

Lease Agreement

LEASE AGREEMENT

Dated as of June 1, 1999

by and between

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

and

MEDISYS HEALTH NETWORK INC.

\$20,190,000

New York City Industrial Development Agency
Civic Facility Revenue Bonds
(MediSys Health Network Inc. Project)
Series 1999A

Affecting the Land generally known by the street addresses
8806-18 Van Wyck Expressway, Jamaica, New York,
in the County of Queens
City and State of New York
as more particularly described in
Exhibit B to this Agreement
and which is also known as
Block 9342, Lot 32 and p/o Lot 7
on the Official Tax Map of Queens County

Record and Return to:
Whitman Breed Abbott & Morgan
200 Park Avenue
New York, New York 10166
Attention: H. Sidney Holmes III, Esq.
File No.: 00677410011

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LEASE AGREEMENT

This **LEASE AGREEMENT**, made and entered into as of June 1, 1999 (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 **MEDISYS HEALTH NETWORK INC.** (the "Lessee"), a not-for-profit corporation duly organized and existing under the laws of the State of New York, having an office at c/o Jamaica Hospital Medical Center, 8900 Van Wyck Expressway, Jamaica, New York 11418, 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 and to improve their prosperity and standard of living; and

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

WHEREAS, to accomplish the purposes of the Act, the Lessee has entered into negotiations with the Agency for (i) the construction and equipping of an approximately 325,825 square foot 990 car, 10 story parking garage on certain parcels of real property located at 8806-18 Van Wyck Expressway, Queens, New York (the "Facility"), (ii) the funding of a Debt Service Reserve Fund, and (iii) the financing of certain costs of issuance relating to the issuance of the Series 1999 Bonds (clauses (i), (ii), and (iii) comprise and are hereinafter referred to collectively as the "Project"); and in furtherance of said purpose, on June 22, 1999, the Agency adopted a resolution (the "Bond Resolution") authorizing the Project, and undertaking to permit the issuance of its civic facility revenue bonds to finance in part the Project; and

WHEREAS, the Project is necessary to provide employment in, and is beneficial for the economy of, The City of New York; and

WHEREAS, the Agency, in order to provide funds for the cost of the Project and for incidental and related costs thereto, will issue and sell its Civic Facility Revenue Bonds (MediSys Health Network Inc. Project), Series 1999 in an aggregate principal amount of \$20,190,000 (the "Series 1999 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 United States Trust Company 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;

WHEREAS, concurrently with the execution hereof, (i) the Agency and the Lessee will grant two mortgage liens on and a security interest in the Facility to the Trustee for the benefit of the Initial Bondholder; (ii) the payment of the principal of, redemption premium, if applicable, and interest on the Series 1999 Bonds, and the payments, obligations, covenants and agreements of the Lessee under this Lease Agreement, will be guaranteed by the Lessee (the "Guarantor"), all pursuant to a guaranty agreement with the Trustee dated as of June 1, 1999 (the "Guaranty Agreement");

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 of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable on any 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 1999 Bonds, authorized to be issued pursuant to a Supplemental Indenture and issued under and pursuant to the Indenture.

Additional Indebtedness shall mean any Indebtedness incurred by the Lessee subsequent to the issuance of the Series 1999 Bonds.

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 collectively that Agency Mortgage and Security Agreement (Project Loan) in the amount of \$2,455,943 from the Lessee and the Agency to the Trustee (and its successors and assigns) dated the date hereof constituting a second mortgage lien on the Facility and securing those Bond proceeds allocated to the project costs of the Facility and shall include any and all amendments or supplements thereto hereafter made in conformity herewith and with the Indenture and that Agency Mortgage and Security Agreement (Building Loan) in the amount of \$17,734,057 from the Lessee and the Agency to the Trustee (and its successors and assigns) dated the date hereof constituting a first mortgage lien on the Facility and securing those Bond proceeds allocated to the construction cost of the Facility and shall include any and all amendments or supplements thereto hereafter made in conformity herewith and with the Indenture.

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 President, the Vice President, the Treasurer, the Secretary or the Chairman 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 1999 Bonds and any Additional Bonds.

Code shall mean the Internal Revenue Code of 1986, as amended, including the regulations promulgated thereunder, and any successor codes, statutes or regulations.

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 Assets shall have the meaning specified in Section 9.17 hereof.

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 January 1 and ending on December 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, and shall include any and all amendments thereof and supplements thereto.

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 and expressly excluding any improvements existing on the effective date hereof or any other improvements made at Lessee's sole cost and expense and not from the proceeds of bonds.

Indebtedness shall mean, without duplication (i) all obligations of the Lessee recorded or required to be recorded as liabilities on the balance sheet thereof for the payment of moneys incurred or assumed by the Lessee as determined in accordance with generally accepted accounting principles and (ii) all contingent obligations of the Lessee in respect of, or to purchase or otherwise acquire or service, indebtedness of, other persons, including but not limited to guarantees or endorsements (other than for purposes of collection in the ordinary course of business) of indebtedness of other persons, obligations to reimburse issuers of letters of credit or equivalent instruments for the benefit of any person, and contingent obligations to repurchase property theretofore sold by such contingent obligor.

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 that certain lot, piece or parcel of land generally known by the street address 8806-18 Van Wyck Expressway, Queens, 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.

Lessee shall mean **MediSys Health Network Inc.** 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 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.

Operation and Maintenance Reserve Fund shall mean the Operation and Maintenance Reserve Fund established by Section 5.01 of the Indenture.

Operation and Maintenance Reserve Fund Requirement shall mean:

A deposit of \$30,000 each calendar year, up to a maximum amount of \$300,000, provided that any deficit after the maximum amount is reached shall be replaced by annual payments of \$30,000, or such lesser amount as shall make up the deficit.

Permitted Encumbrances shall mean:

- (i) this Agreement, the Company Lease and the Agency Mortgage;
- (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 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;

(vi) any mortgage, lien, security interest or other encumbrance which exists in favor of the Trustee;

(vii) any lien created in compliance with Section 6.10 hereof.

(viii) liens arising out of judgments or awards against Lessee with respect to which an appeal or proceeding for review is being prosecuted diligently and in good faith; and

(ix) materialmen's, mechanics or other like liens for amounts the payment of which is not yet delinquent or is being contested diligently and in good faith.

Plans and Specifications shall mean the plans and specifications for Project, which have been approved by all applicable governmental agencies and if requested by the Agency, submitted to an Authorized Representative of the Agency, as such plans and specifications may change from time to time as permitted by Section 2.1 of this Agreement.

Project shall mean the construction and renovation of a civic facility within the meaning of the Act as more particularly described in the Description of Project in Exhibit A hereto.

Revenue Fund shall mean the Revenue Fund established by Section 5.01 of the Indenture.

Security Documents shall mean, collectively and severally, the Lease Agreement, the Company Lease Agreement, the Guaranty Agreement, the Agency Mortgage, and the Indenture, together with any and all other agreements or instruments delivered or assigned to the Trustee as security for the payment of the principal of and redemption premium, if any, and interest on the Bonds.

Series 1999 Bonds shall mean the Agency's Civic Facility Revenue Bonds (**MediSys Health Network Inc.** Project), Series 1999 issued, executed, authenticated and delivered pursuant to Article II of the Indenture.

State shall mean the State of New York.

Surplus Fund shall mean the Surplus Fund established by Section 5.01 of the Indenture.

Tax Certificate shall mean the "Tax Certificate as to Arbitrage and Provisions of Section 103(a) of the Internal Revenue Code of 1986", dated the date of original issuance of the Bonds and executed by Authorized Representatives of the Agency and the Lessee.

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 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 United States Trust Company 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 1999 Bonds in an aggregate principal amount of \$20,190,000. The Series 1999 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 is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of New York, is not in violation of any provision of its

certificate of incorporation or by-laws, has the corporate power and authority to own property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement.

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

(c) 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 particular 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.

(d) Except as previously described in writing by the Lessee to the Agency, there is no action or proceeding pending or 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, provided it is understood that there are certain authorizations, consents and approvals required in connection with the construction of the Project and the operation of the Facility upon completion of the Project that would not customarily be obtained as of the date hereof and which the Lessee reasonably expects to be obtained in a timely fashion.

(e) Except as set forth in the Tax Certificate, any costs incurred with respect to that part of the Project paid from the proceeds of the sale of the Bonds shall be treated on the books of the Lessee as capital expenditures in conformity with generally accepted accounting principles applied on a consistent basis.

(f) 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.

(g) The Facility will constitute a "civic facility" and a "project" under the Act.

(h) 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.

(i) 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.

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

(k) Except for expenditures relating to costs of issuance and deposits made to the Capitalized Interest Account, no part of the proceeds of the Bonds will be used to finance inventory or will be used for working capital or to 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.

(l) The Project is reasonably necessary to preserve the competitive position of the Lessee and its affiliated entities in the healthcare industry.

(m) The Project will be operated throughout the term of this Agreement by a 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.

(n) 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.

(o) 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 and by application of general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(p) The Lessee, upon completion of the Project, will be in substantial 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.

(q) The Project has been designed, and upon completion will be, in 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.

(r) The representations set forth in the Certificate of **MediSys Health Network Inc.** as to 501(c)(3) Status and as to Representations and Information Regarding Arbitrage, as amended to and including the date of delivery of the most recent Series of Bonds, executed by the Lessee, are true and correct as of the date of such Certificate and are incorporated by reference into this Agreement as if fully set forth herein.

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

(t) The aggregate square footage of the Improvements constituting the Facility is approximately 325,825 square feet and the aggregate square footage of the Land is approximately 51,234 square feet.

(u) The Fiscal Year of the Lessee ends on December 31st.

(v) Within three (3) months from the date of execution and delivery of this Agreement, the Lessee will pay all real estate taxes then due and owing.

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 1999 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 1999 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, 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 and equipping of the Facility 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 complete the Project, or cause the Project to be completed, in accordance with the Plans and Specifications, in a first class worker-like manner, free of defects in materials and workmanship (including latent defects) by February, 2001, 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 5% 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 \$200,000, 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 \$200,000 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, delivered to the Agency and the Trustee, stating, based upon the Lessee's review of the certification of the Lessee's architect and except for any Project Costs not then due and payable or the liability for payment of which is being contested or disputed in good faith by the Lessee, (i) that the Project has been completed substantially in accordance with the Plans and Specifications and the date of completion of the Project, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor have been paid for, (iii) that all other facilities necessary in connection with the Project have been completed and all costs and expenses incurred in connection therewith have been paid, (iv) that the Agency has a good and valid leasehold interest in the Facility (which certification may be delivered in reliance on a leasehold title informational continuation update), that all property constituting the Facility is subject to this Agreement and the lien and security interest of the Agency Mortgage, (v) that, in accordance with all applicable laws, regulations, ordinances and guidelines, the Facility is ready for occupancy, use and operation for its intended purposes, and (vi) the amount, if any, required in the opinion of such Authorized Representative for the payment of any remaining part of the costs of the Project. 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 and a certificate stating as to when the Facility will begin operations, 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) an Opinion of Counsel addressed to the Agency and the Trustee to the effect that the security interests created under the Indenture have been duly perfected and constitute valid security interests in all rentals and other amounts payable by the Lessee to the Agency under the provisions of this Agreement; (iii) 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 (iv) a survey of the Facility prepared by a licensed surveyor at the Lessee's sole cost and expense, which survey shall (subject to permitted encumbrances)(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 1999 Bonds; Application of Proceeds of Series 1999 Bonds; Additional Bonds. (a) Contemporaneously with the execution and delivery of this Agreement, the Agency will sell and deliver the Series 1999 Bonds in the aggregate principal amount of \$20,190,000. The proceeds of sale of the Series 1999 Bonds shall be applied as follows: (i) an amount representing accrued interest, if any, on the Series 1999 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 representing capitalized interest, if any, on the Series 1999 Bonds shall be deposited in the Capitalized Interest Account; (iii) 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 (iv) 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 1999 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 1999 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 improvement 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) mortgagee title insurance in an aggregate amount not less than \$20,190,000 insuring the Trustee's interest under the Agency Mortgage as holder of a first and second mortgage lien on the Facility Realty, in each case subject only to Permitted Encumbrances, and (c) a survey of the Facility certified to the Lessee, the title company, the Agency and the Trustee. Any proceeds of such title insurance shall be paid 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 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. Any proceeds of such mortgagee title insurance insuring against loss as a result of defects affecting the Trustee's interest as holder of a mortgage lien on the Facility Realty shall be paid to the Trustee and deposited by the Trustee in the Redemption Account of the Bond Fund.

ARTICLE III

LEASE OF FACILITY AND RENTAL PROVISIONS

Section 3.1. Lease of the Facility. 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 terms and conditions herein set forth. The Lessee shall at all times during the term of this Agreement occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as a "civic facility" within the meaning of the Act primarily for a parking garage. 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. The Lessee further agrees that no part of the Facility shall be used for any purpose which would cause the Agency's financing of the Project to constitute a violation of the First Amendment of the United States Constitution, and, in particular, the Lessee agrees that no part of the Facility shall be used for any sectarian instruction for the purposes of advancement of religion or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; and any proceeds of any sale, lease, taking by eminent domain of the Facility or other disposition thereof shall not be used for, or to provide a place for, such instruction, worship or program. The provisions of the foregoing sentence shall, to the extent permitted and required by law, survive termination of this Agreement. This Agreement is and shall be subject and subordinate in all respects to the Company Lease.

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 February 15, 2024, 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. The Lessee covenants to make rental payments which the Agency agrees shall be paid by the Lessee directly to the Trustee. Such rental shall, to the extent not paid from amounts on deposit in the Capitalized Interest Account of the Project Fund, be paid during the term of this Agreement, by wire transfer, not later than one (1) Business Day prior to each due date for the payment of the principal or Redemption Price, if applicable, of, and interest on, the Bonds as set forth in the Indenture until the principal or Redemption Price, if applicable, and interest on the Bonds shall have been fully paid, or provision for the payment thereof shall have been made in accordance with the provisions of Section 10.01 of the Indenture. 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 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 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 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 additional amounts set forth in the Indenture to be paid by the Lessee with respect to interest on the Series 1999 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 shall 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 (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 from the date 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 in each case by making six (6) monthly installments to the Trustee in an amount equal to one-sixth (1/6) of 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 withdraw any moneys on deposit therein, and, if necessary, 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) [Reserved]

(d) 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 satisfy 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.

(e) Consent to Assignment of Rentals. Pursuant to the Agency Mortgage, the Agency and the Lessee shall grant a lien on and security interest in the Facility prior to the lien of this Agreement. 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 the Trustee 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.

(f) 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.

(g) 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.

(h) 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.

(i) Additional Rentals. Any payments made 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 (g) of this Section shall constitute additional rental payments payable under this Section.

Section 3.4. Obligation of Lessee Unconditional. The obligation of the Lessee to pay rentals and all other payments provided for in this Agreement and to maintain the Facility in accordance with Section 4.1 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 further agrees that the payments required by this Agreement shall be paid by the Lessee to the Trustee and the Agency whether or not any user or occupant of any part of the Project is delinquent in the payment of rentals or other charges owed to the Lessee, and whether or not any such person receives either partial or total reimbursement from any source as a credit against such payment. 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.

The obligation of the Lessee to pay rent and all other payments required under this Agreement shall be deemed satisfied to the extent of the moneys on deposit in the Revenue Fund which are available for such purposes or otherwise in accordance with the Indenture.

Section 3.5. Limitation of Liability. The Lessee's obligations for payment of rental and other amounts hereunder shall be limited in accordance with the provisions of Section 9.17 of this Agreement.

Section 3.6. Right of Set-Off. Subject to the provisions of Section 9.17, 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 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 workerlike 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 Trustee and the Agency (which approvals 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, the Agency Mortgage 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, the Agency Mortgage 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, 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 nor subjecting such property to this Agreement and the lien and security interest of the Agency Mortgage. 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.

(d) The Lessee shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against the Facility or any part thereof, or the interest of the Lessee in the Facility or this Agreement except for Permitted Encumbrances. The Lessee covenants that it shall take or cause to be taken all action, including all filing and recording, as

may be necessary to ensure that the Agency Mortgage shall constitute a first mortgage lien on the Facility.

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

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 \$200,000;

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 the lien and security interest of the Agency Mortgage, and upon

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) incurred in subjecting to this Agreement and the lien and security interest of the Agency Mortgage 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 \$200,000 or disposed of property with proceeds in excess of \$200,000, 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 \$200,000 or the amount received for property disposed of was less than \$200,000), 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 (a) the acquisition of certain premises located at 8806-18 Van Wyck Expressway, Jamaica, Queens, New York being Block 9342 and Lot 32 and p/o Lot 7 (the "Facility Realty"), and (b) constructing, improving and equipping an approximately 325,825 square foot, 990 car ten story parking garage facility.

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

It is recognized that under the provisions of the Act the Agency is required to pay no real estate taxes upon any of the property acquired by it or under its jurisdiction or control or supervision or upon its activities. 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 not-for-profit corporation pursuant to the regulations of the New York City Department of Finance for purposes of determining exemption from 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 not-for-profit corporation for purposes of determining exemption from real estate taxes pursuant to the regulations of the New York City Department of

Finance or the Lessee subleases the whole or any portion of the Facility to an entity that is not exempt from real estate taxes and the Lessee would be obligated to pay any real estate taxes, pursuant to the regulations of the New York City Department of Finance, the Lessee shall not claim exemption from such real estate taxes by virtue of the Agency's presence in the lease chain of 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, (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 or cause to be maintained, as applicable, insurance, with insurance companies licensed to do business in the State, against such risks, loss, damage and liability

(including liability to third parties) and for such amounts as are customarily insured against by other enterprises of like size and type as that of the Lessee, including, without limitation:

(i) During any period of construction, renovation, improvement or reconstruction of the Facility to the extent not covered by the public 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 personal injury and property damage;

(ii) (A) Property damage insurance and (B) during any period of construction, renovation, improvement or reconstruction of the Facility, Builders' All Risk insurance, whether by endorsement or otherwise, written on 100% builders' risk completed value, non-reporting form including coverage therein for completion and/or premises occupancy, all of which insurance shall include coverage for removal of debris, insuring the buildings, structures, facilities, fixtures and other property constituting a part of the Facility against loss or damage to the Facility by fire, lightning, vandalism, malicious mischief and other casualties, with standard extended coverage endorsement covering perils of windstorm, hail, explosion, aircraft, vehicles and smoke (except as limited in the standard form of extended coverage endorsement at the time in use in the State) 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 not less than the greater of (A) 80% of the actual replacement value of the property constituting the Project as determined by a qualified insurance appraiser or insurer (selected by the Lessee and approved by the Agency), 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 \$10,000 with the result that the Lessee is its own insurer to the extent of \$10,000 of such risks;

(iii) Public liability insurance in accordance with customary insurance practices for similar operations with respect to the Facility and the business thereby conducted in a minimum amount of \$20,000,000 until completion of construction of the Facility and thereafter \$10,000,000, which insurance (A) with respect to Lessee, will also provide coverage of obligations of indemnity under Section 6.2 hereof, excluding, however, (x) those indemnity obligations of the Lessee under Section 6.2 hereof with respect to the imposition of taxes and (y) those obligations of the Lessee set forth in Section 6.2(a)(i) hereof and, to the extent not otherwise available, in Section 6.2(c) hereof, (z) those obligations of the Lessee set forth in Section 6.2(a)(v), solely to the extent such obligations are not insurable in accordance with standard policy terms and conditions and without special endorsement, (B) may be effected under overall blanket or excess coverage policies of the Lessee, provided, however, that at least \$500,000 is effected by a comprehensive liability insurance policy, and (C) shall not contain any provisions for a deductible amount;

(iv) Boiler and machine property damage insurance in respect of any steam and pressure boilers and similar apparatus located at the Facility from risks normally insured against under boiler and machinery policies and in amounts and with deductibles

customarily obtained for similar business enterprises and in each case approved by the Agency;

(v) Workers' compensation insurance, disability benefits insurance and such other forms of insurance which the Lessee or the Agency is required by law to provide; and

(vi) Such other insurance in such amounts and against such insurable hazards as the Agency from time to time may reasonably require.

(b) All insurance 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.

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

(i) designate (except in the case of workers' compensation insurance and disability benefits 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 \$200,000 with respect to any particular loss or damage to 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, which insurance proceeds in excess of \$200,000 shall be paid over to the Trustee and deposited in the Renewal 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 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 set-off 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 insurance in excess of \$200,000 received with respect to any particular loss or damage to the property of the Facility shall be deposited in the Renewal Fund and applied in accordance with Section 5.1 hereof and the Indenture.

(e) Concurrently with the original issuance of the Series 1999 Bonds, the Lessee shall deliver or cause to be delivered to the Agency and the Trustee certificates of insurance (and, as soon as practicable thereafter, actual copies of insurance policies and/or binders) evidencing compliance with the insurance requirements of this Section 4.5. 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 of its own insurance required to be obtained by this Section 4.5, and shall cause any sublessee, contractor or other insuring party under this Section 4.5 to take similar action with respect to such party's insurance required hereunder. The Lessee shall not do any act, or suffer or permit any act to be done, whereby any insurance 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, after first notifying the Lessee of any such failure on its part, may (but shall not be obligated to), and without waiver of any of the rights of the Agency or the Trustee under this Agreement or the Indenture, 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 shall become an additional obligation of the Lessee to the Agency or to the Trustee, 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,

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. The Lessee agrees that it will, throughout the term of this Agreement and at its sole cost and expense, promptly observe and comply with all Federal, State and local statutes, codes, laws, acts, ordinances, orders, judgments, decrees, rules, regulations and authorizations, whether foreseen or unforeseen, ordinary or extraordinary, which shall now or at any time hereafter be binding upon or applicable to the Lessee, the Project, the Facility, any occupant, user or operator of the Facility or any portion thereof (including, without limitation, those relating to zoning, land use, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wages, and employment practices), and will observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all rights, licenses, permits (including without limitation zoning variances, special exception and non-conforming uses), privileges, franchises and concessions. The Lessee 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.

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 \$200,000) 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 temporary use of the Facility 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 \$200,000 derived therefrom shall be paid to the Trustee and deposited in the Renewal Fund and the Lessee shall either:

(i) in the Event of a Loss Event at the Facility, 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 subdivision (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 5.06 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, 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 shall:

(i) automatically be deemed a part of the Facility and shall be subject to this Agreement and the lien and security interest of the Agency Mortgage,

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

(iii) 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 in accordance with the terms of the applicable contract(s) therefor, and

(iv) (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 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 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 the 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 improvements, machinery, equipment or other property installed on or about the Facility Realty but which, at the time of such damage or taking, is not part of the Facility nor subject to the Agency Mortgage and is owned or leased by the Lessee.

(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. 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 not-for-profit 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, (iv) except as expressly provided herein, 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 without the prior written consent of the Agency and the Trustee at the written direction of Owners of all the Outstanding Bonds, and any purported disposition without such consent shall be void, and (v) not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it. The Lessee, however, without violating the foregoing, with the prior written consent of the Agency, 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 not-for-profit 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 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, delivered to the Agency and the Trustee, (x) such 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. In addition to the foregoing provisions, so long as the initial Lessee is MediSys Health Network Inc. ("MediSys"), the Lessee shall have the right to transfer and assign this Agreement and the Facility Assets alone (with MediSys having the right to retain any other assets of MediSys) to a Tax-Exempt Organization that is an Affiliate of MediSys, subject to the requirements set forth above, modified to reflect the fact that assets other than the Facility Assets are not transferred or assigned. Provided notice is given to the Agency and the applicable requirements set forth in the Security Documents are met, the consent of the Agency shall not be unreasonably withheld.

Section 6.2. Indemnity. (a) The Lessee shall at all times protect and hold the Agency, the Trustee and the Paying Agent (collectively, the "Indemnified Parties" and each an "Indemnified Party") harmless of, from and against any and all claims (whether in tort, contract or otherwise), demands, expenses and liabilities for losses, damage, injury and liability of every kind and nature and however caused, and taxes (of any kind and by whomsoever imposed, other than income taxes on the fees paid the Trustee), other than, with respect to each Indemnified Party, losses arising from the gross negligence or willful misconduct of such Indemnified Party,

arising during the term of this Agreement 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 and sale of the Agency's 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, (iii) any defects (whether latent or patent) in the Facility, (iv) the maintenance, repair, replacement, restoration, rebuilding, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility or any portion thereof, or (v) the execution and delivery by the Indemnified Party or the Lessee of, or performance by the Indemnified Party or the Lessee, as the case may be, of any of its obligations under, this Agreement, the Indenture or any other Security Document or other document or instrument delivered in connection herewith or therewith or the transactions contemplated hereby or thereby. The Indemnified Parties, jointly or severally, shall not be liable for any damage or injury to the person or property of the Lessee or its respective directors, officers, partners, employees, agents or servants or persons under the control or supervision of the Lessee or any other Person who may be about the Facility, due to any act or negligence of any Person other than, with respect to any Indemnified Party, the gross negligence or willful misconduct of such Indemnified Party.

(b) The Lessee releases the Indemnified Parties from, and agrees that the Indemnified Parties shall not be liable for and agrees to indemnify and hold the Indemnified Parties harmless against any expense, loss, damage, injury or liability, other than, with respect to each Indemnified Party, losses arising from the direct gross negligence or willful misconduct of such Indemnified Party, incurred because of any lawsuit commenced as a result of action taken by any Indemnified Party with respect to any of the matters set forth in subdivision (i) through (v) of Section 6.2(a) hereof or at the direction of the Lessee and in good faith with respect to any of such matters above referred to. Each Indemnified Party, as the case may be, 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 impair the obligations of the Lessee under this Section 6.2.

(c) In addition to and without limitation of all 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 (as defined hereinafter) on, from, or affecting the Improvements and Facility Equipment in any manner which violates Federal, state or local laws, ordinances, rules, regulations, or policies 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 of the Improvements and Facility Equipment or any tenant, subtenant, prior tenant or prior subtenant has used Hazardous Materials on, from or affecting the Improvements and Facility Equipment in any manner which violates Federal, state or local laws, ordinances, rules, regulations or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials. The Lessee shall, to the extent required by applicable law, keep or cause the Improvements and Facility Equipment to be kept free of Hazardous Materials. 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. The Lessee shall comply with and ensure compliance by all tenants and subtenants with all applicable Federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and use its best efforts to ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder; provided, however, that if any such tenant or subtenant shall be an affiliate of the Lessee, the obligation of the Lessee with respect to such Persons shall be absolute and not limited to best efforts. The Lessee shall (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 applicable Federal, state and local laws, ordinances, rules, regulations, and policies, (y) to the reasonable satisfaction of the Agency and the Trustee, 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, this Agreement and (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 and the Trustee, 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. In the event either of the Agency Mortgage is foreclosed, or a deed in lieu of foreclosure is tendered or this Agreement is terminated and the Company Lease is not simultaneously terminated, the Lessee shall deliver the Facility in such condition that it conforms with all applicable Federal, state and local environmental laws, ordinances, rules or regulations affecting the Facility. For purposes of this paragraph, "**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. §§ 9601 et seq.), the Hazardous Materials Transportation Authorization Act of 1996, as amended (49 U.S.C. §§ 5101 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 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, excluding, however, such materials as are customarily present in buildings such as the Facility provided that such materials are handled, stored and disposed of in accordance with applicable Federal, State and local environmental laws. The provisions of this paragraph shall be in addition to any and all other obligations and liabilities the Lessee may have to any Indemnified Party at common law, and shall survive the termination of this Agreement.

(d) The indemnifications and protections set forth in this Section 6.2 shall be extended with respect to the Agency, to its members, directors, officers, employees, agents and servants and persons under the Agency's control or supervision and with respect to the Trustee and Paying Agent, to any of their respective directors, officers, employees, agents and servants and

persons under either the Trustee's or the Paying Agent's control or supervision, as the case may be.

(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 (other than the liability pursuant to Section 6.2(a)(i) and (v) hereof and, to the extent not reasonably available, in Section 6.2(c) hereof). 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 Agency or the Trustee 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.

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 them in connection 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.

On the date of the sale and delivery by the Agency of the Series 1999 Bonds, the Lessee shall pay to the Agency, and the Agency acknowledges receipt of, an initial financing fee in the amount of \$125,950, 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. 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 1999 Bonds and on every January 1 thereafter 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 its interest in 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, 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 the 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 and the lien of the Agency Mortgage.

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, 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 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 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; Compliance with Rule 15c2-12. (a) The Lessee agrees to furnish to the Agency (at the written request of the Agency) and the Trustee, as soon as available and in any event within one hundred twenty (120) 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 accountants reasonably acceptable to the Agency.

(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 ("No-Default Certificate").

(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.

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, 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. Limitations on Encumbrances Relating to Indebtedness. Except for Permitted Encumbrances, the Lessee may not secure any Indebtedness by granting a mortgage on, security interest in, a lien on or a pledge of the Facility, any portion thereof unless the mortgage or lien, security interest or pledge so created is subject and subordinate to the interests of the Agency and the Trustee hereunder and under the Indenture. In the event that the Lessee grants a mortgage lien on its interest in the Facility, or requests that the Agency grant a mortgage lien on its interest therein, the Lessee will grant or request that the Agency grant a mortgage lien to the Trustee to secure all Bonds Outstanding at the same time. The lien of such mortgage held by the Trustee shall be a first lien, superior to any Indebtedness, and subject only to Permitted

Encumbrances. In the event that the Lessee, with the prior written consent of the Agency, enters into any such mortgage, the Lessee shall not amend or otherwise modify such mortgage in any way that would affect the priority of the lien in favor of the Trustee without the prior written consent of the Agency and the Trustee, which consents shall not be unreasonably withheld.

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 1999 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, (iii) refunding Outstanding Bonds, or (iv) completing the Project. 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 members 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 written direction of the Lessee, and if proceeds of Series 1999 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 such prior gift or grant, plus the amount of the proceeds of such Series 1999 Bonds expended for such component, over (B) the total cost of such component only to the extent to which proceeds of such Series 1999 Bonds were expended for such component. The Trustee shall apply such moneys, at the written direction of an Authorized Representative of the Lessee, to the purchase (at prices not exceeding par) or redemption of an equal principal amount of such Series 1999 Bonds. In no event shall such amounts be used to effect the redemption of any Series 1999 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 1999 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 1999 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 such prior gift or grant, plus the amount of Series 1999 Bond proceeds expended for such component, over (B) the total cost of such component but only to the extent to which proceeds of such Series 1999 Bonds were expended for such component. The Trustee shall apply such moneys, at the written direction of an Authorized Representative of the Lessee, to the purchase (at prices not exceeding par) or redemption of an equal principal amount of such Series 1999 Bonds. In no event shall such amounts be used to effect the redemption of any Series 1999 Bonds prior to date on which such Series 1999 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 1999 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 1999 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 or a memorandum thereof shall be recorded by the Lessee in the appropriate office of the Register of the City of New York, or in such other office as may at the time be provided by law as the proper place for the recordation thereof. 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 Queens 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 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, without the signature of the Lessee or signed by the Agency or the Trustee as attorney-in-fact for the Lessee. The Lessee agrees to perform all acts (including the payment of all costs) necessary in order to enable the Agency to comply with Section 6.07 of the Indenture.

Section 6.15. Non-Discrimination; Employment Information, Opportunities and Guidelines. (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 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 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/of 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 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 a member of the Lessee. In addition, upon a redemption of the Series 1999 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 a member of the Lessee.

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 use more than three percent (3%) of the proceeds of the Bonds 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 1999 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 Facility, 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 Facility, 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.

Section 6.20. Transfers To Revenue Fund. The Lessee covenants and agrees to deposit with the Trustee for deposit to the Revenue Fund (as defined in Section 5.01 of the Trust Indenture) on a weekly basis, to the extent practicable, all income, revenues, receipts, rents, insurance proceeds, issues and profits derived directly or indirectly by the Lessee from the operation and use of and otherwise pertaining to the Facility and the Facility Realty, or any part thereof ("Gross Receipts"), whether resulting from extensions, enlargements, repairs, betterments, or other improvements to the Facility and the Facility Realty.

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 7.1(a) or (b) above) 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 or under any mortgage or security agreement 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 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 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 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 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) the Lessee may, at any time, pay 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), pay such other amounts in default hereunder, render such performance 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, appraisalment, 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. Any such advance rental payment shall be paid to the Trustee in legal tender on or before the redemption date and shall be 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 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 of 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 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 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 an 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) and shall thereafter sell all or substantially all of the Facility, or cause all or substantially all of the Facility to be sold within ten (10) years from the date of issuance of the Bonds

(in each case, other than to a 501(c)(3) institution), 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 within the first six (6) years after the issuance of the Bonds;
2. eighty percent (80%) of the Benefits if the Facility is sold during the seventh (7th) year after the issuance of the Bonds;
3. sixty percent (60%) of the Benefits if the Facility is sold during the eighth (8th) year after the issuance of the Bonds;

4. forty percent (40%) of the Benefits if the Facility is sold during the ninth (9th) year after the issuance of the Bonds; or

5. twenty percent (20%) of the Benefits if the Facility is sold during the tenth (10th) year after the issuance of the Bonds.

The term "Benefits" shall mean, collectively,

1. all miscellaneous benefits derived from the Agency's participation in the financing of the costs of the Project as a result of any exemption from filing and recording fees; and

2. one-half of the amount (but not less than 0) derived by subtracting the aggregate of the interest portions of the installments of rent paid by the Lessee during the lease term from the net earnings (i.e., any income or interest earned by, or increment to, the proceeds of the Bonds, net of any losses or expenses suffered as a result of such investments) derived from the investment of the proceeds of the Bonds prior to disbursement in accordance with the Indenture.

The Lessee covenants and agrees to furnish the Agency with written notification 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, 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 (e) 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 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 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 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 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 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 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 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) Notwithstanding any other provision of this Lease Agreement, including, without limitation, the foregoing provisions of this Section 9.3, upon an assignment by MediSys to an Affiliate of MediSys, as provided for and in accordance with Section 6.1 hereof, MediSys shall be released from all obligations of any kind (i) that arise from and after the date of such assignment or (ii) that are expressly assumed by such Affiliate, except any obligations required by the Indemnity Agreement.

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: Chairperson, with a copy to the Executive Director of the Agency at the same address; and

if to the Lessee, to: **MediSys Health Network Inc.**, c/o The Jamaica Hospital Medical Center, 8900 Van Wyck Expressway, Jamaica, New York 11418, Attention: President; and

if to the Trustee, to United States Trust Company of New York, 114 West 47th Street, New York, New York 10036, Attention: Corporate Trust Department.

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. Any notice, certificate or other communication hereunder shall, except as may expressly be provided, herein, be deemed to have been delivered or given (A) 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.

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, at all reasonable times and upon reasonable notice to enter the Facility but solely for the purpose of assuring that the Lessee 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, subject to the provisions of Section 9.3(e).

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 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, agent or affiliated corporation or entity (collectively, as applicable, "Related Parties") of the Agency or the Lessee, in his or its 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. In addition, notwithstanding any other provision of this Agreement, the Indenture, the Agency Mortgage or any other document executed and delivered by the Lessee in connection with the Facility and the Bonds, it is expressly understood and agreed that the extent of liability of the Lessee for payment of rental or any other amounts due hereunder or for performance of any obligations of the Lessee hereunder is limited solely to the interest of the Lessee in (a) the Facility and any agreement, contracts or other arrangements related to the operation and maintenance of the Facility, (b) revenue, receipts, benefits, rights, property or proceeds of insurance or condemnation awards, and (c) the proceeds of the Series 1999 Bonds (collectively, the "Facility Assets"). Except as to the Facility Assets and subject to the provisions of the Indemnity Agreement, dated as of June 1, 1999, between the Agency and MediSys, all such liability and obligations shall be non-recourse

to the Lessee and its Related Parties and the Agency shall not seek to recover from any assets or revenues of the Lessee or its Related Parties, other than the Facility Assets, for payments of any amounts due or performance of any obligations required hereunder.

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 June 30, 1999.

[Intentionally Left Blank]

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

June 30, 1999.


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

(SEAL)


**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

ATTEST:


Assistant Secretary

By: 
Carolyn A. Edwards
Deputy Executive Director

MEDISYS HEALTH NETWORK INC.

By: 
David Rosen
President

ACKNOWLEDGMENTS

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

On the 30th day of June, in the year nineteen hundred ninety-nine, before me personally came Carolyn A. Edwards, to me known, who, being by me duly sworn, did depose and say that her principal place of business is at 110 William Street, New York, New York; and that she is the Deputy Executive Director of the NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, the Agency described in and which executed the above instrument; that she knows the seal of said Agency; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said Agency, and that she signed her name thereto by like order.



Notary Public

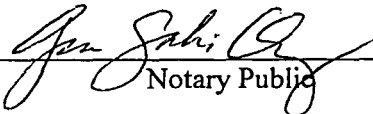
MARTIN BREE
COMMISSIONER OF DEEDS
CITY OF NEW YORK NO. 4-5172
COMMISSION EXPIRES MAR. 01, 2001

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

On the 24th day of June, in the year one thousand nine hundred and ninety-nine, before me, the undersigned, personally appeared David P. Rosen, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

GRACE SACHI ONAGA
Notary Public, State of New York
No. 31-5075493
Qualified in New York County
Commission Expires April 7, 2001

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

On the ___ day of June, in the year one thousand nine hundred and ninety nine, before me, the undersigned, a notary public in and for said state, personally appeared _____, the subscribing witness to the foregoing instrument, with whom I am personally acquainted, who, being by me duly sworn, did depose and say that she resides in _____; that she knows _____ to be the individual described in and who executed the foregoing instrument; that said subscribing witness was present and saw said _____ execute the same; and that said witness at the same time subscribed her name as a witness thereto.

DESCRIPTION OF THE PROJECT

The Bonds are being issued by the Agency for the purpose of financing a portion of the costs of the construction of a 990 car parking garage to be constructed at 8806-18 Van Wyck Expressway, Jamaica, New York (the "Project") described in the Private Placement Memorandum of the Agency and the Institution, dated June 30, 1999 hereof, relating to the Bonds (the "Placement Memorandum").

Exhibit B

DESCRIPTION OF THE LAND

See attached Schedule

TITLE NO. TA#98(06)1196-A

DESCRIPTION - SCHEDULE A

Answer
71
ALL that certain plot, piece or parcel of land, situate, lying and being in the Fourth Ward of the Borough and County of Queens, City and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly side of 89th Avenue distant 90.12 feet westerly, when measured along the northerly side of 89th Avenue, from the corner formed by the intersection of the northerly side of 89th Avenue and the westerly side of the Van Wyck Expressway;

RUNNING THENCE northerly at right angles to 89th Avenue 90.09 feet;

THENCE easterly parallel with 89th Avenue 89.67 feet to the westerly line of the Van Wyck Expressway;

THENCE northerly along the westerly line of the Van Wyck Expressway 179.21 feet to a point;

THENCE westerly along a line forming an interior angle of 102 degrees 06 minutes 21 seconds with the westerly side of the Van Wyck Expressway 114.29 feet;

THENCE westerly at right angles to the Van Wyck Expressway 37.30 feet;

THENCE northerly parallel with the Van Wyck Expressway 14.67 feet;

THENCE westerly at right angles to the Van Wyck Expressway 39.88 feet;

THENCE southerly parallel with the Van Wyck Expressway 96.88 feet;

THENCE easterly at right angles to the Van Wyck Expressway 8.59 feet;

THENCE southerly parallel with the Van Wyck Expressway 10.74 feet;

THENCE westerly at right angles to the Van Wyck Expressway 8.59 feet;

THENCE southerly parallel with the Van Wyck Expressway 107.01 feet;

TITLE NO. TA#98(06)1196-A

DESCRIPTION - SCHEDULE A
(CONTINUED)

*Assume
go*

THENCE westerly at right angles to the Van Wyck Expressway 50.94 feet;

THENCE southerly parallel with the Van Wyck Expressway 93.31 feet to the northerly line of 89th Aveue;

THENCE easterly along the northerly side of 89th Avenue 150.20 feet to the point or place of BEGINNING.

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, ____.

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

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.

Name of Company _____

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

Signature _____ Date _____

If you have any questions, please call the Compliance Helpline at (212) 312-3963

*Please submit the completed form to: New York City Industrial Development Agency
110 William Street, New York, NY 10038
Attention: Compliance Unit*

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 the Annual Employment Report.

Project Company & Project Location(s) (use additional sheet if necessary)

Telephone # _____

Tax ID # _____

Please provide your most current employment figures at the Project Location(s) listed above. Do not include any subcontractors and consultants. Include only employees and owners/principals on your payroll at the Project Location(s).

Number of existing FULL TIME JOBS _____

Number of existing PART TIME JOBS _____

Date of job information (Month/Day/Year) _____

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 Lease.

Name of Company _____

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

Signature _____

Date _____

If you have any questions, please call the Compliance Helpline at (212) 312-3963

COMPANY LEASE AGREEMENT

Between

MEDISYS HEALTH NETWORK INC.

and

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

Dated as of June 1, 1999

\$20,190,000

New York City Industrial Development Agency
Civic Facility Revenue Bonds
(MediSys Health Network Inc. Project) Series 1999

Affecting the Land generally known by the street address
8806-18 Van Wyck Expressway, Jamaica, New York
in the County of Queens,
City and State of New York
as more particularly described in
Exhibit A to this Agreement
and which is also known as
Block 9342, Lot 32 and p/o Lot 7
on the Official Tax Map of Queens County

Record and Return to:
Whitman Breed Abbott & Morgan LLP
200 Park Avenue
New York, New York 10166
Attention: H. Sidney Holmes III, Esq.
File No. 00677410036

COMPANY LEASE AGREEMENT

THIS COMPANY LEASE AGREEMENT, dated as of June 1, 1999 (the "Company Lease"), by and between MEDISYS HEALTH NETWORK INC., a New York not-for-profit corporation, having its principal office at 8900 Van Wyck Expressway, Jamaica, New York 11418, party of the first part (the "Institution"), and NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, duly organized and existing under the laws of the State of New York, having its principal office at 110 William Street, New York, New York 10038, party of the second part (the "Agency") (capitalized terms used in the recitals to and within this Company Lease and not otherwise defined herein shall have the respective meanings assigned to such terms in the Indenture referred to below):

WITNESSETH:

WHEREAS, to accomplish its corporate purposes, the Agency has entered into negotiations with the Institution for the Agency to issue civic facility revenue bonds to finance a portion of the costs of a project consisting of (i) the construction and equipping of an approximately 325,825 square foot ten story parking garage facility on certain parcels of real property located at 8806-18 Van Wyck Expressway, Jamaica, New York (the "Facility"), (ii) the funding of a Debt Service Reserve Fund, and (iii) the financing of certain costs of issuance relating to the issuance of the Series 1999 Bonds (clauses (i), (ii), and (iii) comprise and are hereinafter referred to collectively as the "Project"); and

WHEREAS, the Institution desires to transfer to the Agency leasehold title in the Facility and to lease the Facility to the Agency, on the terms and conditions set forth in this Company Lease; and

WHEREAS, pursuant to a Lease Agreement, dated as of June 1, 1999, between the Agency and the Institution (the "Lease Agreement"), the Agency will sublease the Facility to the Institution; and

WHEREAS, the Agency, in order to provide funds to finance a portion of the costs of the Project, will issue its Civic Facility Revenue Bonds (MediSys Health Network Inc. Project), Series 1999 in the aggregate principal amount of \$20,190,000 (the "Bonds") pursuant to the Act, a resolution of the Agency adopted on June __, 1999, and an Indenture of Trust dated as of June 1, 1999 between the Agency and United States Trust Company of New York, as trustee (the "Trustee") (the "Indenture");

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and representations hereinafter contained, the Institution and the Agency hereby agree as follows:

ARTICLE I.

The Institution hereby leases to the Agency, and the Agency hereby leases from the Institution, the Facility described in Exhibit A hereto, including all improvements thereto and equipment now or hereafter located therein but excluding the Lessee's Property as defined in the Lease Agreement, for the term herein provided and for use as provided in the Lease Agreement. It is the intention of the Institution and the Agency that leasehold title to all improvements hereafter constructed by the Institution in the Facility shall vest in the Agency, its successors and assigns as and when the same are constructed thereon. Accordingly, the Institution and the Agency agree that the Agency shall hold leasehold title to all improvements hereafter constructed by the Institution in the Facility, together with all equipment used or procured for use in connection therewith (other than the Lessee's Property).

ARTICLE 2.

The term of this Company Lease shall commence on the date of original issuance of the Bonds and expire immediately following the earlier of (i) the date the Bonds shall have been paid in full in accordance with Article X of the Indenture or (ii) the termination of the Lease Agreement.

ARTICLE 3.

The sole rental hereunder shall be one dollar (\$1), receipt of which is hereby acknowledged by the Institution.

ARTICLE 4.

The Institution shall promptly lease, construct, equip and install the improvements to the Facility comprising the Project as agent for and on behalf of the Agency. The Institution hereby delivers possession of the Facility to the Agency. The Institution shall deliver possession to the Agency of the Facility as the same is leased, constructed, equipped and installed.

ARTICLE 5.

The Institution represents and warrants that it has full right and lawful authority to enter into this Company Lease for the full term hereof, that the execution, delivery and performance by the Institution of this Company Lease have been duly authorized by all requisite corporate action on the part of the Institution and will not violate (i) any applicable provision of law, or any order of any court or agency of government having jurisdiction thereover, (ii) the charter or the by-laws of the Institution, or (iii) any indenture, agreement or other instrument to which the Institution is a party or which it or any of its property is subject to or bound by, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, which violation, conflict, breach or default would have a material adverse effect upon the affairs, assets, properties, business or financial condition of the Institution. The Institution covenants and agrees that, so long as the Lease Agreement shall be in full force and effect, the Agency shall have, hold and enjoy a valid leasehold estate in the Facility, and the Institution shall from time to time take all necessary

action to that end. The Agency represents and warrants that it has full right and lawful authority to enter into this Company Lease for the full term hereof.

ARTICLE 6.

Neither the Agency nor the Institution shall assign or transfer this Company Lease, nor sublease the whole or any part of the Facility nor subject this Company Lease to any lien, claim, mortgage, encumbrance or servitude, in any manner, other than Permitted Encumbrances nor sell, assign, convey or otherwise dispose of the Facility or any part thereof, during the term of this Company Lease, in any manner, to any Person, except that the Agency shall (a) assign its interest hereunder to the Trustee as contemplated by the Indenture and (b) sublease the Facility to the Institution pursuant to the Lease Agreement for a term not greater than the term herein provided and the Institution may sell, sublease or otherwise dispose of all or portions of the Facility in accordance with the Lease Agreement, except as its enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally and the discretion of a court in applying equitable remedies.

ARTICLE 7.

Except for the Lease Agreement, this Company Lease contains the entire agreement between the parties hereto with respect to the subject matter hereof and all prior negotiations and agreements are merged in this Company Lease. This Company Lease may not be changed, modified or discharged in whole or in part and no oral or executory agreement shall be effective to change, modify or discharge in whole or in part this Company Lease or any obligations under this Company Lease, unless such agreement is set forth in a written instrument executed by the Institution and the Agency. No consent or approval of the Institution shall be deemed to have been given or to be effective for any purposes unless such consent or approval is set forth in a written instrument executed by the Institution. No consent or approval of the Agency shall be deemed to have been given or to be effective for any purposes unless such consent or approval is set forth in a written instrument executed by the Agency.

ARTICLE 8.

All notices required to be given or authorized to be given by any party pursuant to this Company Lease shall be in writing and shall be served personally or sent by hand delivery, overnight delivery by a national courier service or registered or certified United States mail, return receipt requested, addressed as follows:

If to the Agency: New York City Industrial
 Development Agency
 110 William Street
 New York, New York 10038
 Attention: Chairperson (with a copy to the Deputy Executive Director
 of the Agency at the same address)

If to the Institution: MediSys Health Network Inc.

c/o The Jamaica Hospital Medical Center
8900 Van Wyck Expressway
Jamaica, New York 11418
Attention: President

The Agency and the Institution may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. A copy of any notice given to the Agency or the Institution under this Company Lease shall also be given to the Trustee at the address indicated Section 11.03 in the Indenture. Any notice given hereunder shall be deemed to have been delivered or given as of the date it shall have been hand delivered, deposited with a qualifying overnight courier service or mailed.

ARTICLE 9.

THIS COMPANY LEASE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF THE CONFLICTS OF LAWS THEREOF.

The terms of this Company Lease are and shall be binding upon and inure to the benefit of the Agency and the Institution and their respective successors and assigns, subject to Article 6 and Article 11, hereof.

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

ARTICLE 10.

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

ARTICLE 11.

All covenants, stipulations, promises, agreements and obligations of the Agency or the Institution, as applicable, contained in this Company Lease shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency and the Institution, as the case may be, and not of any member, director, officer, employee or agent of the Agency or the Institution in his individual capacity, and no recourse shall be had for the payment of any amounts hereunder against any member, director, officer, employee or agent of the Agency or the Institution. In addition, 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 of New York or of The City of New York and neither the State of New York nor The City of New York shall be liable on any 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 and payable to the Agency by the Institution under the Lease Agreement.

ARTICLE 12.

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

ARTICLE 13.

The use of the Facility and all other rights, duties, liabilities and obligations of the Institution and the Agency with respect thereto and the Project to be constructed, leased and operated and the financing thereof, not fixed in this Company Lease, shall be as set forth in the Lease Agreement.

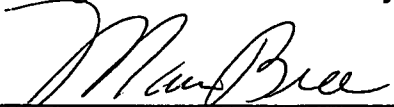
ARTICLE 14.

And the Institution, in compliance with Section 13 of the Lien Law, covenants that the Institution will receive the consideration for this conveyance and will hold the Right to Receive Such Consideration in a manner consistent with Section 13 of the Lien Law.

ACKNOWLEDGMENTS

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

On the 30th day of June, in the year nineteen hundred ninety-nine, before me personally came Carolyn A. Edwards, to me known, who, being by me duly sworn, did depose and say that her principal place of business is at 110 William Street, New York, New York; and that she is the Deputy Executive Director of the NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, the Agency described in and which executed the above instrument; that she knows the seal of said Agency; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said Agency, and that she signed her name thereto by like order.

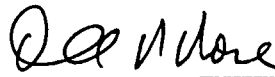


Notary Public

MARTIN BREE
COMMISSIONER OF DEEDS
CITY OF NEW YORK NO. 4-5172
COMMISSION EXPIRES MAR. 01, 2001

IN WITNESS WHEREOF, the Institution has caused its corporate name to be subscribed hereto by its Authorized Representative pursuant to a resolution duly adopted by its Board of Trustees, and the Agency has caused its corporate name to be hereunto subscribed by its duly authorized Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs and attested under the seal of the Agency by its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs, all being done as of the year and day first above written.

MEDISYS HEALTH NETWORK INC.

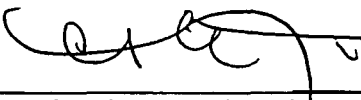
By: 
David P. Rosen
President

(SEAL)

NEW YORK CITY INDUSTRIAL DEVELOPMENT
AGENCY

Attest:


Assistant Secretary

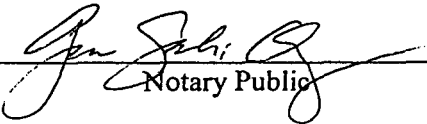
By: 
Carolyn A. Edwards
Deputy Executive Director

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

On the 24th day of June, in the year one thousand nine hundred and ninety-nine, before me, the undersigned, personally appeared David P. Rosen, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.


Notary Public

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

GRACE SACHI ONAGA
Notary Public, State of New York
No. 31-5075493
Qualified in New York County
Commission Expires April 7, 2001

On the ___ day of June, in the year one thousand nine hundred and ninety nine, before me, the undersigned, a notary public in and for said state, personally appeared _____, the subscribing witness to the foregoing instrument, with whom I am personally acquainted, who, being by me duly sworn, did depose and say that she resides in _____; that she knows _____ to be the individual described in and who executed the foregoing instrument; that said subscribing witness was present and saw said _____ execute the same; and that said witness at the same time subscribed her name as a witness thereto.

EXHIBIT A
DESCRIPTION OF THE FACILITY REALTY

See attached Schedule

TITLE NO. TA#98(06)1196-A

DESCRIPTION - SCHEDULE A

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

BEGINNING at a point on the northerly side of 89th Avenue distant 90.12 feet westerly, when measured along the northerly side of 89th Avenue, from the corner formed by the intersection of the northerly side of 89th Avenue and the westerly side of the Van Wyck Expressway;

RUNNING THENCE northerly at right angles to 89th Avenue 90.09 feet;

THENCE easterly parallel with 89th Avenue 89.67 feet to the westerly line of the Van Wyck Expressway;

THENCE northerly along the westerly line of the Van Wyck Expressway 179.21 feet to a point;

THENCE westerly along a line forming an interior angle of 102 degrees.06 minutes 21 seconds with the westerly side of the Van Wyck Expressway 114.29 feet;

THENCE westerly at right angles to the Van Wyck Expressway 37.30 feet;

THENCE northerly parallel with the Van Wyck Expressway 14.67 feet;

THENCE westerly at right angles to the Van Wyck Expressway 39.88 feet;

THENCE southerly parallel with the Van Wyck Expressway 96.88 feet;

THENCE easterly at right angles to the Van Wyck Expressway 8.59 feet;

THENCE southerly parallel with the Van Wyck Expressway 10.74 feet;

THENCE westerly at right angles to the Van Wyck Expressway 8.59 feet;

THENCE southerly parallel with the Van Wyck Expressway 107.01 feet;

TITLE NO. TA#98(06)1196-A

DESCRIPTION - SCHEDULE A
(CONTINUED)

*Issue
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THENCE westerly at right angles to the Van Wyck Expressway 50.94 feet;

THENCE southerly parallel with the Van Wyck Expressway 93.31 feet to the northerly line of 89th Aveue;

THENCE easterly along the northerly side of 89th Avenue 150.20 feet to the point or place of BEGINNING.