452.29	130,785.63	1,564,808.76
7/31/20	--	--	--	50,000.00	80,627.71	130,627.71	--
8/31/20	--	--	--	50,000.00	80,627.71	130,627.71	--
9/30/20	--	241,883.13	241,883.13	50,000.00	80,627.71	130,627.71	--
10/31/20	--	--	--	50,000.00	80,627.71	130,627.71	--
11/30/20	--	--	--	50,000.00	80,627.71	130,627.71	--
12/31/20	300,000.00	241,883.13	541,883.13	50,000.00	80,627.71	130,627.71	--
1/31/21	--	--	--	51,666.67	78,740.21	130,406.88	--
2/28/21	--	--	--	51,666.67	78,740.21	130,406.88	--
3/31/21	--	236,220.63	236,220.63	51,666.67	78,740.21	130,406.88	--
4/30/21	--	--	--	51,666.67	78,740.21	130,406.88	--
5/31/21	--	--	--	51,666.67	78,740.21	130,406.88	--
6/30/21	310,000.00	236,220.63	546,220.63	51,666.67	78,740.21	130,406.88	1,566,207.52
7/31/21	--	--	--	53,333.33	76,789.79	130,123.13	--
8/31/21	--	--	--	53,333.33	76,789.79	130,123.13	--
9/30/21	--	230,369.38	230,369.38	53,333.33	76,789.79	130,123.13	--
10/31/21	--	--	--	53,333.33	76,789.79	130,123.13	--
11/30/21	--	--	--	53,333.33	76,789.79	130,123.13	--
12/31/21	320,000.00	230,369.38	550,369.38	53,333.33	76,789.79	130,123.13	--
1/31/22	--	--	--	55,833.33	74,776.46	130,609.79	--
2/28/22	--	--	--	55,833.33	74,776.46	130,609.79	--
3/31/22	--	224,329.38	224,329.38	55,833.33	74,776.46	130,609.79	--
4/30/22	--	--	--	55,833.33	74,776.46	130,609.79	--
5/31/22	--	--	--	55,833.33	74,776.46	130,609.79	--
6/30/22	335,000.00	224,329.38	559,329.38	55,833.33	74,776.46	130,609.79	1,564,397.52
7/31/22	--	--	--	57,500.00	72,668.75	130,168.75	--
8/31/22	--	--	--	57,500.00	72,668.75	130,168.75	--
9/30/22	--	218,006.25	218,006.25	57,500.00	72,668.75	130,168.75	--
10/31/22	--	--	--	57,500.00	72,668.75	130,168.75	--
11/30/22	--	--	--	57,500.00	72,668.75	130,168.75	--
12/31/22	345,000.00	218,006.25	563,006.25	57,500.00	72,668.75	130,168.75	--
1/31/23	--	--	--	60,000.00	70,498.13	130,498.13	--
2/28/23	--	--	--	60,000.00	70,498.13	130,498.13	--
3/31/23	--	211,494.38	211,494.38	60,000.00	70,498.13	130,498.13	--
4/30/23	--	--	--	60,000.00	70,498.13	130,498.13	--
5/31/23	--	--	--	60,000.00	70,498.13	130,498.13	--
6/30/23	360,000.00	211,494.38	571,494.38	60,000.00	70,498.13	130,498.13	1,564,001.26

**New York City Industrial Development Agency
Civic Facility Revenue Bonds, Series 2003
(The Child School Project)**

Period Ending	Scheduled Debt Service to Bondholders			Scheduled Debt Service to Trustee ⁽¹⁾			Annual Debt Service
	Semiannual Principal	Quarterly Interest	Debt Service	Monthly Principal	Monthly Interest	Monthly Debt Service	
7/31/23	--	--	--	62,500.00	68,233.13	130,733.13	--
8/31/23	--	--	--	62,500.00	68,233.13	130,733.13	--
9/30/23	--	204,699.38	204,699.38	62,500.00	68,233.13	130,733.13	--
10/31/23	--	--	--	62,500.00	68,233.13	130,733.13	--
11/30/23	--	--	--	62,500.00	68,233.13	130,733.13	--
12/31/23	375,000.00	204,699.38	579,699.38	62,500.00	68,233.13	130,733.13	--
1/31/24	--	--	--	64,166.67	65,873.75	130,040.42	--
2/28/24	--	--	--	64,166.67	65,873.75	130,040.42	--
3/31/24	--	197,621.25	197,621.25	64,166.67	65,873.75	130,040.42	--
4/30/24	--	--	--	64,166.67	65,873.75	130,040.42	--
5/31/24	--	--	--	64,166.67	65,873.75	130,040.42	--
6/30/24	385,000.00	197,621.25	582,621.25	64,166.67	65,873.75	130,040.42	1,564,641.26
7/31/24	--	--	--	66,666.67	63,451.46	130,118.13	--
8/31/24	--	--	--	66,666.67	63,451.46	130,118.13	--
9/30/24	--	190,354.38	190,354.38	66,666.67	63,451.46	130,118.13	--
10/31/24	--	--	--	66,666.67	63,451.46	130,118.13	--
11/30/24	--	--	--	66,666.67	63,451.46	130,118.13	--
12/31/24	400,000.00	190,354.38	590,354.38	66,666.67	63,451.46	130,118.13	--
1/31/25	--	--	--	69,166.67	60,934.79	130,101.46	--
2/28/25	--	--	--	69,166.67	60,934.79	130,101.46	--
3/31/25	--	182,804.38	182,804.38	69,166.67	60,934.79	130,101.46	--
4/30/25	--	--	--	69,166.67	60,934.79	130,101.46	--
5/31/25	--	--	--	69,166.67	60,934.79	130,101.46	--
6/30/25	415,000.00	182,804.38	597,804.38	69,166.67	60,934.79	130,101.46	1,561,317.52
7/31/25	--	--	--	72,500.00	58,323.75	130,823.75	--
8/31/25	--	--	--	72,500.00	58,323.75	130,823.75	--
9/30/25	--	174,971.25	174,971.25	72,500.00	58,323.75	130,823.75	--
10/1/25	--	--	--	72,500.00	58,323.75	130,823.75	--
11/30/25	--	--	--	72,500.00	58,323.75	130,823.75	--
12/31/25	435,000.00	174,971.25	609,971.25	72,500.00	58,323.75	130,823.75	--
1/31/26	--	--	--	75,000.00	55,586.88	130,586.88	--
2/28/26	--	--	--	75,000.00	55,586.88	130,586.88	--
3/31/26	--	166,760.63	166,760.63	75,000.00	55,586.88	130,586.88	--
4/30/26	--	--	--	75,000.00	55,586.88	130,586.88	--
5/31/26	--	--	--	75,000.00	55,586.88	130,586.88	--
6/30/26	450,000.00	166,760.63	616,760.63	75,000.00	55,586.88	130,586.88	1,568,463.76
7/31/26	--	--	--	77,500.00	52,755.63	130,255.63	--
8/31/26	--	--	--	77,500.00	52,755.63	130,255.63	--
9/30/26	--	158,266.88	158,266.88	77,500.00	52,755.63	130,255.63	--
10/31/26	--	--	--	77,500.00	52,755.63	130,255.63	--
11/30/26	--	--	--	77,500.00	52,755.63	130,255.63	--
12/1/26	465,000.00	158,266.88	623,266.88	77,500.00	52,755.63	130,255.63	--
1/31/27	--	--	--	80,833.33	49,830.00	130,663.33	--
2/28/27	--	--	--	80,833.33	49,830.00	130,663.33	--
3/31/27	--	149,490.00	149,490.00	80,833.33	49,830.00	130,663.33	--
4/30/27	--	--	--	80,833.33	49,830.00	130,663.33	--
5/31/27	--	--	--	80,833.33	49,830.00	130,663.33	--
6/30/27	485,000.00	149,490.00	634,490.00	80,833.33	49,830.00	130,663.33	1,565,513.76
7/31/27	--	--	--	83,333.33	46,778.54	130,111.88	--
8/31/27	--	--	--	83,333.33	46,778.54	130,111.88	--
9/30/27	--	140,335.63	140,335.63	83,333.33	46,778.54	130,111.88	--
10/1/27	--	--	--	83,333.33	46,778.54	130,111.88	--
11/30/27	--	--	--	83,333.33	46,778.54	130,111.88	--
12/31/27	500,000.00	140,335.63	640,335.63	83,333.33	46,778.54	130,111.88	--
1/31/28	--	--	--	86,666.67	43,632.71	130,299.38	--
2/28/28	--	--	--	86,666.67	43,632.71	130,299.38	--
3/31/28	--	130,898.13	130,898.13	86,666.67	43,632.71	130,299.38	--
4/30/28	--	--	--	86,666.67	43,632.71	130,299.38	--
5/31/28	--	--	--	86,666.67	43,632.71	130,299.38	--
6/30/28	520,000.00	130,898.13	650,898.13	86,666.67	43,632.71	130,299.38	1,562,467.52

**New York City Industrial Development Agency
Civic Facility Revenue Bonds, Series 2003
(The Child School Project)**

Period Ending	Scheduled Debt Service to Bondholders			Scheduled Debt Service to Trustee ⁽¹⁾			Annual Debt Service
	Semiannual Principal	Quarterly Interest	Debt Service	Monthly Principal	Monthly Interest	Monthly Debt Service	
7/31/28	--	--	--	90,000.00	40,361.04	130,361.04	--
8/31/28	--	--	--	90,000.00	40,361.04	130,361.04	--
9/30/28	--	121,083.13	121,083.13	90,000.00	40,361.04	130,361.04	--
10/31/28	--	--	--	90,000.00	40,361.04	130,361.04	--
11/30/28	--	--	--	90,000.00	40,361.04	130,361.04	--
12/31/28	540,000.00	121,083.13	661,083.13	90,000.00	40,361.04	130,361.04	--
1/31/29	--	--	--	93,333.33	36,963.54	130,296.88	--
2/28/29	--	--	--	93,333.33	36,963.54	130,296.88	--
3/31/29	--	110,890.63	110,890.63	93,333.33	36,963.54	130,296.88	--
4/30/29	--	--	--	93,333.33	36,963.54	130,296.88	--
5/31/29	--	--	--	93,333.33	36,963.54	130,296.88	--
6/30/29	560,000.00	110,890.63	670,890.63	93,333.33	36,963.54	130,296.88	1,563,947.52
7/31/29	--	--	--	96,666.67	33,440.21	130,106.88	--
8/31/29	--	--	--	96,666.67	33,440.21	130,106.88	--
9/30/29	--	100,320.63	100,320.63	96,666.67	33,440.21	130,106.88	--
10/31/29	--	--	--	96,666.67	33,440.21	130,106.88	--
11/30/29	--	--	--	96,666.67	33,440.21	130,106.88	--
12/31/29	580,000.00	100,320.63	680,320.63	96,666.67	33,440.21	130,106.88	--
1/31/30	--	--	--	100,833.33	29,791.04	130,624.38	--
2/28/30	--	--	--	100,833.33	29,791.04	130,624.38	--
3/31/30	--	89,373.13	89,373.13	100,833.33	29,791.04	130,624.38	--
4/30/30	--	--	--	100,833.33	29,791.04	130,624.38	--
5/1/30	--	--	--	100,833.33	29,791.04	130,624.38	--
6/30/30	605,000.00	89,373.13	694,373.13	100,833.33	29,791.04	130,624.38	1,564,387.52
7/31/30	--	--	--	104,166.67	25,984.58	130,151.25	--
8/1/30	--	--	--	104,166.67	25,984.58	130,151.25	--
9/30/30	--	77,953.75	77,953.75	104,166.67	25,984.58	130,151.25	--
10/31/30	--	--	--	104,166.67	25,984.58	130,151.25	--
11/30/30	--	--	--	104,166.67	25,984.58	130,151.25	--
12/31/30	625,000.00	77,953.75	702,953.75	104,166.67	25,984.58	130,151.25	--
1/31/31	--	--	--	108,333.33	22,052.29	130,385.63	--
2/28/31	--	--	--	108,333.33	22,052.29	130,385.63	--
3/1/31	--	66,156.88	66,156.88	108,333.33	22,052.29	130,385.63	--
4/30/31	--	--	--	108,333.33	22,052.29	130,385.63	--
5/31/31	--	--	--	108,333.33	22,052.29	130,385.63	--
6/30/31	650,000.00	66,156.88	716,156.88	108,333.33	22,052.29	130,385.63	1,563,221.26
7/31/31	--	--	--	112,500.00	17,962.71	130,462.71	--
8/31/31	--	--	--	112,500.00	17,962.71	130,462.71	--
9/30/31	--	53,888.13	53,888.13	112,500.00	17,962.71	130,462.71	--
10/31/31	--	--	--	112,500.00	17,962.71	130,462.71	--
11/30/31	--	--	--	112,500.00	17,962.71	130,462.71	--
12/31/31	675,000.00	53,888.13	728,888.13	112,500.00	17,962.71	130,462.71	--
1/31/32	--	--	--	116,666.67	13,715.83	130,382.50	--
2/28/32	--	--	--	116,666.67	13,715.83	130,382.50	--
3/31/32	--	41,147.50	41,147.50	116,666.67	13,715.83	130,382.50	--
4/30/32	--	--	--	116,666.67	13,715.83	130,382.50	--
5/31/32	--	--	--	116,666.67	13,715.83	130,382.50	--
6/30/32	700,000.00	41,147.50	741,147.50	116,666.67	13,715.83	130,382.50	1,565,071.26
7/31/32	--	--	--	120,833.33	9,311.67	130,145.00	--
8/31/32	--	--	--	120,833.33	9,311.67	130,145.00	--
9/30/32	--	27,935.00	27,935.00	120,833.33	9,311.67	130,145.00	--
10/31/32	--	--	--	120,833.33	9,311.67	130,145.00	--
11/30/32	--	--	--	120,833.33	9,311.67	130,145.00	--
12/31/32	725,000.00	27,935.00	752,935.00	120,833.33	9,311.67	130,145.00	--
1/31/33	--	--	--	125,833.33	4,750.21	130,583.54	--
2/28/33	--	--	--	125,833.33	4,750.21	130,583.54	--
3/31/33	--	14,250.63	14,250.63	125,833.33	4,750.21	130,583.54	--
4/30/33	--	--	--	125,833.33	4,750.21	130,583.54	--
5/31/33	--	--	--	125,833.33	4,750.21	130,583.54	--
6/30/33	755,000.00	14,250.63	769,250.63	125,833.33	4,750.21	130,583.54	1,564,371.26
	<u>\$ 18,250,000.00</u>	<u>\$ 28,519,601.14</u>	<u>\$ 46,769,601.14</u>	<u>\$ 18,250,000.00</u>	<u>\$ 28,519,601.14</u>	<u>\$ 46,769,601.14</u>	<u>\$ 46,769,601.14</u>

(1) Does not include interest earned on various funds and accounts, if any.

Annual Employment Report

For the Year Ending June 30, ____

In order to comply with Local and State employment reporting requirements, the New York City Industrial Development Agency must require all of its project companies to complete and return the Report to the Agency no later than August 1, ____.

The Child School
317 East 33rd Street
New York, New York 10016

Telephone # _____

Tax ID # _____

Please provide information as of June 30th of jobs at the Project Location(s). Do not include any subcontractors and consultants. Include only employees and owners/principals on your payroll at the Project Location.

Number of existing FULL TIME JOBS _____

Number of existing PART TIME JOBS _____

Attached hereto is a copy of the Lessee's final payroll report evidencing the total number of employees employed by the Lessee during the reporting period.

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 agreement. The Company hereby authorizes any private or governmental entity, including but not limited to The New York State Department of Labor ("DOL"), to release to the New York City Industrial Development Agency (the "Agency") and/or to 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 DOL's control which is pertinent to the Company and the Company's employees. In addition, upon the Agency's request, the Company shall provide to the Agency any employment information in the Company's possession which is pertinent to the Company and the Company's employees. Information released or provided to Information Recipients by DOL, or by any other governmental entity, or by any private entity, or by the Company itself, 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 69 of 1993, (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.

Principal/Owner/Chief Financial Officer _____ (Please Print)

Signature _____ Date _____

QUESTIONS: Please call the IDA Compliance Helpline at (212) 312-3968.

PLEASE FAX YOUR RESPONSE TO 212-312-3918

Annual Employment Report FOR BOND REDEMPTIONS AND TERMINATIONS

In order to comply with Local and State employment reporting requirements, the New York City Industrial Development Agency must require all of its project companies to complete and return this report on or before the date of redemption and/or termination.

The Child School
317 East 33rd Street
New York, New York 10016

Telephone # _____

Tax ID # _____

Please provide information as the date of redemption and/or termination of jobs at the Project Location(s). Do not include any subcontractors and consultants. Include only employees and owners/principals on your payroll at the Project Location.

Number of existing FULL TIME JOBS _____

Number of existing PART TIME JOBS _____

Attached hereto is a copy of the Lessee's final payroll report evidencing the total number of employees employed by the Lessee during the reporting period.

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 agreement. The Company hereby authorizes any private or governmental entity, including but not limited to The New York State Department of Labor ("DOL"), to release to the New York City Industrial Development Agency (the "Agency") and/or to 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 DOL's control which is pertinent to the Company and the Company's employees. In addition, upon the Agency's request, the Company shall provide to the Agency any employment information in the Company's possession which is pertinent to the Company and the Company's employees. Information released or provided to Information Recipients by DOL, or by any other governmental entity, or by any private entity, or by the Company itself, 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 69 of 1993, (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.

Principal/Owner/Chief Financial Officer _____ (Please Print)

Signature _____ Date _____

QUESTIONS: Please call the IDA Compliance Helpline at (212) 312-3968.

PLEASE FAX YOUR RESPONSE TO 212-312-3918

20-- subtenant survey

The Child School
317 East 33rd Street
New York, New York 10016

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 of **January 1, 20**_____.

Total Square Footage of Building(s): _____ s.f.

<u>Subtenant</u>	<u>Floor</u>	<u>Square Footage Leased</u>	<u>Lease Begins</u>	<u>Lease Ends</u>
------------------	--------------	----------------------------------	---------------------	-------------------

I, the undersigned, hereby certify to the best of my knowledge and belief that the information reported above is true, correct 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
HelpLine: 212-312-3968

**PROJECT COMPLETION CERTIFICATE OF LESSEE AS
REQUIRED BY SECTION 2.1(e) OF THE LEASE AGREEMENT**

The undersigned, an Authorized Representative (as defined in the Lease Agreement referred to below) of The Child School, a not-for-profit education corporation organized under the laws of the State of New York (the "Lessee"), HEREBY CERTIFIES that this Certificate is being delivered in accordance with the provisions of Section 2.1(e) of that certain Lease Agreement, dated as of April 1, 2003 (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):

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

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, services, machinery, equipment, materials and supplies used therefor have been paid for or arrangement for payment, as described below, has been made [insert details of payment arrangement if possible];

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

the Agency has good and valid leasehold title to the Facility, and all property constituting the Facility is subject to the Lease Agreement, subject only to Permitted Encumbrances;

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

\$ _____ represents the amount required for the payment of remaining Project costs;

this Certificate is given with 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; and

attached hereto are (a) releases of mechanics' liens (other than those otherwise provided for pursuant to the Lease Agreement) by the general contractor and by all contractors and materialmen who supplied work, labor, services, machinery, equipment, materials or supplies in connection with the Project, (b) a permanent 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 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 _____, 20____.

THE CHILD SCHOOL

By: _____
Name:
Title:

SCHOOL COMPLIANCE CERTIFICATE
FOR THE CHILD SCHOOL
ACADEMIC YEAR 20__ --20__

I. Sharing facilities with one or more public schools during the past academic year:

On a separate attachment, briefly describe how the School has shared its facilities with or has made its facilities available to one or more public schools in New York City. Please identify the recipient public schools and describe the facilities shared and the manner in which it was shared.

II. Community service during the past academic year:

1. Is the School providing community service under a written community service program; or is the School providing community service through the efforts of a full-time, paid staff member (if the latter, provide the staff member's name)? _____
2. On a separate attachment, briefly describe the community services provided by the School and to whom; in addition to this general description, also include the following information:
 - How did trustees, administration, faculty or students participate in providing the community services?
 - Were there any quantifiable objectives applied in providing the community services? If so, to what extent were they achieved?

III. Status

Through out the past academic year, has the school been chartered by the New York State Board of Regents as an education institution? _____

IV. Substantial Occupancy

Substantial Occupancy (within the meaning of the Lease Agreement) for the Facility was achieved in the following academic year: _____

I hereby certify that the answers to the foregoing questions, including the information provided on separate attachments annexed hereto in response to such questions, are accurate and correct.

THE CHILD SCHOOL

By: _____

Name: _____

Title: _____

Sworn before me
this ____ day of _____, 20__

Notary Public