

Lease Agreement

**NEW YORK CITY
INDUSTRIAL DEVELOPMENT AGENCY**

and

SARAH ASSOCIATES

LEASE AGREEMENT

Dated as of December 1, 2004

\$5,900,000

New York City Industrial Development Agency
Variable Rate Demand Industrial Development Revenue Bonds
(Super-Tek Products, Inc. Project), Series 2004

RECORD AND RETURN TO:

NIXON PEABODY LLP
437 Madison Avenue
New York, New York 10022
Attention: Scott Singer, Esq.

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS AND REPRESENTATIONS.....	3
SECTION 1.1 Definitions.....	3
SECTION 1.2 Construction.....	6
SECTION 1.3 Representations and Warranties by Agency.....	7
SECTION 1.4 Findings by Agency.....	7
SECTION 1.5 Representations and Warranties by Lessee.....	7
ARTICLE II THE PROJECT	10
SECTION 2.1 The Project.....	10
SECTION 2.2 Completion by Lessee.....	11
SECTION 2.3 Issuance of Series 2004 Bonds, Application of Proceeds of Series 2004 Bonds.....	12
SECTION 2.4 Title Insurance.....	12
SECTION 2.5 Limitation on Sales Tax Exemption.....	12
ARTICLE III LEASE OF FACILITY AND RENTAL PROVISIONS.....	16
SECTION 3.1 Lease and Use of the Facility.....	16
SECTION 3.2 Duration of Term.....	17
SECTION 3.3 Rental Provisions; Pledge of Agreement and Rent.....	17
SECTION 3.4 Obligation of Lessee Unconditional.....	19
SECTION 3.5 Grant of Security Interest.....	19
SECTION 3.6 Right of Set-Off.....	19
SECTION 3.7 Payment of Purchase Price of Tendered Bonds.....	20
SECTION 3.8 Letters of Credit; Fixed Rate Credit Facility.....	20
ARTICLE IV MAINTENANCE, TAXES, PAYMENTS IN LIEU OF TAXES AND INSURANCE	23
SECTION 4.1 Maintenance, Alterations and Improvements.....	23
SECTION 4.2 Removal of Property of the Facility.....	24
SECTION 4.3 Payment in Lieu of Real Estate Taxes.....	25
SECTION 4.4 Taxes, Assessments and Charges.....	30
SECTION 4.5 Insurance.....	31
SECTION 4.6 Advances by Agency or Bank.....	33
SECTION 4.7 Compliance with Law.....	34
ARTICLE V DAMAGE, DESTRUCTION AND CONDEMNATION	34
SECTION 5.1 Damage, Destruction and Condemnation.....	34
ARTICLE VI PARTICULAR COVENANTS	37
SECTION 6.1 Dissolution or Merger of Lessee; Restrictions on Lessee.....	37
SECTION 6.2 Indemnity.....	38

SECTION 6.3	Compensation and Expenses of Trustee, Bond Registrar, Paying Agents, Tender Agent, Remarketing Agent, Bank, Credit Provider and Agency.	41
SECTION 6.4	Retention of Title to Facility; Grant of Easements; Release of Certain Land.	42
SECTION 6.5	Tax Covenants.	43
SECTION 6.6	Financial Statements: No-Default Certificates.	43
SECTION 6.7	Discharge of Liens.	44
SECTION 6.8	Agency’s Authority; Covenant of Quiet Environment.	45
SECTION 6.9	No Warranty of Condition or Suitability.	45
SECTION 6.10	Amounts Remaining in Funds.	45
SECTION 6.11	Issuance of Additional Bonds.	46
SECTION 6.12	Non-Discrimination; Employment Information, Opportunities and Guidelines.	46
SECTION 6.13	Redemption Under Certain Circumstances; Application of Gifts and Grants Relating to the Project.	48
SECTION 6.14	Further Assurances.....	49
SECTION 6.15	Recording and Filing.....	49
SECTION 6.16	Right to Cure Agency Defaults.....	51
ARTICLE VII EVENTS OF DEFAULT; REMEDIES		51
SECTION 7.1	Events of Default.	51
SECTION 7.2	Remedies on Default.....	53
SECTION 7.3	Reserved.....	54
SECTION 7.4	Remedies Cumulative.	54
SECTION 7.5	No Additional Waiver Implied by One Waiver.....	54
SECTION 7.6	Effect on Discontinuance of Proceedings.	54
SECTION 7.7	Agreement to Pay Attorneys’ Fees and Expenses.	55
SECTION 7.8	Rights of Bank.	55
ARTICLE VIII OPTIONS.....		55
SECTION 8.1	Options.	55
SECTION 8.2	Conveyance on Exercise of Option to Purchase.....	58
SECTION 8.3	Option to Purchase or Invite Tenders of Bonds.....	58
SECTION 8.4	Termination of Agreement.....	59
SECTION 8.5	Recapture of Agency Benefits.	59
ARTICLE IX MISCELLANEOUS		60
SECTION 9.1	Indenture; Amendment.	60
SECTION 9.2	Force Majeure.	60
SECTION 9.3	Assignment or Sublease.....	61
SECTION 9.4	Priority of Indenture and Agency Mortgage.	62
SECTION 9.5	Benefit of and Enforcement by Trustee and Bank.....	62
SECTION 9.6	Amendments.	63
SECTION 9.7	Notices.	63
SECTION 9.8	Prior Agreements Superseded.....	63
SECTION 9.9	Severability.	63

SECTION 9.10	Inspection of Facility.	63
SECTION 9.11	Effective Date; Counterparts.....	64
SECTION 9.12	Binding Effect.....	64
SECTION 9.13	Net Lease.	64
SECTION 9.14	Law Governing.	64
SECTION 9.15	Investment of Funds.....	64
SECTION 9.16	Waiver of Trial by Jury.....	64
SECTION 9.17	Reserved.....	65
SECTION 9.18	No Recourse under this Agreement or on Bonds.....	65
SECTION 9.19	Rights of Bank.	65
SECTION 9.20	Date of Agreement for Reference Only.....	65

APPENDICES

EXHIBIT A	Description of Project
EXHIBIT B	Description of Facility Realty
EXHIBIT C	Description of Facility Equipment
EXHIBIT D	Form of Sales Tax Letter
SCHEDULE A	Form of Project Completion Certificate
SCHEDULE B	Annual Benefits Report
SCHEDULE C-1	Annual Employment Report
SCHEDULE C-2	Location and Contact Information
SCHEDULE D	Subtenant Survey
SCHEDULE E	Employment Plan Status Report
SCHEDULE F	Form ST - 340

LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into as of December 1, 2004 (this "Lease 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, having its principal office at 110 William Street, New York, New York 10038 (the "Agency"), party of the first part, and **SARAH ASSOCIATES**, a general partnership duly organized and validly existing under the laws of the State of New York, having an office at 25-44 Borough Place, Woodside, New York 11377 (the "Lessee"), party of the second part (the capitalized terms used in the recitals to and within this Lease Agreement and not otherwise defined herein shall have the respective meaning assigned to such terms in the Indenture referred to below):

WITNESSETH:

WHEREAS, the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act"), authorizes and provides for the creation of industrial development agencies in the several counties, cities, villages and towns in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and furnish land, any building or other improvement, and all real and personal properties, including but not limited to machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, industrial or civic purposes and which may include or mean an industrial pollution control 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 Agency has entered into negotiations with the Lessee and Super-Tek Products, Inc., a corporation duly organized and validly existing under the laws of the State of New York (the "Sublessee"), and affiliated with the Lessee, in order to provide for the financing, refinancing, renovation, construction, furnishing and equipping of a project consisting of (i) the renovation, furnishing, and equipping of an approximately 30,000 square foot building located upon an approximately 30,000 square foot parcel of land located at 25-44 Borough Place, Woodside, Queens, New York 11377, (ii) the construction, renovation and equipping of an approximately 25,000 square foot addition to such existing building, all for use in designing, formulating, manufacturing and custom packaging a diverse range of installation, setting, fixing and repair products for the construction industry (the "Facility"), (iii) the refunding of existing bonds issued by the Agency in 1985 for the acquisition of such facility and (iv) the financing of certain costs of issuance of the Series 2004 Bonds (as hereinafter defined) (collectively, the "Project"); and in furtherance of said purpose on September 14, 2004 and December 14, 2004 the Agency adopted resolutions (collectively, the "Bond Resolution"), authorizing the Project, and permitting the issuance of its industrial development revenue bonds to finance such Project and thereupon to lease the

Facility to the Lessee pursuant to this Lease Agreement for subsequent sublease pursuant to the Sublease Agreement (the "Sublease Agreement"); and

WHEREAS, Agency financing assistance is beneficial for the economy of The City of New York and is reasonably necessary to induce the Lessee and the Sublessee to proceed with the Project; and

WHEREAS, the Agency, in order to provide funds for a portion of the cost of the Project and for a portion of the incidental and related costs thereto, will issue and sell its Variable Rate Demand Industrial Development Revenue Bonds (Super-Tek Products, Inc. Project), Series 2004 in the aggregate principal amount of \$5,900,000 (the "Series 2004 Bonds") pursuant to the Act, the Bond Resolution, and an Indenture of Trust dated as of even date herewith (the "Indenture") by and between the Agency and Wachovia Bank, National Association, as trustee (the "Trustee"), securing said Series 2004 Bonds; and

WHEREAS, in order to further secure the payment of the Series 2004 Bonds, the Lessee, the Sublessee, Formulated Solutions LLC (the "Corporate Guarantor") and John Garuti, Jr. and Diane Burmeister (collectively, the "Individual Guarantors") concurrently with the execution hereof will enter into a Guaranty Agreement, of even date herewith (the "Guaranty Agreement"), by the Lessee, the Sublessee, the Corporate Guarantor and the Individual Guarantors in favor of the Trustee and Citibank, N.A. (the "Bank"), whereunder the Lessee, the Sublessee, the Corporate Guarantor and the Individual Guarantors guarantee the payment of the principal and Purchase Price of, and redemption premium, if any, and interest on, the Series 2004 Bonds; and

WHEREAS, the Series 2004 Bonds are to be secured pursuant to an irrevocable direct pay letter of credit (the "Letter of Credit") to be issued by the Bank to the Trustee for the benefit of the Holders of the Bonds pursuant to a Letter of Credit Reimbursement Agreement, dated as of even date herewith (the "Reimbursement Agreement"), among the Sublessee, the Lessee, the Corporate Guarantor, the Individual Guarantors and the Bank; and

WHEREAS, concurrently with the execution hereof and in order to secure the obligations of the Lessee and the Sublessee owed or owing to the Bank under the Reimbursement Agreement, the Agency, the Lessee and the Sublessee will grant first, second and third mortgage liens and security interests in the Facility to the Bank pursuant, respectively, to an (i) Agency Mortgage and Security Agreement (Acquisition Costs), (ii) Agency Mortgage and Security Agreement (Construction Costs) and (iii) Agency Mortgage and Security Agreement (Indirect Costs), each dated of even date herewith (collectively, the "Agency Mortgage");

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 Lease 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 or the Tax Compliance Agreement hereinbelow defined. The following terms shall have the following meanings in this Lease Agreement:

Additional Bonds shall mean one or more Series of Bonds issued, executed, authenticated and delivered pursuant to Section 2.11 of the Indenture.

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

Agency Mortgage shall mean, collectively, the Agency Mortgage and Security Agreement (Acquisition Costs), the Agency Mortgage and Security Agreement (Construction Costs) and the Agency Mortgage and Security Agreement (Indirect Costs), each of even date herewith, from the Agency, the Lessee and the Sublessee to the Bank, and shall include any and all amendments thereof and supplements thereto and assignment of interests therein hereafter made in conformity therewith and with the Indenture.

Authorized Representative shall mean (i) in the case of the Agency, the Chairman, Vice Chairman, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director or Deputy Executive Director of the Agency, President of Legal Affairs for the Agency or any officer or employee of the Agency authorized to perform specific acts or to discharge specific duties, and (ii) in the case of the Lessee, any Partner and (iii) in the case of the Sublessee, its President, Vice President, Secretary or Treasurer, and any other officer of the Sublessee so designated in writing by the Sublessee to the Agency and the Trustee.

Bank shall mean Citibank, N.A., its successors and/or assigns in its capacity as issuer of the Letter of Credit, and any other issuer of a Substitute Letter of Credit.

Bonds shall mean the Series 2004 Bonds and any Additional Bonds.

Building Loan Agreement shall mean the Building Loan Agreement dated as of December 1, 2004 by and among the Agency, the Bank, the Trustee, the Lessee and the Sublessee, and shall include any and all amendments and supplements thereto.

Closing Date shall mean December 29, 2004, the date of sale and delivery of the Series 2004 Bonds.

Collateral Documents shall have the meaning ascribed to the term Letter of Credit Documents in the Reimbursement Agreement.

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

Corporate Guarantor shall mean Formulated Solutions LLC, a New York limited liability company and its successors or assigns.

Default Rate shall have the meaning ascribed thereto in the Reimbursement Agreement.

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

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

Facility Equipment shall mean the 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, if any, as more particularly described in the Description of Facility Equipment in Exhibit C hereto. Facility Equipment shall, in accordance with the provisions of Sections 4.2 and 5.1 hereof, include all property substituted for or replacing items of Facility Equipment (as provided for in this Lease Agreement) and exclude all items of Facility Equipment so substituted for or replaced.

Facility Realty shall mean the land described in the Description of Facility Realty in the Appendices to the Indenture and this Lease Agreement, and all rights or interests therein or appertaining thereto, together with all structures, buildings, foundations, related facilities, fixtures and other improvements now or at any time made, erected or situated thereon (including the improvements made pursuant to Section 2.1 hereof), and all replacements, improvements, extensions, substitutions, restorations, repairs or additions thereto; but excluding, however, any real property or interest therein released pursuant to Section 6.4 hereof.

Fiscal Year of the Lessee shall mean a year of 365 or 366 days, as the case may be, commencing on January 1 and ending on December 31, 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 of even date herewith from the Lessee, the Sublessee, the Corporate Guarantor and the Individual Guarantors to the Trustee and the Bank, and shall include any and all amendments thereof and supplements thereto.

Improvements shall mean all buildings, structures, foundations, related facilities, fixtures and other improvements now existing or at any time made, erected or situated on the land (including any improvements made as part of the Project pursuant to Section 2.1 hereof) and all replacements, improvements, extensions, substitutions, restorations, repairs or additions thereto.

Indenture shall mean the Indenture of Trust dated as of December 1, 2004 by and between the Agency and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI of the Indenture.

Individual Guarantors shall mean, collectively, John Garuti, Jr. and Diane Burmeister.

Lease Agreement shall mean this Lease Agreement dated as of December 1, 2004 between the Agency and the Lessee, and shall include any and all amendments and supplements thereto.

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

Lessee shall mean Sarah Associates, a general partnership duly organized and validly existing under the laws of the State of New York, and its permitted successors and assigns pursuant to Sections 6.1 or 9.3 hereof (including any surviving, resulting or transferee entity as provided in Section 6.1 hereof).

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount from 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.

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

Project shall mean the construction, renovation, furnishing and equipping of the Facility more particularly described in the Description of Project in the Appendices hereto.

Reimbursement Agreement shall mean the Letter of Credit Reimbursement Agreement, dated as of December 1, 2004, among the Lessee, the Sublessee, the Corporate Guarantor, the Individual Guarantors and the Bank.

Sales Tax Benefit shall mean the sales and use tax exemptions conferred upon the Lessee pursuant to the Sales Tax Letter.

Sales Taxes shall mean New York City and New York State sales and/or compensating use taxes imposed pursuant to Sections 1105, 1107, 1109 and 1110 of the New York State Tax Law, as

each of the same may be amended from time to time (including any successor provisions to such statutory sections).

Sales Tax Letter shall mean the Letter of Authorization for Sales Tax Exemption, which the Agency shall make available to the Lessee in accordance with and substantially in the form set forth in the Appendices to this Agreement.

Series 2004 Bonds shall mean the \$5,900,000 Variable Rate Demand Industrial Development Revenue Bonds (Super-Tek Products, Inc. Project), Series 2004 of the Agency issued, executed, authenticated and delivered under the Indenture.

Sublease Agreement shall mean the Sublease Agreement of even date herewith between the Lessee and the Sublessee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and the Indenture.

Sublessee shall mean Super-Tek Products, Inc., a corporation duly organized and validly existing under the laws of the State of New York, and its permitted successors and assigns.

Tax Compliance Agreement shall mean the Tax Compliance Agreement, dated the date of original issuance of the Bonds, executed by Authorized Representatives of the Agency, the Lessee and the Sublessee and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Trust Estate shall mean all property, interests, revenue, funds, contracts, rights and other security granted to the Trustee in the granting clauses of the Indenture and under the Security Documents.

Trustee shall mean Wachovia Bank, National Association, 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), trusts, corporations 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 makes the following representations and warranties:

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

(b) In order to finance a portion of the cost of the Project, the Agency agrees to issue the Series 2004 Bonds in the aggregate principal amount of \$5,900,000. The Series 2004 Bonds will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

(c) Prior to the issuance of the Series 2004 Bonds, the Agency will duly make the election provided for under Section 144(a)(4)(A) of the Code.

SECTION 1.4 Findings by Agency.

The Agency, based upon the representations and warranties of the Lessee contained in this Lease Agreement and the Sublease Agreement and the information contained in the application and other materials heretofore submitted by or on behalf of the Lessee and the Sublessee to the Agency, hereby finds and determines that the financing and refinancing of a portion of the costs of the Project by the Agency and the subleasing thereof to the Lessee for sub-sublease to the Sublessee is reasonably necessary to induce the Lessee and the Sublessee to proceed with the Project.

SECTION 1.5 Representations and Warranties by Lessee.

The Lessee makes the following representations and warranties:

- (a) The Lessee:
- (i) is a general partnership duly organized, validly existing and in good standing under the laws of the State of New York;
 - (ii) has all requisite legal right, power and authority and all necessary licenses and permits to own, lease and operate the Facility and to carry on its business as now conducted and as presently proposed to be conducted;
 - (iii) is registered with the Secretary of State of New York State and has duly qualified and is authorized to conduct its operations and is in good standing in each jurisdiction where the character of the Facility or the nature of its activities makes such qualification necessary; and
 - (iv) has the full legal right, power and authority to enter into and, by all necessary action, has duly authorized the execution, delivery and performance by the

Lessee of the Security Documents and this Agreement, and no actions to be taken by the Lessee thereunder or hereunder will conflict with or violate any provision of the Lessee's Partnership Agreement, as amended, constitute a breach of or default under any agreement, instrument or indenture to which the Lessee is a party or by which it or the Facility may be bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon the Facility under the terms of any such agreement, instrument or indenture, except for Permitted Encumbrances.

(b) The execution, delivery and performance of this Lease Agreement, each other Security Document to which it shall be a party and the Remarketing Agreement 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 formation documents 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 or the Sublessee, 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 set forth in the notes to the Lessee's financial statements, 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 Lease Agreement, each other Security Document to which it shall be a party and the Remarketing Agreement 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, each other Security Document to which the Lessee shall be a party and the Remarketing Agreement or in connection with the performance of the obligations of the Lessee hereunder, under each of the Security Documents and under the Remarketing Agreement have been obtained.

(e) The assistance of the Agency in the financing and refinancing of a portion of the costs of the Project is reasonably necessary to induce the Lessee and the Sublessee to proceed with the Project.

(f) The completion of the Project will not result in the removal of an industrial, manufacturing, warehousing or commercial plant or facility of the Lessee or the Sublessee or any Affiliate of either from outside the City (but within the State of New York) to within the City or in the abandonment of one or more of such plants or facilities of the Lessee or the Sublessee or any Affiliate of either within the State but outside of the City.

(g) The total cost of the Project to the Lessee is in excess of \$5,900,000.

(h) Except as set forth in the Tax Compliance Agreement, any costs incurred with respect to that part of the Project paid from the proceeds of the sale of the Series 2004 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.

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

(j) No part of the proceeds of the Series 2004 Bonds will be used to finance inventory or will be used for working capital.

(k) The Project is included within the definition of "project" under the Act.

(l) This Lease Agreement, the Remarketing Agreement and the other Security Documents and Collateral 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 as enforcement of the Lessee Documents may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability whether the proceeding is in equity or at law.

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

(n) The Facility Realty does not include convention centers or housing facilities within the meaning of the Act.

(o) Except as set forth in the Tax Compliance Agreement, no portion of the proceeds of the Series 2004 Bonds will be used to finance or refinance any cost other than Project Costs.

(p) All consents, approvals or authorizations, if any, of any governmental bodies or agencies required to be obtained on the part of the Lessee in connection with the conveyance of the Facility Realty by the Lessee to the Agency concurrently with the issuance and delivery of the Series 2004 Bonds, have been duly obtained.

(r) The representations set forth in the Tax Compliance Agreement are true and correct as of the date of such Tax Compliance Agreement and are incorporated by reference into this Lease Agreement as if fully set forth herein.

(s) The aggregate rentable square footage of the Improvements constituting part of the Facility will be approximately 55,000 square feet and the aggregate square footage of the Facility Realty (not including improvements thereon) is approximately 30,000 square feet.

(t) The Fiscal Year of the Lessee ends on [December 31].

(u) The Lessee and the Sublessee may in the course of expansion, construction, renovation, furnishing and equipping of the Project utilize and employ certain of its employees to engage in Project related work, which employees shall be strictly dedicated to working on Project matters. During the term of the Project related work such employee is being utilized for, such

employee shall not be utilized on any other Project related work. Additionally, such employee shall be paid or compensated in an amount no more than would be charged by a third party contractor for such services or work. The Lessee and/or the Sublessee shall, when seeking reimbursement for such costs and expenses pursuant to Section 5.02 of the Indenture, certify the continuing accuracy of the foregoing representations to the Agency and Trustee.

- (v) Neither the Lessee nor the Sublessee nor any Affiliate thereof is a Prohibited Person.

ARTICLE II

THE PROJECT

SECTION 2.1 The Project.

(a) The Lessee conveys to the Agency at the time of the delivery and payment of the Series 2004 Bonds good and marketable leasehold title to the Facility Realty, and good and marketable leasehold title to such items of the Facility Equipment (to the fullest extent that the Lessee is capable of doing with regard to any leased Facility Equipment) as shall have been acquired at the time of such delivery and payment, in each case 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 2004 Bonds deposited in the Project Fund to the extent permitted in Section 2.2 hereof and Section 5.02 of the Indenture.

(b) As promptly as practicable after receipt of the proceeds of sale of the Series 2004 Bonds and out of said proceeds of sale, the Agency will, subject to the provisions of Section 2.2 hereof, cause the Lessee to complete the Project. A portion of the cost of the Project shall be paid from the Project Fund established under the Indenture or as otherwise provided in Section 2.2 hereof.

(c) In order to accomplish the purposes of the Agency, and to assure the effectuation of the Project in conformity with the requirements of the Lessee, the Lessee shall undertake to proceed with the Project to completion. Project work, if any, shall be supervised by the Project Supervisor.

(d) 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.

(e) The Lessee covenants that it will obtain or cause to be obtained all necessary approvals from any and all governmental agencies requisite to the completion of the Project and the operation of the Facility, all of which will be done in compliance with all Federal, State and local laws, ordinances and regulations applicable thereto, including, with respect to any item of Facility Equipment, all manufacturers' instructions and warranty requirements, and with the conditions and requirements of all policies of insurance with respect to the Facility and this Lease Agreement. Upon completion of the Project, the Lessee will promptly obtain or cause to be obtained all required occupancy and operation permits, authorizations and licenses from the appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility for the purposes

contemplated by this Lease Agreement and shall furnish copies of the same to the Agency and the Trustee immediately upon receipt thereof.

(f) The Lessee will extend to the Trustee and the Bank all extendable vendors' warranties received by the Lessee in connection with the Project, including any warranties given by contractors, manufacturers or service organizations who perform work with respect to the Project.

(g) The Lessee shall take such action and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by the Lessee or the Agency in connection with the performance of their obligations under this Section to be considered a Project Cost. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, if recovered prior to the date of completion of the Project, shall be deposited into the Construction Account of the Project Fund and made available for payment of Project Costs, or if recovered after such date of completion, be deposited in the Reimbursement Account of the Lease Payments Fund for application in connection with the redemption of Series 2004 Bonds pursuant to Section 2.04 of the Indenture and payments of amounts owed or owing to the Bank under the Reimbursement Agreement or (if the Letter of Credit is no longer in effect, and all amounts owed to the Bank under the Reimbursement Agreement are paid in full unless payment is waived in writing by the Bank) in the Redemption Account of the Bond Fund for the redemption of the Series 2004 Bonds pursuant to said section.

(h) 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 Series 2004 Bonds shall vest in the Agency immediately upon delivery to or installation or incorporation into the Facility Realty or payment therefor, whichever shall occur first. The Lessee shall take all action necessary to so vest leasehold title to the Facility Equipment in the Agency and to protect such leasehold title against claims of any third parties.

SECTION 2.2 Completion by Lessee.

(a) The Lessee unconditionally covenants and agrees that it will complete the Project, or cause the Project to be completed, by [December 31, 2007], and that such completion will, if applicable, be effected in a first-class workmanlike manner, free of defects in materials or workmanship (including latent defects), in accordance with this Lease Agreement, the Indenture and the Reimbursement Agreement and under the supervision of the Project Supervisor. In the event that moneys 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 moneys therefor in said Project Fund and shall not be entitled to any reimbursement therefor from the Agency, the Trustee, the Bank or the Holders 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 Lease Agreement.

(b) Promptly following the completion of the Project, the Lessee shall deliver to the Agency and the Trustee a certificate of an Authorized Representative of the Lessee substantially in the form set forth in Schedule A attached hereto, together with all attachments required thereunder.

SECTION 2.3 Issuance of Series 2004 Bonds, Application of Proceeds of Series 2004 Bonds.

(a) Contemporaneously with the execution and delivery of this Lease Agreement the Agency will sell and deliver the Series 2004 Bonds in the aggregate principal amount of \$5,900,000 under and pursuant to a resolution adopted by the Agency on December 14, 2004, authorizing the issuance of the Series 2004 Bonds under and pursuant to the Indenture. The proceeds of sale of the Series 2004 Bonds shall be deposited in the Project Fund and applied to the payment of Project Costs in accordance with the provisions of the Indenture. Pending such application, amounts in the Project Fund may be invested as provided in the Indenture.

(b) The application of the proceeds of the sale of the Series 2004 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 2004 Bonds hereunder or under the Indenture and will hold the right to receive the same as a trust fund for the purpose of 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 or under the Indenture.

SECTION 2.4 Title Insurance.

Prior to the delivery of the Series 2004 Bonds to the original purchaser(s) thereof, the Lessee will obtain (a) leasehold title insurance in an amount not less than \$5,900,000 insuring the Agency's interest in the Facility Realty against loss as a result of defects in the leasehold title of the Agency, (b) mortgagee title insurance in an amount equal to \$5,982,439 insuring the Bank's interests under the Agency Mortgage as a holder of mortgage liens on the Facility subject only to Permitted Encumbrances, and (c) a current survey of the site of the Facility Realty certified to the Agency, the Lessee, the Sublessee, the Bank, the Trustee and the title insurance company. Any proceeds of such leasehold title insurance shall be paid to the Trustee for the benefit of the Bondholders and the Bank for deposit in the Renewal Fund and applied to remedy the defect in title. If not so capable of being remedied, in the opinion of the Bank (or, if no Letter of Credit exists, the Agency) or if any amounts remain, the amounts in the Renewal Fund shall be deposited by the Trustee in the Reimbursement Account of the Lease Payments Fund to be applied in connection with the redemption of Series 2004 Bonds pursuant to Section 2.04(d) of the Indenture or, if all amounts owed to the Bank under the Reimbursement Agreement are paid in full, in the Redemption Account of the Series 2004 Bond Fund for the redemption of the Series 2004 Bonds pursuant to said section. Any proceeds of such mortgagee title insurance shall be paid to the Trustee and deposited by the Trustee in the Reimbursement Account of the Lease Payments Fund to be applied in connection with the redemption of Series 2004 Bonds pursuant to Section 2.04(d) of the Indenture or, if all amounts owed to the Bank under the Reimbursement Agreement are paid in full, in the Redemption Account of the Bond Fund for the redemption of the Series 2004 Bonds pursuant to said section.

SECTION 2.5 Limitation on Sales Tax Exemption.

(a) Any exemption from Sales Taxes resulting from or occasioned by the Agency involvement with the Project shall be limited to purchases of Eligible Materials by or for the Lessee as agent for the Agency pursuant to the Sales Tax Letter, it being the intent of the parties that no operating expenses of the Lessee and no purchases of equipment or other personal property (other than Eligible Materials) shall be subject to an exemption from Sales Taxes because of the Agency involvement with the Project.

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

“This [contract, agreement, invoice, bill or purchase order] is being entered into by Sarah Associates, a general partnership duly organized and existing under the laws of the State of New York (the “Agent”), as agent for and on behalf of the New York City Industrial Development Agency (the “Agency”), in connection with a certain project of the Agency for the Agent consisting of the renovation, construction, furnishing and equipping of a manufacturing facility consisting of (i) the renovation, furnishing, and equipping of an approximately 30,000 square foot building located upon an approximately 30,000 square foot parcel of land located at 25-44 Borough Place, Woodside, Queens, New York 11377, and (ii) the construction, renovation and equipping of an approximately 25,000 square foot addition to such existing building, all for use by Super-Tek Products, Inc. (the “Sublessee” in designing, formulating, manufacturing and custom packaging a diverse range of installation, setting, fixing and repair products for the construction industry, (iii) the refunding of existing bonds issued by the Agency in 1985 for the acquisition of such facility (the “Project”), for lease to the Agency and sublease to the Agent for sub-sublease to, and use and occupancy by, the Sublessee. The capital improvements, materials, machinery, equipment, trade fixtures, furniture, furnishings and other tangible personal property to be used for the Project which is the subject of this [contract, agreement, invoice, bill or purchase order] shall be exempt from the sales and use tax levied by the State of New York and The City of New York if effected in accordance with the terms and conditions set forth in the attached Letter of Authorization for Sales Tax Exemption of the Agency, and the Agent hereby represents that this [contract, agreement, invoice, bill or purchase order] is in compliance with the terms of the Letter of Authorization for Sales Tax Exemption. The liability of the Agency hereunder is limited as set forth in the Letter of Authorization for Sales Tax Exemption. By execution or acceptance of this [contract, agreement, invoice, bill or purchase order], the [vendor or contractor] hereby acknowledges the terms and conditions set forth in this paragraph.”

If the Lessee shall fail to include, incorporate by reference or otherwise cause the contract, agreement, invoice, bill or purchase order to be subject to the above applicable language in substantially the above form, such contract, agreement, invoice, bill or purchase order shall not be an undertaking on behalf of the Agency and shall not be entitled to any of the benefits able to be conferred by the Agency, and the Lessee shall not claim any sales or use tax

benefits or exemptions with respect to any such contract, agreement, invoice, bill or purchase order and the Lessee shall return to the Agency any such benefits or exemptions so taken, together with interest on such amount at the rate of eighteen percent (18%) per annum, from the date of such taking.

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

(i) The Sales Tax Letter shall be dated the date of original issuance of the Series 2004 Bonds and shall be effective for a term commencing on its date and expiring upon the earliest of (1) the termination of this Lease Agreement, (2) the completion of the Project as provided in Section 2.2 hereof or (3) the termination of the Sales Tax Letter pursuant to Section 7.2 hereof.

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

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

(A) shall not be available for payment of any costs other than Project Costs for Eligible Materials for incorporation into or use at the Facility,

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

(C) shall not be available for any item of (i) rolling stock or watercraft, (ii) tangible personal property having a useful life of less than one year, or (iii) computer software unless the computer software is of a type that is capable of being capitalized in accordance with generally accepted accounting principles as a capital expenditure for use only at the Facility Realty by the Lessee or the Sublessee,

(D) shall not be available for any date subsequent to which the Sales Tax Letter shall have been suspended as provided in

Section 2.6(c)(ii) hereof; provided, however, that in the event the Lessee shall thereafter cure any defaults under this Lease Agreement, or the Agency shall thereafter waive such suspension, as applicable, the sales and use tax exemption shall again continue from the date of such cure or such waiver,

(E) shall be available only if purchased by the Lessee as agent for the Agency for use by the Lessee or the Sublessee at the Facility,

(F) shall not be available for any tangible movable personal property (including computer software), or trade fixture, for use by any person other than the Lessee or the Sublessee at the Facility,

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

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

(I) shall not be available subsequent to the termination of this Agreement, and

(J) shall only be available for those costs set forth in Exhibit A to the Sales Tax Letter.

(d) In the event that the Lessee shall utilize the sales or use tax exemption authorization provided pursuant to the Sales Tax Letter in violation of the provisions of Section 2.6(c)(iii) hereof, the Lessee shall promptly deliver notice of same to the Agency, and the Lessee shall, upon demand by the Agency, pay to or at the direction of the Agency a return of sales or use tax exemptions in an amount equal to all such unauthorized sales or use tax exemptions together with interest at the rate of eighteen percent (18%) per annum from the date and with respect to the dollar amount for which each such unauthorized sales or use tax exemption was availed of by the Lessee.

(e) The sales and use tax exemption authorizations provided to the Lessee under the Sales Tax Letter and this Agreement availed of by the Lessee shall extend both to those Project Costs the payment for which shall first be made from the proceeds of the Series 2004 Bonds as well as those Project Costs the payment of which is to be reimbursed from the proceeds of the Series 2004 Bonds.

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

(g) The Lessee shall observe and comply with the terms and conditions of the Sales Tax Letter.

(h) The Lessee shall on February 28, 2005 and on each February 28 thereafter until the February 28 following the calendar year in which the Sales Tax Letter shall have been terminated, cancelled, or expired, file a statement (Form ST-340 in the form attached hereto as Schedule F or any successor or additional mandated form) with the New York State Department of Taxation and Finance, on a form and in a manner and consistent with such regulations as is or may be prescribed by the Commissioner of the New York State Department of Taxation and Finance, of the value of all sales and use tax exemptions claimed by the Lessee or agents of the Lessee in connection with the Project and the Facility as required by Section 874(8) of the New York State General Municipal Law (as the same may be amended from time to time), including, but not limited to, consultants or subcontractors of such agents, under the authority granted pursuant to this Lease Agreement. The Lessee shall furnish a copy of such annual statement to the Agency at the time of filing with the Department of Taxation and Finance. Should the Lessee fail to comply with the foregoing requirement related to a statement filing with the New York State Department of Taxation and Finance, the Lessee shall immediately cease to be the agent for the Agency in connection with the Project (such agency relationship being deemed to be immediately revoked) without any further action of the parties, the Lessee shall be deemed to have automatically lost its authority as agent of the Agency to purchase Eligible Materials on the Agency's behalf, and shall desist immediately from all such activity, and shall immediately and without demand return to the Agency the Sales Tax Letter issued to the Lessee by the Agency which is in the Lessee's possession or in the possession of any agent of the Lessee, subject to any rights of the Lessee to cure such failure permitted to the Lessee under applicable law. Nothing herein shall be construed as a representation by the Agency that any property acquired as part of the Project is or shall be exempt from sales taxes or use taxes under the laws of the State.

(i) The Lessee agrees to submit to the Agency on July 31 of each year, beginning July 31, 2005, a completed Benefits Report in the form of Schedule B attached hereto to the extent that the Lessee shall have received Sales Tax Savings during the twelve-month period ending on the June 30 immediately preceding such July 31.

ARTICLE III

LEASE OF FACILITY AND RENTAL PROVISIONS

SECTION 3.1 Lease and Use of the Facility.

(a) In consideration of the rental payments, additional payments and any other payments for which provision is made herein and of the covenants, agreements and obligations herein stated, and in reliance upon the representations and warranties contained herein, the Agency hereby leases the Facility to the Lessee and the Lessee hereby leases the Facility from the Agency, for and during the Lease Term and subject to the provisions of this Lease Agreement and the Permitted Encumbrances. During the Lease Term, the Lessee and the Sublessee shall have sole and exclusive charge of the operation of the Facility.

(b) The Lessee shall administer, occupy, use, maintain and operate the Facility, or cause the Facility to be occupied, used and operated, as a manufacturing facility in accordance with the provisions of the Act and for the general purposes specified in the recitals to this Lease Agreement. The Lessee shall operate the Facility or cause the Facility to be operated during the Lease Term in

accordance with this Lease Agreement and all Legal Requirements and as a qualified "project" in accordance with and as defined under the Act as in effect on the day of closing and knows of no reason why the Facility will not be so operated. The Lessee shall not occupy, use or operate the Facility, or allow the Facility or any part thereof to be occupied, used or operated, for any unlawful purpose or in violation of any certificate of occupancy affecting the Facility or any agreement applicable to the Facility or for any use which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto.

SECTION 3.2 Duration of Term.

The term of this Lease Agreement shall commence on the date of execution and delivery of this Agreement and shall expire at midnight (New York City time) on December 1, 2029 or such earlier or later 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.

The Lessee hereby covenants, simultaneously with its execution and delivery of this Lease Agreement, to enter into, execute and deliver the Sublease Agreement with the Sublessee. Under the terms of the Sublease Agreement, the Sublessee has covenanted, among other things, to keep and perform all of the terms of this Lease Agreement, and the Sublessee has agreed to pay or cause to be paid sublease rentals to the Lessee in the amounts and at the times which will at least equal the lease rentals to be paid by the Lessee hereunder which is an amount sufficient to pay the principal, Purchase Price, or Redemption Price, if any, of, and interest on the Bonds as the same become due.

SECTION 3.3 Rental Provisions; Pledge of Agreement; Sublease Agreement and Rent.

(a) The Lessee covenants and agrees to make rental payments in immediately available funds, which the Agency agrees shall be, and directs to be, paid by the Lessee directly to the Trustee for deposit into the Reimbursement Account of the Lease Payments Fund, on the Business Day next preceding each Interest Payment Date commencing on February 1, 2005, with respect to principal payments due on the Bonds, in an amount equal to one-eleventh (1/11) of the principal payments becoming due on the immediately succeeding December 1, 2005, and, thereafter, on the Business Day next preceding each Interest Payment Date commencing on January 1, 2006, with respect to principal payments due on the Bonds, in an amount equal to one-twelfth (1/12) of the principal payments becoming due on the immediately succeeding December 1.

(b) The Lessee covenants and agrees that the Lessee shall make rental payments in immediately available funds, which the Agency agrees shall be paid by the Lessee directly to the Trustee for deposit into the Reimbursement Account of the Lease Payments Fund, with respect to Bonds bearing interest at the Weekly Interest Rate, on the Business Day next preceding each Interest Payment Date in an amount equal to the interest becoming due on such Bonds Outstanding on such Interest Payment Date and, with respect to Bonds bearing interest at the Fixed Rate, an amount equal to one-sixth (1/6) of the interest becoming due on the next Interest Payment Date, in each case after crediting to such amount investment income earned on the Bond Fund, which investment income or amounts so transferred are available for the payment of such interest.

(c) As security for the performance of its rental payment obligations with respect to the Series 2004 Bonds and not in limitation of its obligations under Sections 3.3(a) and (b) above, the Lessee shall, simultaneously with the issuance and delivery of the Series 2004 Bonds, arrange for the delivery of the Letter of Credit to the Trustee. The Lessee hereby authorizes and directs the Trustee to draw moneys under the Letter of Credit in accordance with the provisions of the Indenture, to the extent and at the times necessary to pay the principal and Purchase Price of and interest on the Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture).

(d) 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 of, redemption premium, if any, and interest on the Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Lessee shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Bond Fund and such payment shall constitute rental payments under this Section 3.3.

(e) 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 shall have been fully paid.

(f) The Lessee shall have the option to prepay its rental obligation with respect to the Bonds, in whole or in part at the times and in the manner provided in Article VIII hereof as and to the extent provided in the Indenture for redemption of the Bonds.

(g) Reserved.

(h) 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 (which, so long as a Letter of Credit for the Bonds is required, must be Priority Amounts) 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) The Lessee and the Agency acknowledge their intention to minimize the risk that any payment made to a Bondholder, so long as a Letter of Credit is in effect, from amounts provided by or on behalf of the Lessee may be determined by a bankruptcy court to constitute a preference. To this end the parties agree that, as and to the extent provided in Section 5.06(a) of the Indenture, payments to Bondholders shall be made only from Priority Amounts, except when and to the extent no Priority Amounts are available for the purpose, and payment obligations of the Lessee under Section 3.3(a), (d), (e), (f) and (h) hereof are subject in all respects to the use of Priority Amounts for the payment of the Bonds. Optional prepayments permitted by the Lessee as provided in Article VIII hereof may not be made except from Priority Amounts.

(j) Pursuant to the Indenture, the Agency shall pledge and assign to the Trustee on behalf of the Bondholders and the Bank as security for the Bonds and payment of amounts owed or owing to the Bank under the Reimbursement Agreement all of the Agency's right, title and interest in this Lease Agreement (except for the Agency's Reserved Rights) and the Sublease Agreement, including all rental payments hereunder and under Section 5(b) of the Sublease Agreement, and in furtherance of said pledge the Agency will unconditionally assign such rental payments to the Trustee for deposit

in the Lease Payments Fund, in accordance with the Indenture. The Lessee hereby consents to the above-described pledge and assignment of this Lease Agreement and the Sublease Agreement.

(k) 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 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.

(l) The Lessee covenants and agrees to provide to the Trustee for deposit into the Rebate Fund sufficient moneys as necessary to meet the Rebate Requirement described in the Tax Compliance Agreement.

SECTION 3.4 Obligation of Lessee Unconditional.

The obligation of the Lessee to pay the rent and all other payments provided for in this Lease Agreement and to maintain the Facility in accordance with Section 4.1 of this Lease Agreement shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Agency, the Bank, the Trustee or the Holder of any Bond and the obligation of the Lessee shall arise whether or not the Project has been completed as provided in this Lease Agreement and whether or not the Bank shall honor its obligations under the Letter of Credit. The Lessee will not suspend or discontinue any such payment or terminate this Lease 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 Lease Agreement or any obligation of the Lessee under this Lease Agreement or the Facility or any part thereof except as provided in this Lease Agreement or to any abatement, suspension, deferment, diminution or reduction in the rentals or other payments hereunder.

SECTION 3.5 Grant of Security Interest.

In order to secure the payment of rentals and all the obligations of the Lessee hereunder, the Lessee hereby grants a security interest to the Agency in all of the Lessee's right, title, if any, and interest in and to the fixtures constituting part of the Facility Realty, and in and to the machinery, equipment and other property constituting part of the Facility Equipment, and in and to the proceeds of each thereof.

SECTION 3.6 Right of Set-Off.

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

SECTION 3.7 Payment of Purchase Price of Tendered Bonds.

(a) The Lessee agrees to cause to be paid to the Trustee, in accordance with Section 3.7(b) hereof, by no later than 1:30 p.m., New York City time, on each day on which a payment of the Purchase Price of a Series 2004 Bond becomes due, all amounts which, together with other moneys held by the Trustee under the Indenture and available therefor, shall be necessary for the payment of such Purchase Price when due under the Indenture. Each such payment by the Lessee to the Tender Agent in accordance with this Section shall be in immediately available funds and paid to the Tender Agent at its principal corporate trust office on each Purchase Date.

(b) The Lessee shall provide for the payment of the amount to be paid pursuant to this Section 3.7 by delivery of the Letter of Credit to the Trustee, simultaneously with the issuance and delivery of the Series 2004 Bonds. The Lessee hereby authorizes and directs the Trustee to draw moneys under the Letter of Credit in accordance with the provisions of the Indenture and the Letter of Credit to the extent necessary to make such payments when due. The obligation of the Lessee pursuant to this paragraph shall be deemed satisfied and discharged to the extent of any corresponding drawing made by the Trustee on the Letter of Credit and applied to such payment.

(c) The Lessee shall pay to the Trustee for deposit into the Reimbursement Account of the Lease Payments Fund amounts sufficient to reimburse the Bank by the close of business on a Business Day for any amounts drawn on the Letter of Credit to pay the Purchase Price of any Series 2004 Bond; provided, however, that the Lessee shall make such payment in immediately available funds by no later than 1:30 p.m., New York City time, on such Business Day; provided, further, that if reimbursement for such amounts is due and payable under the Reimbursement Agreement, amounts in the Reimbursement Account of the Lease Payments Fund shall be transferred therefor upon the written request of the Bank with a simultaneous copy to the Lessee.

(d) The Lessee hereby approves and agrees to be bound by the provisions of the Indenture regarding the purchase, offer, sale and delivery of Bonds tendered for purchase thereunder. The Lessee shall have all of the rights and obligations provided in the Indenture with respect to the Lessee in connection with such transactions and the appointment of the Tender Agent and the Remarketing Agent thereunder. The Agency shall have no obligation or responsibility with respect to the purchase of Bonds or any related arrangements, except that the Agency at the expense of the Lessee shall cooperate in the making of any such arrangements.

SECTION 3.8 Letters of Credit; Fixed Rate Credit Facility.

(a) In order to secure, evidence or be otherwise in furtherance of the obligations of the Lessee under Sections 3.3 and 3.7 hereof, the Lessee may, but shall not be obligated to, provide, subject to the provisions of Sections 3.8(b) and (c) hereof, one or more Letters of Credit or Fixed Rate Credit Facilities from time to time, and, subject to the provisions of this Section 3.8, may, from time to time, Terminate, or cause or allow to be Terminated, any such Letter of Credit. The Lessee hereby authorizes and directs the Trustee to draw moneys under the Letter of Credit, and to take actions under the Letter of Credit or any Fixed Rate Credit Facility, in accordance with the terms thereof and of the Indenture.

(b) Each Letter of Credit shall be the obligation of the Bank to pay to the Trustee, in accordance with the terms thereof, such amounts as shall be specified therein and available to be drawn thereunder for the timely payment of the principal of and interest on the Series 2004 Bonds,

and the Purchase Price of the Series 2004 Bonds, required to be made pursuant to, and in accordance with, the provisions of the Indenture. Upon the initial authentication and delivery of the Series 2004 Bonds, the Lessee shall deliver to the Trustee the Initial Letter of Credit as security for the payment of its obligations under Sections 3.3 and 3.7 hereof. The Initial Letter of Credit shall Expire upon the earlier of December 31, 2007 or the date of occurrence of one of the events specified therein resulting in Expiration thereof.

(c) The Lessee may, at its election, and with the prior written consent of the Bank, provide for one or more extensions of the Letter of Credit in accordance with its terms and the terms of the Reimbursement Agreement.

(d) Subject to the provisions of this Section 3.8(d) and Sections 3.8(e) and (f) below, the Lessee may Terminate or cause or allow a Letter of Credit to be Terminated and to replace a Terminating or Expiring Letter of Credit with a Substitute Letter of Credit, only if on or prior to the fiftieth (50th) day prior to the proposed effective date of such Termination or Expiration:

(i) the Lessee shall deliver to the Agency, the Trustee, the Remarketing Agent and the Bank a notice which (1) states the effective date of such Termination, and (2) directs the Trustee, after taking such actions thereunder as are required to be taken to provide moneys due under the Indenture in respect of the Series 2004 Bonds or the purchase thereof, to surrender any evidence of the Letter of Credit to be Terminated to the obligor thereon on the effective date of such Termination, and to thereupon deliver any and all instruments to effect such Termination which may be reasonably requested by such obligor; and

(ii) the Lessee shall furnish to the Agency, the Trustee and the Remarketing Agent (1) the Substitute Letter of Credit; (2) an opinion of Nationally Recognized Bond Counsel addressed to the Agency and the Trustee to the effect that substitution of such Substitute Letter of Credit (a) is lawful under the Act and authorized under this Lease Agreement and complies with the terms hereof and of the Indenture and (b) will not adversely affect the exclusion of interest on the Series 2004 Bonds from gross income for Federal income tax purposes or the validity of the Series 2004 Bonds; (3) an opinion of counsel addressed to the Agency and the Trustee, reasonably satisfactory to the Trustee, for the issuer of the Substitute Letter of Credit to the effect that such Substitute Letter of Credit is a legal, valid and binding obligation of such issuer, enforceable in accordance with its terms; (4) an opinion of Nationally Recognized Bond Counsel experienced in securities law addressed to the Agency and the Trustee to the effect that such Substitute Letter of Credit does not require registration under any applicable Federal securities laws; and (5) a certificate of the Bank stating that all amounts owing to the Bank under the Reimbursement Agreement have been paid in full.

Any such Substitute Letter of Credit shall be issued by a Bank acceptable to the Agency, shall expire no earlier than one year from the date of its effective date, shall provide that funds can be drawn for the purposes and in the amounts and at the times provided for in the Indenture and shall otherwise be in form and substance reasonably acceptable to the Agency and the Trustee.

The Lessee and the Agency agree that the Series 2004 Bonds shall be subject to mandatory tender for purchase on the fifth (5th) Business Day immediately prior to the substitution of a Substitute Letter of Credit unless not less than fifty (50) days prior to such date the Lessee shall deliver or cause the delivery of a written confirmation from each Rating Agency to the effect that the

substitution of the Substitute Letter of Credit will not, by itself, result in a reduction or withdrawal of its ratings then in effect on the Bonds.

(e) For the Fixed Interest Rate Period, the Lessee shall maintain a Fixed Rate Credit Facility meeting the requirements of this Section 3.8 and Section 2.12 of the Indenture, unless (i) the Agency in writing waives such requirement and (ii) the Remarketing Agent determines that maintenance of a Fixed Rate Credit Facility is not necessary for the remarketing of the Bonds upon adjustment to such Fixed Interest Rate Period.

(f) Each Fixed Rate Credit Facility shall be delivered to the Trustee on or prior to the 30th day prior to the proposed effective date of any adjustment to the Fixed Rate, and shall become effective on or prior to such effective date; provided, however, that in accordance with Section 2.03(b) of the Indenture, no such Fixed Rate Credit Facility shall be required if (i) the Agency in writing waives such requirement and (ii) the Remarketing Agent determines that maintenance of a Fixed Rate Credit Facility is not necessary for the remarketing of the Bonds upon adjustment to the Fixed Interest Rate Period. Each Fixed Rate Credit Facility shall be in form and substance acceptable to the Agency and the Trustee, shall be issued by a bank, insurance company or corporation acceptable to the Agency and shall be accompanied upon delivery with (i) a written confirmation from each Rating Agency to the effect that the delivery of the Fixed Rate Credit Facility will not, by itself, result in a reduction or withdrawal of its long-term ratings then in effect on the Series 2004 Bonds, (ii) an enforceability opinion relating to such Fixed Rate Credit Facility, satisfactory to the Agency, the Trustee, the Remarketing Agent and any Rating Agency, (iii) an opinion of Nationally Recognized Bond Counsel addressed to the Agency and the Trustee that delivery of such Fixed Rate Credit Facility (A) is lawful under the Act and is authorized or permitted by this Indenture and (B) will not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes and (iv) such other opinions and certificates relating to the Fixed Rate Credit Facility, the issuer of the Fixed Rate Credit Facility and the Lessee as the Agency, the Trustee or the Remarketing Agent may reasonably require.

(g) No termination of a Letter of Credit described in this Section 3.8 shall take place if moneys described in Section 5.06(a)(i), (ii) or (iii) of the Indenture shall not be available to pay the Purchase Price of the Series 2004 Bonds upon mandatory tender for purchase pursuant to Section 2.06 of the Indenture.

(h) Anything in this Lease Agreement or the Indenture to the contrary notwithstanding, (1) if a Substitute Letter of Credit is to be provided, the Substitute Letter of Credit shall become effective on or before the Termination date of the prior letter of credit, if any, and (2) in the event that the Termination of a letter of credit and the provision of a Substitute Letter of Credit in lieu thereof shall require a mandatory tender for purchase of Series 2004 Bonds pursuant to Section 2.06 of the Indenture, the Termination of such Letter of Credit shall not occur until the Trustee shall have made such drawings, if any, or taken such other actions, if any, thereunder as shall be required under the Indenture in order to provide sufficient moneys for such mandatory tender for purchase of Series 2004 Bonds on the date fixed for such mandatory tender for purchase, and such moneys shall have been provided to the Trustee.

SECTION 3.9 Assignment of Sublease Agreement.

As security for the payment of the Series 2004 Bonds and the payment and performance by each obligor of its obligations under the Security Documents, the Lessee does hereby assign,

transfer and set over to the Agency all of the Lessee's right, title and interest in and to the Sublease Agreement, including all sublease rentals, revenues and receipts therefrom, and the right to enforce all of the Lessee's rights and remedies thereunder. For so long as the Series 2004 Bonds shall remain Outstanding, the Lessee agrees not to terminate, modify or amend the Sublease Agreement or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, or to accept a surrender thereof, without the prior written consent of the Agency and the Trustee and that any attempted termination, modification or amendment of the Sublease Agreement without such written consent shall be null and void. In the exercise of the powers herein granted, no liability shall be asserted or enforced against the Agency or the Trustee, all such liability being hereby expressly waived and released by the Lessee. Neither the Agency nor the Trustee shall be obligated to perform or discharge any obligation, duty or liability under the Sublease Agreement, or under or by reason of this assignment.

ARTICLE IV

MAINTENANCE, TAXES, PAYMENTS IN LIEU OF TAXES AND INSURANCE

SECTION 4.1 Maintenance, Alterations and Improvements.

(a) During the term of this Lease 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 designed and intended and contemplated by this Lease Agreement and in a careful, prudent and efficient manner, and will make all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure 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) Subject to applicable provisions of the Reimbursement Agreement (and the Collateral Documents), 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) the fair market value of the Facility is not reduced below its value immediately before such alteration or addition and the usefulness, 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 efficient 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) such additions or alterations are made, in case the estimated cost of such alteration or addition exceeds \$250,000, under the supervision of an Independent Engineer and in accordance with plans, specifications and cost estimates approved by the Bank (or, if the Letter or Credit is no longer in effect, and all amounts owed to the Bank under the Reimbursement Agreement are paid in full, the Agency and the Trustee) which approvals shall not be unreasonably withheld or delayed and only after the Lessee shall have furnished to the Bank or the Agency and the Trustee, as

applicable, if requested, a labor and materials payment bond, or other security, reasonably satisfactory to the Bank or the Agency and the Trustee and (v) such additions or alterations do not change the nature of the Facility so that it would not constitute a manufacturing facility and a qualified "project" as defined in and as contemplated by the Act as in effect on the date hereof. All alterations of and additions to the Facility shall constitute a part of the Facility, subject to this Lease Agreement, the Sublease Agreement, the Indenture and the other Security Documents, 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 Lease Agreement and the Sublease Agreement, free and clear of all liens, charges, encumbrances, security interests or claims other than Permitted Encumbrances.

(c) The Lessee shall have the right to install or permit to be installed at the Facility Realty machinery, equipment and other personal property (the "Lessee's Property") without conveying leasehold title to such property to the Agency or subjecting such property to this Lease Agreement or the Sublease Agreement. The Agency shall not be responsible for any loss of or damage to the Lessee's Property. Except as may be provided expressly to the contrary in the Reimbursement Agreement and the Collateral Documents, 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, the Sublease Agreement or this Lease Agreement except for Permitted Encumbrances.

SECTION 4.2 Removal of Property of the Facility.

(a) Subject to the Reimbursement Agreement and the Collateral Documents, the Lessee shall have the privilege from time to time of removing from the Facility any fixture constituting part of the Facility Realty or any machinery, equipment or other property constituting part of the Facility Equipment (the "Existing Facility Property"), provided that:

(i) such Existing Facility Property is substituted or replaced by property (A) having equal or greater fair market value, 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, and the aggregate fair market value of such items so removed for any Fiscal Year of the Lessee exceeds \$250,000, the Lessee shall pay to the Trustee for deposit in the Reimbursement Account of the Lease Payments Fund (or, if no Letter of Credit is in effect, and all amounts owed to the Bank under the Reimbursement Agreement have been paid in full, in the Redemption Account of the Bond Fund) for application in connection with the redemption of Bonds or payment of amounts owed or owing to the Bank under the Reimbursement Agreement the amounts derived from such sale or scrapping, the trade-in value credit received or the proceeds received from such other disposition;

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 so it would not constitute a manufacturing facility and a qualified "project" as defined in and as contemplated by the Act as in effect on the date hereof, (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 Reimbursement Account of the Lease Payments Fund or 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 or an Event of Default under and as defined in the Reimbursement Agreement.

(b) 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 Lease Agreement.

(c) 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, the Lessee shall furnish to the Agency, the Bank 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 his 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, the Lessee shall furnish to the Agency, the Bank and the Trustee a certificate of an Authorized Representative of the Lessee certifying to the fact that no such action was taken by the Lessee pursuant to such Section 4.1(b) or 4.2(a) during such preceding Fiscal Year.

SECTION 4.3 Payment in Lieu of Real Estate Taxes.

(a) *Description and Address of Project:*

The Project consists of (i) the renovation, furnishing, and equipping of an approximately 30,000 square foot building located upon an approximately 30,000 square foot parcel of land located at 25-44 Borough Place, Woodside, Queens, New York 11377, (ii) the construction, renovation and equipping of an approximately 25,000 square foot addition to such existing building, all for use by the Applicant in designing, formulating, manufacturing and custom packaging a diverse range of installation, setting, fixing and repair products for the construction industry (the "Facility"), (iii) the refunding of existing bonds issued by the Agency in 1985 for the acquisition of such facility and (iv) the refinancing of certain costs of issuance of the Series 2004 Bonds.

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

The PILOT Commencement Date shall be July 1, 2005. Until the PILOT Commencement Date, or such later date as the Facility Realty is determined to be exempt from real estate taxes, the Lessee shall pay to the City all real estate taxes with respect to the Facility Realty at such times, in such manner and in such amounts as would be applicable if the Facility Realty were owned by the Lessee exclusive of the Agency's leasehold interest therein.

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

It is recognized that under the provisions of the Act the Agency is required to pay no real estate taxes upon any of the property acquired by it or under its jurisdiction or control or

supervision or upon its activities. The Agency and the Lessee agree, however, that the Lessee shall be required to make payments in lieu of real estate taxes with respect to the Facility Realty, payable to Wachovia Bank, National Association, as PILOT Depository (or to such other Person as the Agency shall direct the Lessee in writing) in installments aggregating the full amounts due at least seven (7) Business Days before such times as real estate taxes are due the City below or at such other times as the Agency may designate in writing. Except as otherwise provided below in this Section 4.3, the Lessee shall make payments in lieu of real estate taxes (i) with respect to the Land constituting part of the Facility Realty, in the amounts as determined in subsection (d) below, and (ii) with respect to the Improvements constituting part of the Facility Realty, in the amounts as determined in subsections (e) and (f) below.

The Agency makes no representation as to the availability of an exemption from real estate taxes for the Facility Realty in the event that the Department of Finance, Assessors' Office of the City, the City Surveyor, or any other relevant official of the City fails to recognize the Agency's exemption from real estate taxes on the basis of a discrepancy existing between the Facility Realty and the tax map of The City of New York or the existence of another impediment to implementation of the Agency's exemption contemplated hereunder; provided, however, that the Agency shall provide, upon request and at the sole cost and expense of the Lessee, reasonable cooperation with the Lessee in any such event.

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

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

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

For the period commencing on the PILOT Commencement date until the earlier of (i) July 1, 2026 (the "Full Abatement Termination Date") or (ii) the date on which the Agency no longer has leasehold interest in the Facility, the Lessee shall make no payments of real estate taxes with respect to the Land constituting part of the Facility Realty (subject to Section 4.3(i) hereof). Following the Full Abatement Termination Date, the Lessee shall be required for each City Tax Fiscal Year (as defined below) to pay the following percentage of otherwise applicable Full Land Taxes (as described below):

<u>Year</u>	<u>Percentage of Full Land Taxes</u>
July 1, 2026-June 30, 2027	20%
July 1, 2027-June 30, 2028	40%
July 1, 2028-June 30, 2029	60%
July 1, 2029-June 30, 2030	80%

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

Full Land Taxes shall mean that amount of taxes with respect to the Land constituting part of the Facility as the Lessee would otherwise be required to pay from time to time if it were the owner of the Land exclusive of the Agency's leasehold interest therein.

For the period commencing on June 30, 2030 (the "Abatement Termination Date") until the date on which the Agency no longer has a leasehold interest in the Facility Realty, the Lessee shall make payments in lieu of real estate taxes equal to Full Land Taxes with respect to the Land.

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

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

For the period commencing on the PILOT Commencement Date and terminating on the PILOT Termination Date, the Lessee shall make, in accordance with Section 4.3(g) hereof, and subject to Section 4.3(i) hereof, the following payments in lieu of real estate taxes on the Improvements constituting part of the Facility Realty: (i) from the PILOT Commencement Date through June 30, 2026, an amount equal to the lesser of CRET (i.e., Current Real Estate Taxes), and STRET (i.e., Stabilized Real Estate Taxes); and (ii) from July 1, 2026, through the PILOT Termination Date, and assuming CRET is greater than STRET for the fiscal years occurring within such period, the following amounts as respectively calculated for the following years:

<u>Year</u>	<u>Lessee Pays:</u>
July 1, 2026-June 30, 2027	STRET + [CRET less STRET x 0.2]
July 1, 2027-June 30, 2028	STRET + [CRET less STRET x 0.4]
July 1, 2028-June 30, 2029	STRET + [CRET less STRET x 0.6]
July 1, 2029-June 30, 2030	STRET + [CRET less STRET x 0.8]

Provided, however, that if any fiscal year occurring within the period commencing July 1, 2026 through June 20, 2030, CRET is equal to or less than STRET, then the payment in lieu of real estate taxes on the Improvements for such fiscal year shall equal CRET.

Certain terms used in the above formula are defined as follows:

CRET or "Current Real Estate Taxes" shall mean the then-current assessed value of Improvements multiplied by the City's then-current real estate tax rate, as if the Facility Realty were owned by the Lessee exclusive of the leasehold interest of the Agency.

STRET or "Stabilized Real Estate Taxes" shall mean the assessed value of the Improvements as of September 14, 2004 multiplied by the City's tax rate as of July 1, 2005.

For the period from July 1, 2030 until the PILOT Termination Date, the Lessee shall make payments in lieu of real estate taxes on the Improvements equal to CRET.

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

(f) *Subsequent Alterations and Improvements:*

If, at any time after the PILOT Commencement Date, the Lessee shall make any alterations of or additions to (not including any alteration and additions which constitute the current Project) the Facility Realty ("Additional Improvements"), the Lessee shall: (i) deliver written notice to an Authorized Representative of the Agency of such Additional Improvements within thirty (30) days after the completion thereof; and (ii) request that the Improvements constituting a part of the Facility Realty (including any such Additional Improvements) be reassessed by the appropriate officer or officers of the City; and (iii) make additional payments in lieu of real estate taxes in accordance with Section 4.3(g) hereof equal to:

- (i) the amount of increase in assessed valuation of the Facility Realty when the Additional Improvements are first assessed as completed, **multiplied by**
- (ii) the City's real property tax rate prevailing after such first assessment, and thereafter, **less**
- (iii) *but only with respect to the Additional Improvements and not with respect to any other portion of the Facility Realty*, any amount to which the Lessee would be entitled as a result of the Additional Improvements being eligible under the Industrial and Commercial Incentive Program.

(g) *General Payment Provisions:*

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

It is agreed that the Agency shall request, the appropriate officer or officers of the City charged with the duty of levying and collecting real estate taxes, to submit to the Lessee at the times the levies for such real estate taxes are made, a statement specifying the amounts and due

dates for the payments in lieu thereof, so that the Lessee may make such payments in the correct amounts and on a timely basis.

In the event the Lessee shall fail to make any such installment payments, the amount or amounts so in default shall continue as an obligation of the Lessee until fully paid, and the Lessee agrees to pay the same to the PILOT Depository, or to such other representative of the Agency as the Agency may from time to time designate. The Lessee shall pay a late payment penalty of five per cent (5%) of any amount which is not paid when due under this Section 4.3. In addition, for each month or part thereof that a payment under this Section 4.3 is delinquent beyond the first month, interest shall accrue and be payable by the Lessee on the total amount due as provided above, plus a late payment penalty in the amount of one percent (1%) per month for each month or part thereof until the payment is made. The default interest rate with respect to such delinquent installment payments shall be equal to the current rate of the City with respect to delinquent taxes and such interest will compound in the same fashion as the City's default interest rate (i.e., daily).

Nothing contained herein shall limit or impair the Lessee's right, to the extent permitted by law, to obtain reductions in the valuation of the Facility Realty or the right to obtain exemptions (and discounts, if any) therefrom and to seek to obtain a refund of any such payments made; and the Agency shall, at the request and sole cost and expense of the Lessee, execute such documents as may be reasonably requested of the Agency by reason of the Agency's leasehold title to the Facility Realty.

(h) *Apportionment of Payments after Transfer:*

The Agency shall cause the Collector of the City to return the Facility Realty to the tax rolls as of the date of termination of the leasehold interest of the Agency. Subject to the paragraph immediately succeeding, the Lessee and/or other subsequent owner of the Facility Realty during the fiscal year in which such transfer is made, shall be responsible for paying the real estate taxes due for the remaining portion of such fiscal year which follows termination of the Agency's leasehold interest.

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

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

The Lessee understands and agrees that the Lessee is required to pay or cause to be paid, as additional payments in lieu of real estate taxes, the amount of taxes that the Lessee would have been required to pay as if it were the owner of the Land and Improvements constituting the Facility Realty (exclusive of the Agency's leasehold interest therein) for that portion of the Facility Realty, if any, utilized or occupied by any Person other than the Lessee or the Sublessee for so long as such utilization or occupation shall continue. The Lessee hereby represents to the Agency that no portion of the Facility Realty is utilized and occupied or is intended to be utilized or occupied by Persons other than the Lessee or the Sublessee. The Lessee agrees that it shall immediately notify in writing the Agency or cause said written notice to be given in the event

that there shall be any change in the portion of the Facility Realty utilized or occupied by any Person other than the Lessee or the Sublessee. The Lessee understands and agrees that in such event, unless the Agency in its sole discretion shall determine otherwise, the amounts payable by the Lessee as additional payments in lieu of taxes shall be adjusted to an amount equal to the amount of taxes that the Lessee would have been required to pay as if it were the owner of the Facility Realty (exclusive of the Agency's leasehold interest therein) for that portion of the Facility Realty utilized or occupied by Persons other than the Lessee or the Sublessee for so long as such utilization or occupation shall continue. The Lessee further agrees to furnish the Agency with a certificate of an Authorized Representative of the Lessee on January 1 of each year setting forth all Persons other than the Lessee or the Sublessee, if any, that shall be utilizing or occupying any portion of the Facility Realty, the amount of space so occupied or utilized and the percentage of the available square footage of the Facility Realty represented by such occupation or utilization.

Commencing as of the date on which the Facility is not used in accordance with the Act and this Lease Agreement or upon the occurrence of an Event of Default under this Lease Agreement, the Lessee shall be required to make payments in lieu of real estate taxes on the Land and Improvements constituting a part of the Facility Realty in such amounts as would result from taxes levied on the Facility Realty if the Facility Realty were owned by the Lessee exclusive of the Agency's leasehold interest therein. For purposes of the determination of such payments in lieu of real estate taxes, the tax rate shall be the rate then in effect as shown on the records of the proper City department.

(j) *Survival of Obligations:*

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

SECTION 4.4 Taxes, Assessments and Charges.

The Lessee shall pay when the same shall become due all taxes (except to the extent that the Lessee shall have made payments in lieu thereof as provided in Section 4.3 hereof) and assessments, general and specific, if any, levied and assessed upon or against the Facility, this Lease Agreement, the Sublease Agreement, any estate or interest of the Agency or the Lessee in the Facility, or the rentals hereunder or under the Sublease Agreement during the term of this Lease Agreement and the Sublease 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.

In the event the Facility is exempt from Impositions solely due to the Agency's ownership of a leasehold interest in the Facility, the Lessee shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions which would have been imposed on

the Facility if the Lessee were the owner of record of the Facility, exclusive of the Agency's leasehold interest therein.

None of the foregoing shall prevent the Lessee from contesting in good faith the validity, existence or applicability of any of the foregoing if (i) such contest shall not result in the Facility or any part thereof or interest therein being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Lessee, the Agency or the Trustee being in any danger of any civil or any criminal liability other than normal accrual of interest, for failure to comply therewith, and (iii) the Lessee shall have furnished such security, if any, as may be reasonably requested by the Agency or the Trustee to protect the security intended to be offered by the Security Documents in a manner such that the lien of the Agency Mortgage is not impaired in any way. The Agency shall, at the request and sole cost and expense of the Lessee, and in connection with such contest, execute such documents as may be reasonably requested of the Agency by reason of the Agency's title to the Facility Realty.

SECTION 4.5 Insurance.

(a) At all times throughout the term of this Lease Agreement, including without limitation during any period of construction or reconstruction of the Facility, the Lessee shall maintain insurance, with insurance companies licensed to do business in the State, against such risks, loss, damage and liability (including liability to third parties) and for such amounts as are customarily insured against by other enterprises of like size and type as that of the Lessee and the Sublessee. In addition to this general requirement, such insurance shall, for purposes of subsections (b) through (g) of this Section 4.5 include, without limitation, the insurance coverages described in paragraphs (i) through (v) immediately below (hereinafter "Specific Coverage"):

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

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

(iii) Workers' compensation insurance, disability benefits insurance and such other forms of insurance which the Lessee, the Sublessee or the Agency is required by law to provide covering loss resulting from injury, sickness, disability or death of the

employees of the Lessee, the Sublessee or any Affiliate thereof, or any contractor or subcontractor performing work with respect to the Facility; the Lessee shall require that all said contractors and subcontractors shall maintain all forms or types of insurance with respect to their employees required by laws;

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

(v) Such other insurance in such amounts and against such insurance hazards as the Agency or the Trustee at the direction of the Holders of a majority in aggregate principal amounts of the Bonds Outstanding from time to time may reasonably require.

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

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

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

(ii) provide that all insurance proceeds in excess of \$250,000 with respect to loss or damage to the property of the Facility be endorsed and made payable to the Trustee and the Bank and shall name the Trustee and the Bank as a loss payee under the standard loss payee clause and the Bank as a mortgagee under the terms of a standard mortgagee clause, which insurance proceeds shall be paid over to the Trustee and deposited in the 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, the Bank or 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, the Bank or the Trustee to the extent that such other insurance provides the Agency, the Bank 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, the Bank or the Trustee until at least thirty (30) days or ten (10) days if due to nonpayment of premium, after receipt by the Agency, the Bank and the Trustee, respectively, of written notice by such insurers of such cancellation, lapse, expiration, reduction or change;

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

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

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

(e) Concurrently with the original issuance of the Series 2004 Bonds, the Lessee shall deliver or cause to be delivered to the Agency and the Trustee the following documents evidencing compliance with the Specific Coverage requirements of this Section 4.5 upon which the Trustee may conclusively rely to establish compliance with this section: (i) on or prior to the execution and delivery of this Lease Agreement, (A) a broker's certificate of coverage confirming that the Lessee, as of the date of closing, has obtained Specific Coverage in accordance with the requirements of this Section 4.5, and (B) a certificate of liability insurance and certificates or other evidence of required insurance, and (ii) as soon as practicable thereafter, duplicate copies of insurance policies and/or binders. At least seven (7) Business Days prior to the expiration of any such policy, the Lessee shall furnish the Agency and the Trustee with evidence that such policy has been renewed or replaced or is no longer required by this Lease 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, the Bank or the Trustee (upon specific written direction from the holders of a majority in aggregate principal amount of the Bonds) to collect from insurers for any loss covered by any insurance required to be obtained by this Section 4.5. The Lessee shall not do any act, or suffer or permit any act to be done, whereby any insurance required by this Section 4.5 would or might be suspended or impaired.

(g) THE AGENCY, THE BANK AND THE TRUSTEE DO 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 OR THE SUBLESSEE.

SECTION 4.6 Advances by Agency or Bank.

In the event the Lessee fails to make any payment or perform or observe any obligation required of it under this Lease Agreement, the Agency or the Bank, 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 Bank under this Lease Agreement, the Indenture or any other Security Documents, make such payment or otherwise cure any failure by the Lessee to perform and observe

its other obligations hereunder. All amounts so advanced therefor by the Agency or the Bank shall become an additional obligation of the Lessee to the Agency or to the Bank, as the case may be, which amounts, together with interest thereon at the Default Rate from the date advanced, the Lessee will pay upon demand therefor by the Agency or the Bank, as the case may be. Any remedy herein vested in the Agency or the Bank for the collection of the rental payments or other amounts due hereunder shall also be available to the Agency and the Bank for the collection of all such amounts so advanced.

SECTION 4.7 Compliance with Law.

The Lessee shall not use or occupy, and will not permit any use or occupancy of, the Facility, or any part thereof, contrary to any Legal Requirements. The Lessee shall, throughout the term of this Lease Agreement and at its sole cost and expense, promptly observe and comply, and cause the Sublessee to observe and comply, with all Legal Requirements, and shall observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all rights, licenses, permits (including without limitation zoning variances, special exception and non-conforming uses), privileges, franchises and concessions. The Lessee shall not, without the prior written consent of the Agency and the Bank, initiate, join in or consent to any private restrictive covenant, zoning ordinance, or other public or private restrictions, limiting or defining the uses which may be made of the Facility or any part thereof.

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 of any thereof or interest therein being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Lessee, the Sublessee, the Agency, the Bank or the Trustee being in any danger of any civil or any criminal liability other than normal accrual of interest, for failure to comply therewith, and (iii) the Lessee shall have furnished such security, if any, as may be reasonably requested by the Agency, the Bank or the Trustee to protect the security intended to be offered by the Security Documents.

ARTICLE V

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 5.1 Damage, Destruction and Condemnation.

(a) In the event that at any time during the term of this Lease Agreement the whole or any part of the Facility shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement between the Agency and those authorized to exercise such right (to which agreement the Lessee shall have consented in writing), or if the temporary use of the Facility shall be so taken by condemnation or agreement (to which agreement the Lessee shall have consented in writing) (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 Lease Agreement, and

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

(b) Upon the occurrence of a Loss Event, the Net Proceeds in excess of \$250,000 derived therefrom shall be paid to the Trustee for the benefit of the Bondholders and the Bank and deposited in the Renewal Fund and, subject to the applicable provisions of the Reimbursement Agreement, the Lessee shall either:

(i) at its own cost and expense (except to the extent paid from the Net Proceeds deposited in the Renewal Fund as provided below and in Section 5.03 of the Indenture), but subject to applicable provisions of the Reimbursement Agreement, promptly and diligently rebuild, replace, repair or restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and the Lessee shall not by reason of payment of any such excess costs be entitled to any reimbursement from the Agency, the Bank, the Trustee or any Bondholder (other than from the proceeds of Additional Bonds as may be issued for such purpose or as otherwise provided in the Indenture), nor shall the rent or other amounts payable by the Lessee under this Lease 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, exercise its option to purchase the Facility, terminate the Agency's interest in the Facility and make advance rental payments to redeem the Bonds in whole.

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

Subject to the Reimbursement Agreement, 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 5.03 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 the Reimbursement Agreement, this Lease Agreement and the Indenture, exercise its option in subdivision (ii) above, the Trustee shall transfer the Net Proceeds from the Renewal Fund to the Reimbursement Account of the Lease Payments Fund for application in connection with the redemption of Bonds or payment of amounts owed or owing to the Bank under the Reimbursement Agreement (or, if the Letter of Credit is not in effect, and all amounts owed to the Bank under the Reimbursement Agreement are paid in full, to the Redemption Account of the Bond Fund to be applied to the redemption of the 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 be subject to this Lease Agreement and the Sublease Agreement,

(ii) be in accordance with plans and specifications and cost estimates reasonably approved in writing by the Bank (or, if all amounts owed to the Bank under the Reimbursement Agreement shall be paid in full and the Letter of Credit is no longer in effect, the Agency) which approval shall not be unreasonably withheld or delayed,

(iii) not change the nature of the Facility as a qualified "project" as defined in and as contemplated by the Act as in effect on the date hereof,

(iv) be preceded by the furnishing by the Lessee to the Agency, the Bank and the Trustee of either (A) a labor and materials payment bond, or other security, reasonably satisfactory to the Agency and the Bank, or (B) a fixed price contract or contracts reasonably satisfactory to the Bank as to content and the contractor thereunder,

(v) 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

(vi) if the estimated cost of such rebuilding, replacement, repair or restoration be in excess of \$250,000, be effected under the supervision of an Independent Engineer.

(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 Bank, the Trustee, the Sublessee and the Lessee shall cooperate and consult with each other in all matters pertaining to the settlement, compromising, arbitration or adjustment of any claim or demand on account of any Loss Event, and the settlement, compromising, arbitration or adjustment of any such claim or demand shall be subject to the approval of the Lessee, the Bank and the Trustee (or, if all amounts owed to the Bank under the Reimbursement Agreement are paid in full and the Letter of Credit is no longer in effect, the Lessee and the Trustee) (such approvals not to be unreasonably withheld or delayed).

(f) If all or substantially all of the Facility shall be taken or condemned (other than a temporary taking or condemnation for less than six (6) months), or if the taking or condemnation renders the Facility unsuitable for use by the Lessee as contemplated hereby, or if the Lessee is required to direct the Agency to redeem Series 2004 Bonds in accordance with the Reimbursement Agreement, 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 Reimbursement Account of the Lease Payments Fund for application in connection with the redemption of Series 2004 Bonds pursuant to Section 2.04 of the Indenture or payment of amounts owed or owing to the Bank under the Reimbursement Agreement (or, if the Letter of Credit is not in effect, and an amounts owed to the Bank under the Reimbursement Agreement are paid in full, in the Redemption Account of the Bond Fund) for the redemption of the Series 2004 Bonds pursuant to said section, and the Lessee shall thereupon pay to the Trustee for deposit in the Reimbursement Account of the Lease Payments Fund for application in connection with the redemption of Series 2004 Bonds pursuant to Section 2.04 of the Indenture and payment of amounts owed or owing to the Bank under the Reimbursement Agreement (or, if the Letter of Credit is not in effect, and all amounts owed to the Bank under the Reimbursement Agreement are paid in full, in the Redemption Account of the Bond Fund) for the redemption of the Series 2004 Bonds pursuant to said section in 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 Series 2004 Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or redemption date and redemption premium, if any), and to pay the expenses of redemption, the fees and expenses of the Agency, the Bond Registrar, the Trustee, the Paying Agents (including counsel fees and expenses), the Tender Agent and the Remarketing Agent together with all other amounts due under the Indenture, this Lease Agreement and the other Security Documents, if any, 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 Series 2004 Bonds on said redemption or maturity date.

(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 and is owned 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.

(i) Notwithstanding the foregoing, for so long as the Letter of Credit is in effect and subject to Section 7.10 of the Indenture, the provisions of the Reimbursement Agreement shall control the use of insurance and condemnation proceeds.

ARTICLE VI

PARTICULAR COVENANTS

SECTION 6.1 Dissolution or Merger of Lessee; Restrictions on Lessee.

The Lessee covenants and agrees that, at all times during the term of this Lease Agreement, it will (i) maintain its existence as a general partnership (ii) continue to be an entity subject to service of process in the State and either organized under the laws of the State, or organized under the laws of any other state of the United States and duly qualified to do business in the State, (iii) not liquidate, wind-up or dissolve or otherwise dispose of all or substantially all of its property, business or assets remaining after the execution and delivery of this Lease Agreement, and (iv) not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it. The Lessee may, however, without violating the foregoing and with the prior written consent of the Bank and the Agency, consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell or otherwise transfer all or substantially all of its property, business or assets to another such entity (and thereafter liquidate, wind-up or dissolve or not, as the Lessee may elect) if (a) the Lessee is the surviving, resulting or transferee entity, as the case may be, and the resulting entity has a net worth (as determined in accordance with generally accepted accounting principles and certified by an independent certified public accountant) at least equal to that of the Lessee prior to such merger or consolidation, or otherwise reasonably acceptable to the Agency and the Holders of a majority in aggregate principal amount of the Bonds Outstanding or (b) in the event that the Lessee is not the surviving, resulting or transferee entity, as the case may be, such entity (A) is a solvent entity subject to service of process in the State and either organized under the laws of the State, or organized under the laws of any other state of the United States and duly qualified to do business in the State, (B) assumes in writing all of the obligations of the

Lessee contained in this Lease Agreement and all other Security Documents to which the Lessee shall be a party, and (1) in the Opinion of Counsel, (x) such entity shall be bound by all of the terms applicable to the Lessee of this Lease Agreement and all other Security Documents to which the predecessor Lessee shall have been a party, and (y) such action does not legally impair the security for the Holders of the Bonds afforded by the Security Documents, and (2) in the Opinion of Nationally Recognized Bond Counsel addressed to the Agency and the Trustee, such merger, consolidation, sale or transfer will not cause the interest on the Bonds to become includable in gross income for Federal income tax purposes, and (C) has a net worth (as determined in accordance with generally accepted accounting principles and certified by an independent certified public accountant), after the merger, consolidation, sale or transfer, at least equal to that of the Lessee immediately prior to such merger, consolidation, sale or transfer. The Lessee further covenants and agrees that it is and throughout the term of this Lease Agreement will continue to be duly qualified to do business in the State and that any entity succeeding to the rights of the Lessee under this Lease Agreement shall be and continue to be duly qualified to do business in the State.

The Lessee further represents, covenants and agrees that it is and throughout the term of this Lease Agreement will (x) continue to be owned to the extent of at least 51% of its voting and equity interests by the same individuals as shall own the voting stock or other equity interest in the Sublessee, (y) continue to be duly qualified to do business in the State and that any legal entity succeeding to its rights under this Lease Agreement shall be and continue to be duly qualified to do business in the State, and (z) not constitute a Prohibited Person; provided however, that nothing contained in clause (x) above shall prohibit any such individual from effecting a transfer of a voting or equity interest in the Lessee to members of his immediate family or to trusts for bona fide good faith estate and gift tax planning purposes, or as the direct result of an award of equitable dissolution (or similar award) and/or a settlement agreement concluded in a bona fide transaction as a result of, or arising from, a marital dissolution.

SECTION 6.2 Indemnity.

(a) The Lessee shall at all times indemnify, defend, protect and hold the Agency, and any director, member, officer, employee, servant, agent (excluding for this purpose the Lessee, which is not obligated hereby to indemnify its own employees, affiliated companies or affiliated individuals) thereof and persons under the Agency's control or supervision, the Trustee, the PILOT Depository, the Bank, the Bond Registrar and the Paying Agents (collectively, the "Indemnified Parties") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses (collectively, "Claims") of any kind for losses, damage, injury and liability (collectively, "Liability") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party) arising during the period commencing from May 18, 2004, the date the Agency adopted its inducement resolution for the Project, and continuing throughout the term of this Agreement (subject to Section 6.2(e) hereof), arising from, upon, about or in any way connected with the Facility, the Project, or any of the transactions with respect thereto, including:

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

(ii) the planning, design, acquisition, site preparation, construction, renovation, equipping, furnishing, installation or completion of the Project or the Facility or any part thereof or the effecting of any work done in or about or in connection with the Facility, or any part thereof, or any defects (whether latent or patent) in or in connection with the Facility or any part thereof,

(iii) the maintenance, repair, replacement, restoration, rebuilding, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility or any portion thereof,

(iv) the execution and delivery by an Indemnified Party, the Lessee or any other Person of, or performance by an Indemnified Party, the Lessee or any other Person, as the case may be, of any of their respective obligations under this Lease Agreement, the Indenture or any other Security Document, or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,

(v) any injury to any Person or the personal property of any Person, in or on the premises of, the Facility,

(vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including, but limited to, failure to comply with the requirements of the City's zoning resolution and related regulations,

(vii) any damage or injury to the person or property of (A) the Lessee or the Sublessee or (B) any other Person or their respective officers, directors, officials, partners, members, employees, attorneys, agents or representatives, or persons under the control or supervision of the Lessee or the Sublessee, or (C) any other Person who may be in or about the premises of the Facility,

(viii) the presence, disposal, release, or threatened release of any Hazardous Materials (as hereinafter defined in Section 6.2(d) hereof) that are on, from, or affecting the Facility; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of Legal Requirements, including demands of government authorities, or any requirements of the Agency or the Trustee, which are based upon or in any way related to such Hazardous Materials including, without limitation, reasonable attorney and consultant fees and expenses, investigation and laboratory fees, court costs, and litigation expenses, or

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

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

(b) The Lessee releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to the Lessee or its affiliates for, any Claims or Liability arising from or incurred as a result of action taken or not taken by such Indemnified Party with respect to any of the matters

set forth in Section 6.2(a) hereof, including any Claims or Liability arising from or incurred as a result of the gross negligence or willful misconduct of such Indemnified Party, or at the direction of the Lessee or any other obligor under any of the Security Documents with respect to any of such matters above referred to. An Indemnified Party shall promptly notify the Lessee in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Lessee pursuant to this Section 6.2; such notice shall be given in sufficient time to allow the Lessee to defend or participate in such claim or action. However, the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Lessee under this Section 6.2 if (x) the Indemnified Party shall not have had knowledge or notice of such claim or action, or (y) the Lessee's ability to defend such claim or action shall not thereby be materially impaired. In the event, however, that (i) the Indemnified Party shall not have timely notified the Lessee of any such claim or action, (ii) the Lessee shall not have knowledge or notice of such claim or action, and (iii) the Lessee's ability to defend or participate in such claim or action is materially impaired by reason of not having received timely notice thereof from the Indemnified Party, then the Lessee's obligation to so defend and indemnify shall be qualified to the extent (and only to the extent) of such material impairment.

(c)(i) In addition to and without being limited by any other representations, warranties and covenants made by the Lessee under this Lease Agreement, the Lessee further represents, warrants and covenants that (A) the Lessee has not used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and that, to the best of the Lessee's knowledge, no prior owner or occupant of the Facility has used Hazardous Materials, and (B) except as set forth in a certain Phase I Environmental Assessment, dated May, 2004, prepared by IES of Connecticut, Inc. Environmental Consultants, a true copy of which has been delivered to the Agency (the "Audit"), to the best of the Lessee's knowledge, no prior owner or occupant of the Facility has used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements.

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

(iii) The Lessee shall comply with, and ensure compliance by, all occupants and users of the Facility with all applicable Legal Requirements pertaining to Hazardous Materials, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all occupants and users of the Facility obtain and comply with, any and all approvals, registrations or permits required thereunder.

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

(v) In the event this Lease Agreement is terminated, the Lessee shall deliver the Facility so that the conditions of the Facility with respect to any and all Hazardous Materials shall conform with all applicable Legal Requirements affecting the Facility.

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

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

(f) To effectuate the purposes of this Section 6.2, the Lessee will provide for and insure, in the public liability policies required in Section 4.5 hereof, not only its own liability in respect of the matters therein mentioned but also the liability pursuant to this Section 6.2 (excluding, however, those obligations of the Lessee (1) requiring payment of taxes, (2) with respect to the financing of the Project, (3) under the Project Documents, and (4) under Section 6.2(c) hereof to the extent not available to the Lessee at commercially reasonable rates). Anything to the contrary in this Lease Agreement notwithstanding, the covenants of the Lessee contained in this Section 6.2 shall remain in full force and effect after the termination of this Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

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

SECTION 6.3 Compensation and Expenses of Trustee, Bond Registrar, Paying Agents, Tender Agent, Remarketing Agent, Bank, Credit Provider and Agency.

The Lessee shall, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay the following annual fees, charges and expenses and other amounts: (i) the initial and annual fees of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture including counsel fees and expenses, including fees and expenses as Bond Registrar and in connection with preparation of new Bonds upon exchanges or transfers or making any investments in accordance with the Indenture, (ii) the reasonable fees, expenses and charges of the Trustee and any Paying Agents on the Bonds for acting as paying agents as provided in the Indenture, including the reasonable fees and expenses of its counsel, (iii) the reasonable fees, expenses and charges of the Trustee for extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, including reasonable counsel fees and expenses, (iv) the

reasonable fees, costs and expenses of the Bond Registrar, the Tender Agent, the Remarketing Agent, the Bank and the Credit Provider, if any, (v) the fees, costs and expenses (including legal, accounting and other administrative expenses) of the Agency, (vi) the reasonable fees and expenses of the Rating Agencies, and (vii) except to the extent of amounts deposited in the Reimbursement Account of the Lease Payments Fund, any such other amounts payable by the Lessee under the Reimbursement Agreement. The Lessee shall further pay the fees, costs and expenses of the Agency together with any fees and disbursements incurred by the Agency's Bond Counsel and General Counsel in performing services for the Agency in connection with this Lease Agreement or the Indenture or any other Security Document.

On the date of the sale and delivery by the Agency of the Series 2004 Bonds, the Lessee shall pay to the Agency, and the Agency acknowledges receipt of, an initial financing fee in the amount of \$52,750, representing the sum of the Agency financing fee of \$54,500, less the application fee of \$2,500 and the first installment of the Agency's administrative servicing fee of \$750. The Lessee further agrees to pay, as an annual administrative servicing fee to the Agency, the amount of \$750 payable on the anniversary of the date of closing until the termination of this Agreement.

The provisions of this Section shall survive termination of this Agreement and the Indenture.

SECTION 6.4 Retention of Leasehold Interest in Facility; Grant of Easements; Release of Certain Land.

(a) The Agency shall not sell, assign, encumber (other than for Permitted Encumbrances), convey or otherwise dispose of the Facility or any part thereof or interest therein during the term of this Agreement, except as set forth in Sections 4.2 and 7.2 hereof and subject to the applicable provisions of the Reimbursement Agreement, without the prior written consent of the Lessee and the Bank (or, if the Letter of Credit is no longer in effect and all amounts owed to the Bank under the Reimbursement Agreement shall have been paid in full, the Trustee at the written direction of the Holders of a majority in aggregate principal amount of the Bonds Outstanding) 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 Bank and 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 Lease Agreement and the Sublease Agreement, 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, the Lessee or the Sublessee from the granting of said leases, rights of way, easements, permits or licenses shall be paid to the Trustee and deposited in the Reimbursement Account of the Lease Payments Fund for application in connection with the redemption of Bonds and payment of amounts owed to the Bank under the Reimbursement Agreement (or, if the Letter of Credit is no longer in effect and all amounts owed to the Bank under the Reimbursement Agreement are paid in full, in the Redemption Account of the Bond Fund). 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 Lease Agreement.

(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 Lease Agreement. The consent of the Bank to any release contemplated hereby shall be solely in the Bank's discretion, and the Bank may impose such conditions in addition to those conditions stated herein as it deems desirable prior to consenting to any release contemplated hereby.

SECTION 6.5 Tax Covenants.

(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 Compliance Agreement 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 Lease Agreement, the amount of any Rebate Requirement, as defined in the Tax Compliance Lease Agreement, 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 Bank, 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 Lease 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 Lease Agreement.

SECTION 6.6 Financial Statements: No-Default Certificates.

(a) The Lessee agrees to furnish to 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 and the Sublessee all those financial statements required to be furnished to the Bank under the Reimbursement Agreement at the times and in the form and manner prescribed therein.

(b) The Lessee shall deliver to the Agency (at the request of the Agency), the Bank and the Trustee with each delivery of annual financial statements 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 Lease Agreement and in any other Security Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance, such Authorized Representative 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 Lease Agreement, that such insurance has been in full force and effect at all times during the preceding Fiscal Year of the Lessee, and that duplicate copies of all policies or certificates thereof 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, the Bank 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 no default or breach exists hereunder or specifying each such default or breach of which such Authorized Representative has knowledge.

(c) The Lessee shall immediately notify the Agency, the Bank and the Trustee of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Security Document 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 Discharge of Liens.

(a) If any lien, encumbrance or charge is filed or asserted, 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 Bank, the Lessee, the Sublessee or the Trustee or against any of the rentals or other amounts payable under this Lease Agreement or the Sublease Agreement or the interest of the Lessee or the Sublessee under this Lease Agreement or the Sublease Agreement, the Facility 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 6.7(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, the Bank and the Trustee and take an action (including the payment of money and/or the securing of a bond) at its own cost and expense (subject to the provisions of Section 2.1(g) hereof) 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 Lease 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 or the Lessee's interest in the Facility.

(b) The Lessee may, at its sole expense and subject to applicable provisions of the Reimbursement Agreement and the Collateral Documents, contest (after prior written notice to the Agency, the Bank 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 interest therein, or in the Lease Agreement or the Sublease Agreement, of the Agency, the Bank, the Lessee, the Sublessee or the Trustee or against any of the rentals or other amounts payable under this Lease Agreement or the Sublease Agreement, (2) neither the Facility nor any part thereof or interest therein would be in any danger of being sold, forfeited or lost, (3) neither the Lessee, the

Sublessee, the Agency, the Bank nor the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and (4) the Lessee shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Trustee or the Bank to protect the security intended to be offered by the Indenture.

SECTION 6.8 Agency's Authority; Covenant of Quiet Environment.

The Agency covenants and agrees that it has full right and lawful authority to enter into this Lease Agreement for the full term hereof, including the right to grant the options to purchase herein contained, 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 Lease 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 (at the sole cost and expense of the Lessee) shall from time to time take all necessary action to that end subject to Permitted Encumbrances.

SECTION 6.9 No Warranty of Condition or Suitability.

THE AGENCY HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE LESSEE OR THE SUBLESSEE OR TO THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. THE LESSEE ACKNOWLEDGES THAT THE AGENCY IS NOT THE MANUFACTURER OF THE FACILITY EQUIPMENT NOR THE MANUFACTURER'S AGENT NOR A DEALER THEREIN. THE LESSEE IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR ITS PURPOSES AND THE PURPOSES OF THE SUBLESSEE. THE AGENCY SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE LESSEE OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

SECTION 6.10 Amounts Remaining in Funds.

It is agreed by the parties hereto that any amounts remaining in the Rebate Fund, the Lease Payment Fund, the Bond Fund, the Project Fund, or the Renewal Fund upon the expiration or sooner or later termination of the term of this Lease Agreement as provided in this Lease Agreement, after payment in full of the Bonds (in accordance with Section 10.01 of the Indenture), the fees, charges and expenses (including counsel fees and expenses) of the Trustee, the Bond Registrar, the Paying Agents, the Remarketing Agent, the Tender Agent, the Bank, the Credit Provider, if any, and the

Agency in accordance with the Indenture and after all rents and all other amounts payable hereunder and under the Reimbursement Agreement shall have been paid in full, and after all amounts required to be paid to the United States government pursuant to the Tax Compliance Agreement or the Indenture shall have been so paid, shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

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, with the prior written consent of the Bank (for so long as the Letter of Credit is in effect or any amounts are owed under the Reimbursement Agreement), to enter into a Supplemental Indenture and issue one or more series of Additional Bonds on a parity with the Series 2004 Bonds for the purpose of (i) completing the Project, (ii) 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, (iii) providing extensions, additions or improvements to the Facility or (iv) refunding Outstanding Bonds. If there is no Event of Default hereunder, the Agency will consider the issuance of Additional Bonds in a principal amount as is specified in a written request 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 Lease Agreement, and the Lessee and the Sublessee shall enter into an amendment to the Sublease Agreement, providing, among other things, for the payment by the Lessee and the Sublessee 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.

Any such completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions or improvements shall become a part of the Facility and shall be included under this Lease Agreement to the same extent as if originally included hereunder.

SECTION 6.12 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, renovation, maintenance and operation of the Facility, the Lessee and the Sublessee shall not discriminate against any employee or applicant for employment because of race, color, creed, age, sex or national origin. The Lessee and the Sublessee shall use reasonable efforts to ensure that employees and applicants for employment with the Lessee or any subtenant (including the Sublessee) 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 (on behalf of itself and the Sublessee) hereby authorizes any private or governmental entity, including but not limited to the New York State Department of Labor ("DOL"), to release to the Agency and/or 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 the Sublessee and the employees of the Lessee and the Sublessee 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 possession of the Lessee and the Sublessee which is pertinent to the Lessee and the Sublessee and the employees of the Lessee and the Sublessee to enable the Agency and/or EDC to comply with its reporting requirements 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 or the Sublessee, or any information previously released as provided by all or any of the foregoing parties (collectively, "Employment Information") may be disclosed by the Information Recipients in connection with the administration of the programs of the Agency, and/or EDC, and/or the successors and assigns of either, and/or The City of New York, and/or as may be necessary to comply with law; and, without limiting the foregoing, the Employment Information may be included in (x) reports prepared by the Information Recipients pursuant to New York City Local Law 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 Agreement.

(d) Annually, by July 31 of each year, commencing on July 31, 2005, until the termination of this Lease 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 C-1 hereto, certified as to accuracy by an Authorized Representative of the Lessee, and shall attach thereto a copy of the final payroll report of the Lessee and the Sublessee evidencing the total number of employees employed by the Lessee and the Sublessee during such reporting period. Annually, by July 31 of each year,

commencing on July 31, 2005, until the termination of this Lease Agreement, the Lessee shall submit to the Agency the contact and location report substantially in the form attached hereto as Schedule C-2.

(e) The Lessee covenants and agrees that within sixty (60) days after the date of original issuance of the Series 2004 Bonds, an Employment Plan substantially in the format set forth in Schedule E attached hereto (the "Employment Plan") created in connection with the Project shall be submitted to the Agency. Upon receipt thereof, the Agency shall cause the Employment Plan to be listed with (i) the Job Service Division of the New York State Department of Labor; (ii) the administrative entity of the service delivery area created pursuant to the federal Job Training Partnership Act (Pub L. No. 97-300) in which the Project is located; and (iii) the regional office of the New York State Department of Economic Development in the locality in which the Project is located.

The Lessee covenants and agrees that within sixty (60) days after the date of original issuance of the Series 2004 Bonds it shall agree to a meeting between the representative of the local service delivery area, the job service superintendent and the Lessee for the purpose of supplying information about projected permanent positions created in connection with the Project ("New Employment Opportunities"). The Lessee shall provide notice, in advance, to the Regional Office of the New York State Department of Economic Development of the time and location of such meeting.

The Agency shall maintain the Lessee's Employment Plan on file in its offices as part of the record in connection with the issuance of the Series 2004 Bonds. Such records may be required to be produced for the Commissioner of the New York State Department of Economic Development at anytime.

On or before February 10th of each year, the Agency shall report to the New York State Department of Economic Development regarding the status of the Employment Plan of the Lessee. The Lessee shall provide data on or before January 1 of each year for inclusion in such report. Such data shall include the number of New Employment Opportunities created, the number listed and the number filled, in the form attached hereto as Schedule E. All reports and records required to be submitted pursuant to this Section 6.12 shall be filed with the New York State Department of Economic Development, Regional Technical Services, One Commerce Plaza, Albany, New York 11245.

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

SECTION 6.13 Redemption Under Certain Circumstances.

(a) Either (i) upon the determination by resolution of the members of the Agency that the Lessee or the Sublessee 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 as in effect as of the date hereof and the failure of the Lessee or the Sublessee, 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 or the Sublessee 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 or the Sublessee, 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 or the Sublessee 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, the Bank and the Trustee, which notice shall be no less than sixty (60) days prior to such meeting.

(b) Upon the circumstances set forth in Section 2.04(e), (f), (g), (h) and (i) of the Indenture, the Lessee shall pay or cause the prepayment of its lease rental obligation upon the circumstances and in the manner set forth in the Indenture.

SECTION 6.14 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 the preparation and filing of financing statements and extensions thereof under the Uniform Commercial Code, at the sole cost and expense of the Lessee, as the Agency, the Bank or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and the Sublease Agreement and any rights of the Agency, the Bank or the Trustee hereunder, under the Sublease Agreement, under the Indenture or under any other Security Document.

SECTION 6.15 Recording and Filing.

The Agency shall cause this Lease Agreement, as originally executed, to be recorded (at the sole cost and expense of the Lessee) subsequent to the recordation of the Agency Mortgage, the Indenture and the Company Lease, in the appropriate offices of the Register of The City of New York, or in such other offices as may at the time be provided by law as the proper place for the recordation thereof. In addition, the security interest granted by the Agency to the Trustee pursuant to the Indenture, and by the Lessee and the Agency to the Bank pursuant to the Agency Mortgage, in (i) the personal property and fixtures described herein and therein, and (ii) the rights and other intangible interests described therein, shall be perfected by the filing of financing statements at the direction of the Agency (at the sole cost and expense of the Lessee) in the office of the Secretary of State of the State in the City of Albany, New York, and in the offices of such Register of The City of New York, which financing statements shall be in accordance with the New York State Uniform Commercial Code-Secured Transactions.

The Agency and the Lessee acknowledge that, as of the date of the execution and delivery of this Lease Agreement (the "Closing Date"),

(i) Section 9-515 of the New York State Uniform Commercial Code-Secured Transactions provides that an initial financing statement filed in connection with a "public-financed transaction" is effective for a period of 30 years after the date of filing if such initial financing statement indicates that it is filed in connection with a public financed transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code-Secured Transactions defines a public-finance transaction as a secured transaction in connection with which, in substance, (x) bonds are issued, (y) all or a portion of the bonds have an initial stated maturity of at least 20 years, and (z) the debtor, obligor, secured party or assignee with respect to the collateral or secured obligation is a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

The parties hereto acknowledge and agree that because the foregoing financing statements evidence collateral for the Bonds, and because the Bonds are municipal securities with a term that is at least 20 years in duration from the Closing Date, but not greater than 30 years from the Closing Date, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create.

The Lessee acknowledges and agrees that neither the Agency nor the Trustee, nor any of their respective directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Bond Counsel to the Agency), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

All costs (including reasonable attorneys' fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Lessee.

The Lessee agrees to perform all other acts (including the payment of all fees and expenses) necessary in order to enable the Agency and the Trustee to comply with this Section and with Section 7.08 of the Indenture, including but not limited to, providing prompt notice to the Trustee of any change in the Lessee's name or address. The Lessee agrees that the Agency and the Trustee, if permitted by applicable law, may provide for the re-recording of the Indenture, the Agency Mortgage or any other Security Document or the filing or re-filing of continuation statements without the cooperation of the Lessee as necessary at the Lessee's sole cost and expense.

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 Environmental Remediation.

The Lessee covenants and agrees, at its sole cost and expense to undertake the appropriate testing and remediation with respect to asbestos and lead-based paint of all surfaces impacted by the renovation, construction, furnishing and equipping of the Facility.

SECTION 6.18 Undertaking to Provide General Contractor's Certificate.

The Lessee hereby covenants and agrees to provide the Agency with notice of the appointment of a general contractor with respect to the Project by March 1, 2005. The Lessee further covenants and agrees to provide the General Contractor's Certificate in the form attached hereto as Exhibit E promptly upon the retention of a general contractor by the Lessee, but in no event later than two (2) weeks from receipt of the notice referred to in the previous sentence.

SECTION 6.19 Testing, Corrective Action and Registration of Aboveground Storage Tanks.

The Lessee covenants and agrees, at its sole cost and expense and prior to beginning any renovation at the Facility Realty (provided that the preparation of plans and specifications and the negotiation of a general contractor contract shall not be considered renovation), or drawing any funds held by the Trustee (except as may be required to refinance the acquisition of the Facility and to finance costs of issuance in connection with the Bonds), but in no event later than forty-five (45) days from the Commencement Date, to tightness test tanks identified by the letter from IES of Connecticut, Inc. dated December 16, 2004, undertake any corrective action required by applicable laws after the tightness testing and register any aboveground storage tanks at the Facility Realty with the New York State Department of Environmental Conservation as required by any applicable statutes, codes, laws, acts, ordinances, orders, judgments, decrees, rules and regulations. The Lessee covenants to provide evidence of compliance with the requirements of this Section 6.19 to the Agency, attention Doug Rice.

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 or the Sublessee (i) to make any rental payment for deposit in the Reimbursement Account of the Lease Payments Fund or the Bond Fund that has become due and payable by the terms of Section 3.3(a), (b) or (d) hereof; or (ii) to provide sufficient moneys for the purchase of any Bonds pursuant to Section 3.7 hereof;

(b) Failure of the Lessee to pay any amount (except the obligation to pay rent under Sections 3.3 and 3.7 hereof) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under Section 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, the Trustee or the Holders of more than fifty per centum (50%) in aggregate principal amount of the Bonds Outstanding;

(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, if such failure can be remedied, (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, the Trustee, the Bank or the Holders of more than fifty per centum (50%) in aggregate principal amount of the Bonds Outstanding, 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; provided, however, in any event such failure shall be remedied within sixty (60) days after receipt by the Lessee of the notice referred to above;

(d) The Lessee or the Sublessee 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 such 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 or the Sublessee, 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 Sublessee 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 Sublessee shall be entered in an involuntary case under such Bankruptcy Code; the terms "dissolution" or "liquidation" of the Lessee or the Sublessee as used above shall not be construed to prohibit any action otherwise permitted by Section 6.1;

(f) Any representation or warranty made by the Lessee or the Sublessee (i) in the application, commitment letter and related materials submitted to the Agency for approval of the Project or its financing, or (ii) in this Lease Agreement or the Sublease Agreement or in any of the other Security Documents or (iii) in any document relating to, incorporated in or attached to the Tax Compliance Agreement, 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 the Indenture or under any other Security Document shall occur and be continuing; or

(h) Notification in writing received by the Trustee from the Bank that an “Event of Default” as defined in the Reimbursement Agreement has occurred and is continuing and instructing the Trustee to cause an acceleration of the Bonds.

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, subject to Section 7.8 hereof and Article VIII of the Indenture, take any one or more of the following remedial steps:

(a) The Trustee, as and to the extent provided in Article VIII of the Indenture, may cause all principal installments of rent payable under Section 3.3 hereof for the remainder of the term of this Lease 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 Lease Agreement, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Agency, the Bank, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(b) The Agency (with the prior written consent of the Bank or, if no Bank, the Trustee) or the Trustee (with the prior written consent of the Bank, if any) may reenter and take possession of the Facility without terminating this Lease 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 and the Bank) may terminate this Lease Agreement and exclude the Lessee from possession of the Facility in which case this Lease Agreement and all of the estate, right, title and interest herein granted or vested in the Lessee shall cease and terminate. No such termination of this Lease Agreement shall relieve the Lessee of its liability and obligations hereunder and such liability and obligations shall survive any such termination;

(d) The Agency, the Bank 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 Lease 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 Bondholder, may proceed to enforce the Agency’s Reserved Rights by (i) an action for damages, injunction or specific performance, and/or (ii) conveying all of the Agency’s right, title and interest in the Facility to the Lessee, subject to the lien of any other Security Documents.

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.

No action taken pursuant to this Section 7.2 (including repossession of the Facility or termination of this Lease 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.

Notwithstanding any provision of this Agreement to the contrary, the Trustee shall not take any action to accelerate the Bonds or dispose of any collateral pledged under the Security Documents except as provided in Article VIII of the Indenture.

SECTION 7.3 Reserved.

SECTION 7.4 Remedies Cumulative.

The rights and remedies of the Agency, the Bank or the Trustee under this Lease Agreement shall be cumulative and shall not exclude any other rights and remedies of the Agency, the Bank or the Trustee allowed by law with respect to any default under this Lease Agreement. Failure by the Agency, the Bank 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.

SECTION 7.5 No Additional Waiver Implied by One Waiver.

In the event any covenant or agreement contained in this Lease 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, the Bank and/or the Trustee and the Lessee or any delay or omission on the part of the Agency, the Bank 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, the Bank or the Trustee, any valuation, inquisition, stay, appraisal, extension or redemption laws now existing or which may hereafter exist which, but for this provision, might be applicable to any sale or reletting made under the judgment, order or decree of any court or under the powers of sale and reletting conferred by this Lease Agreement or otherwise.

SECTION 7.6 Effect on Discontinuance of Proceedings.

In case any proceeding taken by the Trustee under the Indenture or this Lease 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 Bank, the Trustee and the Holders 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 Lease Agreement and the Agency, the Bank or the Trustee 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, the Bank or the Trustee the reasonable fees and disbursements of such attorneys and such other reasonable expenses so incurred.

SECTION 7.8 Rights of Bank.

Notwithstanding anything to the contrary contained herein, and subject to the provisions and limitations of Section 7.10 of the Indenture, neither the Trustee nor the Agency shall (i) take any actions to accelerate the Bonds (except to the extent of a redemption of the Series 2004 Bonds pursuant to Section 2.04(h) of the Indenture), nor (ii) foreclose, release, take possession of or otherwise dispose of any collateral covered by the Security Documents, except with the prior written consent of the Bank; provided, however, the Agency's rights under Section 7.2(f) hereof shall not be subject to the consent of the Bank.

ARTICLE VIII

OPTIONS

SECTION 8.1 Options.

(a) The Lessee has the option to make advance rental payments for deposit in the Reimbursement Account of the Lease Payments Fund for application in connection with the redemption of Bonds or payment of amounts owed to the Bank under the Reimbursement Agreement (or, if the Letter of Credit is no longer in effect and amounts owed to the Bank under the Reimbursement Agreement are paid in full, in the Redemption Account of the Bond Fund) to effect the retirement of the Bonds in whole or the redemption in whole or in part of the Bonds, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Bonds may be effected through advance rental payments hereunder if there shall exist and be continuing an Event of Default hereunder other than Events of Default under Sections 7.1 (c) or (f) hereof. 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, the Agency and the Bank not less than forty-five days prior to the date on which the Bonds are to be redeemed, setting forth (i) the amount of the advance rental payment, (ii) the principal amount of Bonds Outstanding requested to be redeemed with such advance rental payment (which principal amount shall be in such minimum amount or integral multiple of such amount as shall be permitted in the Indenture), and (iii) the date on which such principal amount of Bonds are to be redeemed. Such advance rental payment shall be delivered to the Trustee not less than the forty-fifth day preceding the date set for redemption of the Bonds and 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 Reimbursement Account of the Lease

Payments Fund for application in connection with the redemption of Bonds or payment of amounts owed to the Bank under the Reimbursement Agreement (or, if the Letter of Credit is no longer in effect and all amounts owed to the Bank under the Reimbursement Agreement are paid in full, 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 Bond Registrar, the Trustee and the Paying Agents in connection with such redemption. In the event the Bonds are to be redeemed in whole or otherwise retired, the Lessee shall further pay on or before such redemption date, in legal tender, to the Agency, the Trustee, the Bond Registrar, the Tender Agent, the Remarketing Agent, the Bank and the Paying Agents, as the case may be, all fees and expenses owed such party or any other party entitled thereto under this Lease Agreement or the Indenture together with (i) all other amounts due and payable under this Lease Agreement, the other Security Documents, the Remarketing Agreement, the Reimbursement Agreement and (ii) any amounts required to be paid to the Federal government pursuant to the Indenture or the Tax Compliance Agreement.

(b) The Lessee shall have the option to purchase the leasehold interest in the Facility commencing on that date upon which the Bonds may first optionally be redeemed in whole and on any date thereafter permitted therefor as provided in the Indenture.

(c) The Lessee shall also have the option to purchase the leasehold interest in the Facility on any date during the term of this Lease Agreement within ninety (90) days of the occurrence of any of the following events:

(1) The Facility shall have been damaged or destroyed to such extent that as evidenced by a certificate of an Independent Engineer filed with the Agency, the Bank and the Trustee (A) the Facility cannot be reasonably restored within a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Lessee or the Sublessee is thereby prevented or likely to be prevented from carrying on its normal operation of the Facility for a period of twenty-four (24) months from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

(2) title to, or the temporary use of, all or substantially all of the Facility shall have been taken or condemned by a competent authority which taking or condemnation results, or is likely to result, in the Lessee or the Sublessee being thereby prevented or likely to be prevented from carrying on its normal operation of the Facility for a period of one year from the date of such taking or condemnation, as evidenced by a certificate of an Independent Engineer filed with the Agency, the Bank and the Trustee; or

(3) As a result of changes in the Constitution of the United States of America or of the State or of legislative or executive action of the State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Lessee or the Sublessee, this Lease Agreement or the Sublease Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed herein or unreasonable burdens or excessive liabilities are imposed upon the Lessee or the Sublessee by reason of the operation of the Facility.

(d) The Lessee, in purchasing the leasehold interest in the Facility pursuant to Section 8.1(c) hereof, shall file with the Agency and the Trustee the certificate prescribed by Section 8.1(c)(1) or (2) hereof together with a certification by an Authorized Representative of the Lessee) to the effect that, as a result of the occurrence of the event giving rise to the exercise of such option to purchase, the Lessee has discontinued, or at the earliest practicable date will discontinue, the operation of the Facility for its intended purposes, and in the case of Section 8.1(b) or 8.1(c) hereof, the Lessee shall pay to the Trustee as the purchase price, in legal tender, advance rental payments, for deposit in the Reimbursement Account of the Lease Payments Fund for reimbursement of amounts owed to the Bank under the Reimbursement Agreement in connection with the redemption of Bonds or payment of other amounts owed to the Bank under the Reimbursement Agreement (or, if the Letter of Credit is no longer in effect and all amounts owed to the Bank under the Reimbursement Agreement are paid in full, in the Redemption Account of the Bond Fund) (if payment in full of the principal of or the Redemption Price, if any, as the case may be, of, and interest on, all the Outstanding Bonds 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 Reimbursement Account of the Lease Payments Fund for reimbursement of amounts owed to the Bank under the Reimbursement Agreement in connection with the redemption of Bonds or payment of other amounts owed to the Bank under the Reimbursement Agreement (or, if the Letter of Credit is no longer in effect and all amounts owed to the Bank under the Reimbursement Agreement are paid in full, in the Redemption Account of the Bond Fund) and available therefor, will be sufficient to pay, retire and redeem 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 or to reimburse the Bank for amounts owed to the Bank under the Reimbursement Agreement in connection therewith;

(2) expenses of redemption, the fees and expenses of the Agency, the Trustee, the Bank, the Bond Registrar, the Remarketing Agent, the Tender Agent and the Paying Agents and all other amounts due and payable under this Lease Agreement, the Reimbursement Agreement, the Remarketing Agreement and the Indenture;

(3) any amounts required to be paid to the federal government pursuant to the Indenture or the Tax Compliance Agreement; and

(4) one dollar (U.S. \$1).

(e) Upon the payment in full of the principal of and interest on the Outstanding Bonds (whether at maturity or earlier redemption), the Lessee shall have the option to purchase the Facility and shall exercise such option by (1) delivering to the Agency and the Bank 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 purchase, which notice shall set forth a requested closing date for the purchase of the Facility which shall be not later than sixty (60) days after the payment in full of the Bonds, and (2) paying on such closing date a purchase price equal to the sum of one dollar (U.S. \$1), the fees and expenses of the Agency, the Trustee, the Bank, the Bond Registrar, the Remarketing Agent, the Tender Agent and the Paying Agents and any other amounts due and payable under this Lease Agreement, the Reimbursement Agreement, the Remarketing Agreement or the Indenture, together with any amounts required to be paid to the United States government

pursuant to the Indenture or the Tax Compliance Agreement. 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.

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

SECTION 8.2 Conveyance on Exercise of Option to Purchase.

At the closing of any purchase of the leasehold interest in the Facility pursuant to Section 8.1 hereof, the Agency will, upon receipt of payment of the purchase price, deliver or cause to be delivered (i) documents conveying to the Lessee all of the rights, title and interest of the Agency, the Bank and the Trustee in and to the Facility Equipment and, by lease assignment or termination, good and marketable leasehold title to the real property of the Facility Realty being purchased, as all such property then exists, and all rights, alleys, ways, waters, privileges, appurtenances and advantages to the same belonging or otherwise pertaining, subject to the following: (1) the nature, quality and extent to which leasehold title to said property shall have been vested in the Agency; (2) any Permitted Encumbrances to which title to said property was subject when leasehold title was conveyed to the Agency; (3) any liens, easements, security interests, claims, charges and encumbrances created at the request of the Lessee or to the creation or suffering of which the Lessee consented; (4) any liens, security interests, claims, charges and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Agreement; (5) any liens for taxes or assessments not then delinquent; (6) the rights, if any, of any condemning authority; and (ii) documents releasing and conveying to the Lessee all of the Agency's rights and interests in and to any rights of action, or any insurance proceeds or condemnation award, with respect to the Facility. Concurrently with the delivery of such title documents, 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.

Upon conveyance of the Facility pursuant to this Section 8.2, this Lease Agreement and all obligations of the Lessee hereunder shall be terminated except the obligations of the Lessee under Sections 4.3 (until such time as the Lessee shall again pay taxes as the record owner of the Facility Realty exclusive of the Agency's leasehold interest therein), 6.2 and 8.5 shall survive such termination.

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 Lease Agreement, to purchase Series 2004 Bonds for its own account, whether by direct negotiation, through a broker or dealer, or by making a tender offer to the Holders thereof. The Series 2004 Bonds so purchased by the Lessee or by any Affiliate thereof shall be delivered to the Trustee for cancellation within fifteen (15) days of the date of purchase. The Agency shall at all reasonable times make available or cause to be made available to the Lessee its registration books (maintained at the principal corporate trust office of the Trustee) containing the names and addresses of the Bondholders if known.

SECTION 8.4 Termination of Lease Agreement.

After full payment of the Series 2004 Bonds or provision for the payment in full thereof having been made in accordance with Section 10.01 of the Indenture and the return of the Letter of Credit, if any, then in effect to the Bank for cancellation, the Lessee may terminate this Lease Agreement by paying the fees and expenses of the Agency, the Bank, the Credit Provider, if any, the Trustee, the Bond Registrar, the Tender Agent, the Remarketing Agent and the Paying Agents and all other amounts due and payable under this Lease Agreement, the Sublease Agreement, the other Security Documents, the Remarketing Agreement and the Reimbursement Agreement together with any amounts required to be paid to the United States government pursuant to the Indenture or the Tax Compliance Agreement, 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 3.1, 4.3 (if any), 6.2 and 8.5 hereof. Upon termination of this Lease Agreement as set forth herein, the Agency shall execute and deliver to the Lessee a termination of lease in recordable form.

SECTION 8.5 Recapture of Agency Benefits.

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

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 Series 2004 Bonds (other than pursuant to Section 6.1 hereof), or the Lessee vacates all or substantially all of the Facility within ten (10) years from the date of issuance of the Series 2004 Bonds, the Lessee shall pay to the Agency as a return of public benefits conferred by the Agency, the following amounts:

1. one hundred percent (100%) of the Benefits if the Facility is sold or vacated within the first six (6) years after the issuance of the Series 2004 Bonds;
2. eighty percent (80%) of the Benefits if the Facility is sold or vacated during the seventh (7th) year after the issuance of the Series 2004 Bonds;
3. sixty percent (60%) of the Benefits if the Facility is sold or vacated during the eighth (8th) year after the issuance of the Series 2004 Bonds;
4. forty percent (40%) of the Benefits if the Facility is sold or vacated during the ninth (9th) year after the issuance of the Series 2004 Bonds; or
5. twenty percent (20%) of the Benefits if the Facility is sold or vacated during the tenth (10th) year after the issuance of the Series 2004 Bonds.

The term "Benefits" shall mean, collectively,

1. all real estate benefits which have accrued to the benefit of the Lessee during such time as the Agency had a leasehold interest in the Facility Realty by reason of the Agency's leasehold interest, such tax benefits to be computed by subtracting the payments in lieu of taxes paid under Section 4.3 hereof from those payments which the Lessee would have been required to pay during the lease term had the City determined the amount of such real estate taxes as would be due if the Lessee had been the owner of the Facility Realty, exclusive of the Agency's leasehold interest therein, during such lease term; and

2. all miscellaneous benefits derived from the Agency's participation in the financing of the costs of the Project including, but not limited to exemption from mortgage recording tax, transfer tax, sales or use tax, and filing and recording fees.

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 or upon the vacating of the Facility by the Lessee within ten (10) years of the issuance of the Series 2004 Bonds. The provisions of this Section 8.5 shall survive the termination of this Lease Agreement for any reason whatsoever, notwithstanding any provision of this Lease 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 Series 2004 Bonds, and the Indenture and the Series 2004 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 Lease Agreement, then except as otherwise expressly provided in this Lease Agreement and, 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 a public enemy, orders of any kind of the Government of the United States of America 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 settlement of existing or impending strikes, lockouts or

other industrial disturbances shall be entirely within the discretion of the party having the difficulty and that the above 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 fulfilled even though such existing or impending strikes, lockouts and other industrial disturbances may not be settled but could have been settled by acceding to the demands of the opposing person or persons.

SECTION 9.3 Assignment or Sublease.

The Lessee may not at any time assign or transfer this Lease Agreement, or sublet the whole or any part of the Facility, except to the Sublessee pursuant to the Sublease Agreement, without the prior written consent of the Agency, the Trustee (at the written direction of holders of a majority in aggregate principal amount of the Bonds) and the Bank (or, if all amounts owed to the Bank under the Reimbursement Agreement have been paid in full and the Letter of Credit shall no longer be in effect as permitted hereunder and under the Indenture, the Agency) (which consent shall not be unreasonably withheld); provided, that (1) 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 Lease Agreement and of any other Security Document to which it shall be a party, (2) any assignee or transferee of the Lessee or Sublessee in whole of the Facility shall have assumed in writing and have agreed to keep and perform all of the terms of this Lease 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, (3) in the Opinion of Counsel addressed to the Agency and the Trustee, such assignment, transfer or sublease shall not legally impair in any respect the obligations of the Lessee for the payment of all rents nor for the full performance of all of the terms, covenants and conditions of this Lease Agreement or of any other Security Document to which the Lessee shall be a party, nor impair or limit in any respect the obligations of any obligor under any other Security Document, nor cause the interest on the Series 2004 Bonds to become includable in gross income for purposes of Federal income taxes, (4) any assignee, transferee or sublessee shall be a Tax-Exempt Organization and 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 Lease Agreement, the Indenture, any other Security Document, the Letter of Credit, the Reimbursement Agreement and Collateral Documents, (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; provided, however, that any subletting in part does not effect the tax exempt status of the Series 2004 Bonds for purposes of Federal income taxes, (7) such assignment, transfer or sublease shall in no way diminish or impair the Lessee's obligation to carry the insurance required under Section 4.5 of this Lease Agreement and the Lessee shall furnish written evidence satisfactory to the Agency, the Trustee and the Bank (or, if all amounts owed to the Bank under the Reimbursement Agreement have been paid in full and the Letter of Credit shall no longer be in effect as permitted hereunder and under the Indenture, the Agency and the Trustee) that such insurance coverage shall in no manner be limited by reason of such assignment, transfer or sublease, and (8) each such assignment, transfer or sublease shall contain such other provisions as the Agency, the Trustee and the Bank (or, if amounts owed to the Bank under the Reimbursement Agreement have been paid in full and the Letter of Credit shall no longer be in effect as permitted hereunder and under the Indenture, the Agency or the Trustee) may reasonably require. The Lessee shall furnish or cause to be furnished to the Agency, the Bank and the Trustee a copy of any such assignment, transfer or sublease in substantially final form at least thirty (30) days prior to the date of execution thereof.

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

If the Facility or any part thereof shall be sublet or occupied by any Person other than the Lessee or the Sublessee, 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 undertenant or occupant during the continuance of any such default. In either of such events, 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 under-tenant 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.

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 and the Bank.

The Lessee shall file with the Agency by January 1 of each year commencing January 1, 2005, a certificate of an Authorized Representative of the Lessee with respect to all tenancies in effect at the Facility Realty, in the form of the Subtenant Survey attached hereof as Schedule D.

SECTION 9.4 Priority of Indenture and Agency Mortgage.

Pursuant to the Agency Mortgage, the Lessee and the Agency will grant a first, second and third mortgage liens and leasehold mortgage liens on and security interests in the Facility to the Bank, and pursuant to the Indenture, the Agency will pledge and assign the rentals and certain other moneys receivable under this Lease Agreement and the Sublease Agreement to the Trustee, for the benefit of the Bondholders and the Bank, as security for payment of the principal or Redemption Price, if applicable, of and interest on the Series 2004 Bonds and amounts owed or owing to the Bank under the Reimbursement Agreement, the Sublease Agreement, the Company Lease and this Lease Agreement shall be subject and subordinate to the Agency Mortgage and the Indenture and such mortgage lien, security interest, pledge and assignment thereunder.

SECTION 9.5 Benefit of and Enforcement by Trustee and Bank.

The Agency and the Lessee agree that this Lease Agreement is executed in part to induce the purchase by others of the Series 2004 Bonds, for the further securing of the Series 2004 Bonds and to induce the Bank to issue the Letter of Credit, and accordingly all covenants and agreements on the part of the Agency and the Lessee as set forth in this Lease Agreement are hereby declared to be for the benefit of the Holders from time to time of the Series 2004 Bonds and the Bank and may be enforced as provided in Article VIII of the Indenture by the Trustee on behalf of the Bondholders or by the Bank to the extent provided herein or in Article VIII of the Indenture.

SECTION 9.6 Amendments.

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

SECTION 9.7 Notices.

All notices, certificates or other communications hereunder shall be sufficient if sent by registered or certified United States mail, postage prepaid, addressed, if to the Agency, to the General Counsel, New York City Industrial Development Agency, 110 William Street, New York, New York with a copy to the Executive Director of the Agency at the same address; if to the Lessee, to Sarah Associates, 25-44 Borough Place, Woodside, New York 11377 Attention: John Garuti, Jr., Partner; with a copy to Samuel B. Freed, Esq., 98-20 Metropolitan Avenue, Forest Hills, New York 11375; if to the Trustee, to Wachovia Bank, National Association, One Penn Plaza, Suite 1414, New York, New York 10119, Attention: Corporate Trust - NY4040, and if to the Bank, to Citibank, N.A., One Court Square, 43rd Floor, Long Island City, New York 11120, Attention: Patricia M. Stanton. The Agency, the Lessee, the Trustee and the Bank 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 as of the date it shall have been mailed. Any notice of default pursuant to this Lease Agreement shall also be addressed to the Bank at the address stated above.

SECTION 9.8 Prior Agreements Superseded.

This Lease 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 Lease Agreement is 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 the Bank or their respective duly authorized agents, at all reasonable times during regular business hours and upon reasonable notice to enter upon the Facility Realty and to examine and inspect the Facility and exercise its rights hereunder, under the Indenture and under the other Security Documents with respect to the Facility. The Lessee will further permit the Agency, or its duly authorized agent, at all reasonable times to enter upon 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 qualified "project" under the Act consistent with the purposes set forth in the recitals to this Lease 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 Lease 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 Lease Agreement shall inure to the benefit of, and shall be binding upon, the Agency, the Lessee and their respective successors and assigns.

SECTION 9.13 Net Lease.

It is the intention of the parties hereto that this Lease Agreement be a "net lease" and that all of the rent be available for debt service on the Series 2004 Bonds, and this Lease Agreement shall be construed to effect such intent.

SECTION 9.14 Law Governing.

THIS LEASE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD OR REFERENCE TO ITS CONFLICTS OF LAWS PRINCIPLES.

SECTION 9.15 Investment of Funds.

Any moneys held as part of the Rebate Fund, the Lease Payments Fund, the Project Fund, the Bond Fund or the Renewal Fund or in any special fund provided for in this Lease Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the specific written request of an Authorized Representative of the Lessee, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Compliance Agreement). Neither the Trustee (except for its own gross negligence or willful misconduct) nor the Agency 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, fee, tax or other charges 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 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 Lease Agreement or the Facility or any matters whatsoever arising out of or in any way connected with this Lease Agreement.

The provision of this Lease Agreement relating to waiver of a jury trial and the right of reentry or repossession shall survive the termination or expiration of this Lease Agreement.

SECTION 9.17 Reserved.

SECTION 9.18 No Recourse under this Agreement or on Bonds.

All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Lease Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency, and not of any member, director, officer, employee or agent of the Agency in his individual capacity, and no recourse shall be had for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Agency or any natural person executing the Series 2004 Bonds.

SECTION 9.19 Rights of Bank.


As between the Bank hereunder and the Lessee, any rights or benefits granted to the Bank are in addition to those contained in any agreements (including the Reimbursement Agreement and the Collateral Documents) executed by the Lessee with or in favor of the Bank, and in the event of a conflict between this Lease Agreement and such other agreements, such other agreements shall control with respect to the rights and obligations between the Bank and the Lessee, but shall in no way diminish the rights of the Agency and the Trustee set forth in this Lease Agreement. In addition, any obligations of the Lessee hereunder shall be in addition to those contained in any agreement between the Lessee and the Bank. Notwithstanding any other provision herein to the contrary, the rights of the Bank hereunder shall be subject to Section 7.10 of the Indenture.

SECTION 9.20 Date of Agreement for Reference Only.

The date of this agreement shall be for reference purposes only and shall not be construed to imply that this Lease Agreement was executed on the date first above written. This Lease Agreement was executed and delivered on December 29, 2004.

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

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

By: 
Name: Kei Hayashi
Title: Deputy Executive Director

SARAH ASSOCIATES

By: _____
Name: Diane Burmeister
Title: Partner

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

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____

Name: Kei Hayashi

Title: Deputy Executive Director

SARAH ASSOCIATES

By: *Diane Burmeister*

Name: Diane Burmeister

Title: Partner

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

On the 27th day of December, 2004, before me, the undersigned a Notary Public/Commissioner of Deeds in and for said State/The City of New York, personally appeared Kei Hayashi, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



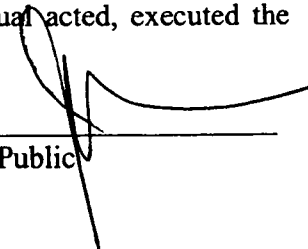
Notary Public/Commissioner of Deeds

MARTIN BREE
COMMISSIONER OF DEEDS
CITY OF NEW YORK NO. 4-5172
COMMISSION EXPIRES MAR. 01, 2005

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

s.s.:

On the 28th day of December, 2004, before me, the undersigned a Notary Public in and for said State, personally appeared Diane Burmeister, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

JERRY S. LERNER
Notary Public, State of New York
No. 02LE4781959
Qualified in Nassau County
Commission Expires Aug. 31, 2005

DESCRIPTION OF THE PROJECT

The Project shall consist of (i) the renovation, furnishing, and equipping of an approximately 30,000 square foot building located upon an approximately 30,000 square foot parcel of land located at 25-44 Borough Place, Woodside, Queens, New York 11377, (ii) the construction, renovation and equipping of an approximately 25,000 square foot addition to such existing building, all for use by Super-Tek Products, Inc. in designing, formulating, manufacturing and custom packaging a diverse range of installation, setting, fixing and repair products for the construction industry (the "Facility"), (iii) the refunding of existing bonds issued by the Agency in 1985 for the acquisition of such facility and (iv) the financing of certain costs in issuance of the Series 2004 Bonds.

DESCRIPTION OF FACILITY REALTY

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

BEGINNING at the corner formed by the intersection of the southwesterly side of Borough Place (60 feet wide) and the southeasterly side of 50th Street (60 feet wide);

RUNNING THENCE southeasterly along the southwesterly side of Borough Place on an interior angle of 56 degrees 48 minutes 48 seconds, 308 feet;

THENCE southwesterly at right angles to Borough Place, 104.24 feet to land of the New York Connecting Railroad;

THENCE northwesterly along the last mentioned land, on a line forming an interior angle of 92 degrees 25 minutes 00 seconds with the preceeding course, a distance of 233.58 feet to the southeasterly side of 50th Street;

THENCE northeasterly along the southeasterly side of 50th Street on an interior angle of 120 degrees 46 minutes 12 seconds, 136.32 feet to the corner aforesaid, the point or place of BEGINNING.

TOGETHER with the benefits and SUBJECT to the Burdens of a certain Right of Way easement as set forth in a Deed of Easement dated August 21, 1985 between National Railroad Passenger Corporation -and- John Garuti, Sr. and John Garuti, Jr. as individuals, as assigned by Assignment of Easement dated November 5, 2004 between John Garuti, Jr., as assignor -to- Sarah Associates, as assignee, both being submitted for recording in the Queens County Register's Office, and being more particularly bounded and described as follows:

BEGINNING at a point on the easterly side of 50th Street, 60 feet wide, distant 136.32 feet southerly from the corner formed by the intersection of the easterly side of 50th Street with the southerly side of Borough Place, 60 feet wide;

THENCE South 56 degrees 45 minutes 45 seconds East, 298.58 feet;

THENCE South 35 degrees 39 minutes 15 seconds West, 23 feet;

THENCE North 60 degrees 49 minutes 46 seconds West, 65.13 feet;

THENCE North 59 degrees 01 minutes 58 seconds West, 35.06 feet;

THENCE North 56 degrees 45 minutes 45 seconds West, 40 feet;

THENCE North 57 degrees 50 minutes 36 seconds West, 53.01 feet;

THENCE North 61 degrees 57 minutes 25 seconds West, 22.09 feet;

THENCE North 70 degrees 15 minutes 30 seconds West, 25.71 feet;

THENCE South 63 degrees 15 minutes 09 seconds West, 24.61 feet;

THENCE North 56 degrees 45 minutes 45 seconds West, 10 feet to the easterly side of 50th Street;

THENCE North 2 degrees 28 minutes 03 seconds East along the easterly side of 50th Street, 69 feet to the point or place of BEGINNING.

Said premises being known as 25-44 Borough Place, Woodside, N.Y.

FOR CONVEYANCING ONLY: Together with all the right, title and interest of the party of the first part of, in and to land lying in the street in front of and adjoining said premises.

DESCRIPTION OF FACILITY EQUIPMENT

The acquisition of building materials, fixtures and other equipment for incorporation and/or use at the buildings located at 25-44 Borough Place, Woodside, Queens, New York 11377, financed with the proceeds of the New York City Industrial Development Agency Variable Rate Demand Industrial Development Revenue Bonds (Super-Tek Products, Inc. Project), Series 2004.

FORM OF SALES TAX LETTER

[Form of Letter of Authorization for Sales Tax Exemption]

[Letterhead of Agency]

December 29, 2004

TO WHOM IT MAY CONCERN

Re: New York City Industrial Development Agency
(Super-Tek Products, Inc. Project)

Expiration Date: December 31, 2005

Eligible Location: 25-44 Borough Place, Woodside, New York 11377

Ladies and Gentlemen:

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

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

2. Pursuant to resolutions adopted by the Agency on September 14, 2004 and December 14, 2004 (collectively, the "Bond Resolution"), and a Lease Agreement, dated as of December 1, 2004 (the "Lease Agreement"), between the Agency and Sarah Associates, a New York general partnership (the "Company"), the Agency has authorized the Company to act as its agent for the construction, renovation, furnishing and equipping of a manufacturing facility in the City of New York (the "Facility") consisting of (i) the renovation, furnishing, and equipping of an approximately 30,000 square foot building located upon an approximately 30,000 square foot parcel of land located at 25-44 Borough Place, Woodside, Queens, New York 11377, (ii) the construction, renovation and equipping of an approximately 25,000 square foot addition to such existing building, all for use by the Applicant in designing, formulating, manufacturing and custom packaging a diverse range of installation, setting, fixing and repair products for the construction industry, (iii) the refunding of existing bonds issued by the Agency in 1985 for the acquisition of such facility and (iv) the financing of certain issuance costs with respect to the

Series 2004 Bond (the "Project"), for use and occupancy by the Company and its permitted Sublessee, Super-Tek Products, Inc., a New York corporation (the "Sublessee").

3. In connection with such resolutions and the Lease Agreement and pursuant to the authority therein granted, the Agency authorizes the Company to act as its agent in connection with the renovation, furnishing, construction, and equipping of the Project and authorizes the Company to use this letter as its agent only for the payment of the costs of such renovation, construction, furnishing and equipping of the Project, all as set forth in Exhibit A hereto.

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

"This [contract, agreement, invoice, bill or purchase order] is being entered into by Sarah Associates, a general partnership duly organized and existing under the laws of the State of New York (the "Agent"), as agent for and on behalf of the New York City Industrial Development Agency (the "Agency"), in connection with a certain project of the Agency for the Agent consisting of (i) the renovation, furnishing, and equipping of an approximately 30,000 square foot building located upon an approximately 30,000 square foot parcel of land located at 25-44 Borough Place, Woodside, Queens, New York 11377, (ii) the construction, renovation and equipping of an approximately 25,000 square foot addition to such existing building, all for use by Super-Tek Products, Inc., a New York corporation (the "Sublessee"), in designing, formulating, manufacturing and custom packaging a diverse range of installation, setting, fixing and repair products for the construction industry, (iii) the refunding of existing bonds issued by the Agency in 1985 for the acquisition of such facility and (iv) the financing of certain issuance costs with respect to the Series 2004 Bonds (the "Project"), for lease to the Agency and sublease to the Agent for sub-sublease to, and use and occupancy by, the Sublessee. The capital improvements, materials, machinery, equipment, trade fixtures, furniture, furnishings and other tangible personal property to be used for the Project which is the subject of this [contract, agreement, invoice, bill or purchase order] shall be exempt from the sales and use tax levied by the State of New York and The City of New York if effected in accordance with the terms and conditions set forth in the attached Letter of Authorization for Sales Tax Exemption of the Agency, and the Agent hereby represents that this [contract, agreement, invoice, bill or purchase order] is in compliance with the terms of the Letter of Authorization for Sales Tax Exemption. The liability of the Agency hereunder is limited as set forth in the Letter of Authorization for Sales Tax Exemption. By execution or acceptance of this [contract, agreement, invoice, bill or purchase

order], the [vendor or contractor] hereby acknowledges the terms and conditions set forth in this paragraph.”

5. The renovation, construction, furnishing and equipping of facilities, capital improvements, systems, trade fixtures, tangible personal property, building materials, machinery and equipment constituting a part of the Project shall be exempt from the sales and use tax levied by the State of New York and The City of New York on the condition that (i) such materials and capital improvements are separately identifiable property of the Agency, (ii) any capital machinery, building materials and equipment shall have a useful life of one year or more, and shall solely be for the use of the Company and the Sublessee at the Facility, and for no other entity and at no other location, and be effected by and at the sole cost of the Company, and (iii) the cost of such property is purchased or paid from, or reimbursed with, in whole, the proceeds of bonds issued by the Agency for the financing of the Project.

6. The liability of the Agency under any contract, agreement, invoice, bill or purchase order entered into by the Company as agent for the Agency hereunder shall be limited only to the proceeds of the bonds of the Agency as may be used to finance the cost of the Project; and the Agency shall have no liability or performance obligations under any such contract, agreement, invoice, bill or purchase order. In the event that such bonds are not issued or the proceeds of such bonds are insufficient to pay or reimburse all or any part of such costs, the Agency shall not be liable, either directly or indirectly or contingently, upon any such contract, agreement, invoice, bill or purchase order in any manner and to any extent whatsoever, and the Company shall be the sole party liable thereunder.

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

8. Accordingly, until the earlier of (i) the termination of the Lease Agreement, and (ii) the completion of the Project as provided in the Lease Agreement, all vendors, contractors and subcontractors are hereby authorized to rely on this letter (or on a photocopy or fax of this letter) as evidence that purchases of, and improvement and installation contracts relating to, the Project property, to the extent effected by the Company (or by a contractor or subcontractor engaged by the Company) as agent for the Agency, are exempt from all New York State and City of New York sales and use taxes.

9. The Agency hereby further appoints the Sublessee as its agent for the purpose of using the Facility.

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

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Name: Kei Hayashi
Title: Deputy Executive Director

ACCEPTED AND AGREED TO BY:

SARAH ASSOCIATES

By: _____
Name: Diane Burmeister
Title: Partner

SUPER-TEK PRODUCTS, INC.

By: _____
Name: Diane Burmeister
Title: Vice President

EXHIBIT A

The acquisition of building materials and fixtures for incorporation within the building located at 25-44 Borough Place, Woodside, Queens, New York 11377.

EXHIBIT E

General Contractor Certificate

_____, 2004

New York City Industrial Development Agency
110 William Street
New York, NY 10038

Re: New York City Industrial Development Agency Project to assist with the renovation, furnishing and equipping of an approximately 55,000 square foot building, and the construction, renovation and equipping of an approximately 25,000 square foot addition to such existing building, on certain premises located at 25-44 Borough Place, Woodside in Queens, New York 11377 (the "Premises")

To Whom It May Concern:

The undersigned ("General Contractor") understands that New York City Industrial Development Agency is providing financial assistance to Super-Tek Products, Inc. (the "Project Company"), which financial assistance will be used to assist the Project Company with the construction of the improvements described as: the renovation, furnishing and equipping of an approximately 55,000 square foot building, and the construction, renovation and equipping of an approximately 25,000 square foot addition to such existing building (the "Improvements"), on the Premises (the "Project"). The General Contractor has been engaged to act as the general contractor in connection with the construction the Improvements pursuant to the provisions of a certain contract between the Project Company and the General Contractor dated _____, 2004 (the "Contract"). The General Contractor has reviewed certain plans and specifications (the "Plans and Specifications") for use in connection with the construction of the Improvements, as more particularly described in the Architect's Certification, dated _____, 2004, by _____, the architect for the Project.

The undersigned General Contractor does hereby certify and represent to you as follows:

1. All permits, licenses, certificates, consents and approvals required in connection with the commencement of construction of the Improvements, including but not limited to, curb-cut permits, building permits and permits relating to utilities, have been duly, validly and unconditionally issued by the appropriate governmental agencies (federal, state and local) and private authorities and agencies.
2. The following are the approvals, authorizations, permits or licenses currently issued that are necessary to construct and operate the Improvements, pursuant to any law, rule, ordinance or regulation affecting the Premises, including environmental laws, rules, ordinances or regulations:
 - Zoning Department of Buildings
 - New Building Department of Buildings

- Sewer Permit Department of Environmental Protection
- Sprinklers Department of Buildings
- Standpipe Department of Buildings
- Generator Department of Buildings
- Paving Plan Department of Buildings
- Street Opening Department of Transportation
- Asbestos Control Program Department of Environmental Protection

3. The following are the only other approvals, authorizations, permits or licenses necessary to construct and operate the Improvements, pursuant to any law, rule, ordinance or regulation affecting the Premises, including environmental laws, rules, ordinances or regulations, which have not been obtained as of this date and which are necessary for the construction of the Improvements:

- Fire Alarm Department of Buildings
- Electrical Department of Buildings

The undersigned is familiar with the process for obtaining the approvals, authorizations, permits and licenses necessary to construct and occupy the Improvements, and as to those approvals, authorizations, permits and licenses not yet obtained, the undersigned knows of no reason why the same should not be issued when required by the Project Company upon the payment of the approved fee so as to not delay the construction and occupancy of the Improvements. Such approvals can be obtained in the ordinary course of business so as to not delay the construction of the Improvements, and the issuance of such permits by the applicable government authority is ministerial and not discretionary.

4. The Plans and Specifications for the construction of the Improvements on the Premises have been approved by all necessary agencies of the City of New York.
5. To my knowledge, there is no petition, action or proceeding known to the undersigned pending before the court, agency or official, threatened with respect to the validity of any statutes, ordinances, regulations, restrictions, codes, rules, permits, certificates or any permits or approvals thereunder relating to the Improvements, or to revoke, rescind, alter or declare any of the same.
6. The General Contractor is duly licensed and in good standing in the State of New York to perform all work described in the Contract.

The statements contained in this letter are an expression of the undersigned's opinion, are made to the best of the undersigned's knowledge, information and belief, and are based on the undersigned's performance of services under its Contract with the Project Company in accordance with generally accepted standards of construction industry practice.

Very truly yours,

By _____

Name:

Title:

SCHEDULE A

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

The undersigned, an Authorized Representative (as defined in the Lease Agreement referred to below) of Sarah Associates, a New York general partnership (the "Lessee"), HEREBY CERTIFIES that this Certificate is being delivered in accordance with the provisions of Section 2.2(b) of that certain Lease Agreement, dated as of December 1, 2004 (the "Lease Agreement"), between the New York City Industrial Development Agency (the "Agency") and the Lessee, and FURTHER CERTIFIES THAT (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Lease Agreement):

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

(ii) except for any Project costs not due and payable or the liability for payment of which is being contested or disputed by the Lessee in good faith, all labor, services, machinery, equipment, materials and supplies used therefor have been paid for or arrangement for payment, as described below, has been made **[insert details of payment arrangement, if applicable]**;

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

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

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

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

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

(viii) attached hereto are (a) a certificate of the general contractor for the Project to the effect that all subcontractors, supplies, material and laborers have been paid all sums done and owing to them, (b) releases of mechanics' liens by the general contractor and by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the Project and whose contract for work or materials was in excess of \$50,000, (c) a permanent certificate of occupancy, (d) any and all permissions, approvals, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by the Lease Agreement, and (e) evidence that all real property taxes and assessments, and payments in lieu of taxes, if any, due and payable under Section 4.3 of the Lease Agreement in respect of the Facility have been paid in full.

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

Sarah Associates, as Lessee

By: _____

Name:

Title: Authorized Representative

SCHEDULE B



IDA BENEFITS REPORT
FOR BENEFITS UTILIZED JULY 1, 20XX - JUNE 30, 20XX

Due Date By Facsimile: July 31, 20xx

<<Project Company>>

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

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

SALES TAX BENEFITS

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

Total Cost of Purchases: \$
Total Sales Tax Savings: \$

BUSINESS INCENTIVE RATE - (BIR)

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

Amount of Benefit: \$

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

Signature _____ Date _____

Name/Title _____ Project Company Tax ID _____

FAX YOUR RESPONSE TO: (212) 312-3918

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

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

SCHEDULE C-1



EMPLOYMENT REPORT

AS OF JUNE 30, 20XX

DUE DATE BY FACSIMILE: JULY 31, 20XX

<<PROJECT COMPANY>>

In order to comply with Local and State employment reporting requirements, the New York City Industrial Development Agency (the "Agency") requires all of its project companies to complete and return this form to the Agency no later than July 31, 20xx.

Please provide information as of June 30th, 20xx, for all jobs at the eligible Project Location(s). Do not include any subcontractors and consultants; include only employees and/or owners/principals on your payroll. For each employee included in the reported totals below attach the most recent NYS-45 Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return.

Number of existing FULL TIME JOBS as of June 30, 20xx* _____
* At eligible locations only (as defined in the Lease Agreement).

Number of existing PART TIME JOBS as of June 30, 20xx* _____
* At eligible locations only (as defined in the Lease Agreement).

Certification: I, the undersigned, hereby certify to the best of my knowledge and belief, that all information contained in this report is true and complete, and that I understand it is submitted pursuant to IDA agreement(s). The 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 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 that 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, (y) other reports required of the Agency, and (z) any other reports required by law. This authorization shall remain in effect throughout the term of this transaction.

Signature _____ Date _____
Name/Title _____ Project Company Tax ID _____

FAX YOUR RESPONSE TO: (212) 312-3918

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

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

Schedule C-2



LOCATION & CONTACT INFORMATION

DUE DATE BY FACSIMILE: JULY 31, 20XX

<<Project Company>>

Eligible Project Location(s):

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

<i>Project Address & Floor</i>	<i>Borough</i>	<i>Zip Code</i>	<i>Type of Benefit (Pilot, Sales Tax, etc.)</i>

*** Please use additional pages if necessary ***

Please provide below current Project Contact Information:

Name: _____ Title: _____

Address: _____

Phone: _____ Fax: _____ E-mail: _____

(Please print CLEARLY)

Signature: _____

Backup Contact Name/Title/Phone Number:

FAX YOUR RESPONSE TO: (212) 312-3918

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

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

Schedule D

ida

New York City
Industrial
Development Agency

IDA SUBTENANT SURVEY

DUE DATE: January 2, ____

Company: _____

Address: _____

In order to verify compliance your IDA Transaction Documents, please complete the information requested below for each and every subtenant occupying space in your facility as of January 1, ____.

Subtenant	TOTAL BUILDING SQUARE FOOTAGE OF _____ SQ. FT.		Related Company (Yes or No)
	Square Footage	Beginning Date	

I, the undersigned hereby certify to the best of my knowledge and belief, that the information reported above is true and complete. I understand that this information is submitted pursuant to the requirements of the IDA Transaction Documents.

Name: _____ Title: _____
Signature: _____ Date: _____
Phone Number: _____

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

SCHEDULE E

EMPLOYMENT PLAN STATUS REPORT

COMPANY NAME: _____

ADDRESS: _____

TYPE OF BUSINESS: _____

CONTACT PERSON: _____

TELEPHONE NUMBER: _____

<u>Occupation</u>	<u>Number of New Jobs</u>	<u>Number Listed¹</u>	<u>Number Filled</u> Job Service Division Applicants	Job Training Partnership Act eligible Persons
-------------------	-------------------------------	--------------------------------------	---------------------------------------------------------------	--------------------------------------------------------

1

With local Jobs Service Division and local service delivery office created pursuant to the Job Training Partnership Act.

SCHEDULE F
FORM ST-340

ST-340
(10/99)



New York State Department of Taxation and Finance

Annual Report of Sales and Use Tax Exemptions
Claimed by Agent/Project Operator of
Industrial Development Agency/Authority (IDA)
For Period Ending December 31, _____(enter year)

Project information

Name of IDA agent/project operator	Federal employer identification number (EIN)
Street address	Telephone number
City State ZIP code	
Name of IDA agent/project operator's authorized representative, if any	Title
Street address	Telephone number
City State ZIP code	
Name of IDA	
Street address	
City State ZIP code	
Name of project	
Street address of project site	
City State ZIP code	

1 Project purpose: Services Construction Agriculture, forestry, fishing
 Wholesale trade Retail trade Finance, insurance or real estate
 Transportation, communication, electric, gas, or sanitary services
 Manufacturing Other (*specify*)

2 Date project began: _____ / _____ / _____
MM DD YY

3 Beginning date of construction or installation (actual or expected): _____ / _____ / _____
MM DD YY

4 Completion date of construction phase of project (actual or expected): : _____ / _____ / _____
MM DD YY

5 Completion date of project (actual or expected): _____ / _____ / _____
MM DD YY

6 Duration of project (years/months; actual or expected): _____ / _____
Years Months

7 Total sales and use tax exemptions (actual tax savings; NOT total purchases) \$ _____

Print name of officer, employee, or authorized representative signing for the IDA agent/project operator _____ Title of person signing _____
Signature _____ Date _____

Failure to file a complete report annually may result in the removal of authority to act as an IDA agent/project operator.
Mail completed report to: NYS TAX DEPARTMENT, IDA UNIT, BLDG 8 RM 658, W A HARRIMAN CAMPUS, ALBANY NY 12227.

General information

Who must file?

The General Municipal Law (CML) and the Public Authorities Law require the agent/project operator (also known as *project occupant*) of an Industrial Development Agency or Authority (IDA) to file an annual report with the New York State Department of Taxation and Finance. The agent/project operator required to file this report is the person directly appointed by the IDA to act for and to represent the IDA for the project. The agent/project operator is ordinarily the one for whom the IDA project was created.

There is usually only one agent/project operator directly appointed by the IDA for an IDA project. However, if the IDA directly appoints multiple agents/project operators, each agent/project operator must file this form (unless they are related corporations).

Only the agent/project operator(s) directly appointed by the IDA must file Form ST-340. Contractors, subcontractors, consultants, or agents appointed by the agent/project operator(s) should not themselves file Form ST-340. However, the agent/project operator(s) must include, on Form ST-340, information obtained from such contractors, subcontractors, consultants, and agents, as described below.

What must be reported?

The report must show the total value of all state and local sales and use taxes exempted during the calendar year, as a result of the project's designation as an IDA project. This includes:

- the value of the exemptions obtained by the agent/project operator, and
- the value of the exemptions obtained by your contractors, subcontractors, consultants, and others, whether or not appointed as agents of the IDA.

The report requires only the total combined exemptions obtained by the above people. A break down of the total is not required. However, since the report must include the value of the exemptions they obtained, the agent/project operator must keep records of the amounts others report to the agent/project operator.

It is important that the agent/project operator make it clear to the contractors, subcontractors, consultants, and others that they must keep accurate tax information and have it available so that the agent/project operator can comply with the annual reporting requirements.

Do not include in this report the amount of any sales and use tax exemptions arising out of other provisions of the Tax Law (for example, manufacturer's production equipment exemption, research and development exemption, or contractor's exemption for tangible personal property incorporated into a project of an exempt organization).

See instructions below for additional information required.

When is the report due?

You must file Form ST-340 on a calendar-year basis. It is due by the last day of February of the following year. The reporting requirement applies to IDA projects started on or after July 21, 1993.

Project information

Need help?

Telephone assistance is available from 8:30 a.m. to 4:25 p.m. (eastern time), Monday through Friday.
Tax information: 1 800 972-1233
Forms and publications: 1 800 462-8100
From outside the U.S. and outside Canada: (518) 485-6800
Fax-on-demand forms: 1 800 748-3676
Internet access: <http://www.tax.state.ny.us>
Hearing and speech impaired (telecommunications device for the deaf (TDD) callers only): 1 800 634-2110 (8:30 a.m. to 4:25 p.m., eastern time)

Persons with disabilities: In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call 1 800 225-5829.

If you need to write, address your letter to: NYS Tax Department, Taxpayer Assistance Bureau, Taxpayer Correspondence, W A Harriman Campus, Albany NY 12227.

At the top of the form, identify the reporting period by entering the year in the space provided. If an address is required, always include the ZIP code.

Name of IDA agent/project operator

Enter the name, address, federal employer identification number (EIN), and telephone number of the IDA agent/project operator.

Name of IDA agent/project operator's authorized representative
Enter the name, address, title, and telephone number of the individual (e.g. attorney or accountant) authorized by the IDA agent/project operator to submit this report.

Name of IDA

Enter the name and address of the IDA. If more than one IDA is involved in a particular project, the IDA agent/project operator must file a separate report for the tax exemptions attributable to each IDA.

Name of project

Enter the name of the project and the address of the project site. If the IDA agent is involved in more than one project, a separate report must be filed by the IDA agent/project operator for each project, even if authorized by the same IDA.

Line instructions

Line 1 — Project purpose — Check the box that identifies the purpose of the project. If you check *Other*, please be specific in identifying its purpose.

Line 2 — Enter the date the project started <this means the earliest of the date of any bond or inducement resolution, the execution of any lease, or any bond issuance>. Include month, day, and year.

Line 3 — Enter the date on which you, or your general contractor or subcontractor, actually began or expect to begin construction or installation on the project. If the project does not involve any construction, enter *Does not apply*.

Line 4 — Enter the date the construction phase of the project was completed. If it has not been completed by the end of the reporting period, enter the date you expect to complete this phase of the project.

Line 5 — Enter the date on which installation, lease, or rental of property (for example, machinery or computers) on the project ended. If the project was not completed by the end of the reporting period, enter the date the project is expected to be completed.

Line 6 — Enter the total number of years and months from the project's inception to its completion or expected completion.

Line 7 — Enter the total amount of New York State and local sales and compensating use taxes exempted during the reporting period (if none, enter '0') as a result of the project's receipt of IDA financial assistance. This includes exemptions obtained at the time of purchase as well as through a refund or credit of tax paid. Include the sales and use taxes exempted on purchases of property or services incorporated into or used on the exempt project. This includes the taxes exempted on purchases made by or on behalf of the agent/project operator, the general contractor for the project, and any subcontractors, consultants, or others. Do not enter total purchases on line 7.

Signature area

Enter the name and title of the person signing on behalf of the IDA agent/project operator (for example, the IDA agent/project operator's officer, employee, or other authorized representative). The IDA agent/project operator's officer, employee, or authorized representative must sign the report. Enter the date signed.

Mail completed report to: NYS Tax Department, IDA Unit, Bldg 8 Rm 658, W A Harriman Campus, Albany NY 1222

Privacy notification

The right of the Commissioner of Taxation and Finance and the Department of Taxation and Finance to collect and maintain personal information, including mandatory disclosure of social security numbers in the manner required by tax regulations, instructions, and forms, is found in Articles 8, 28, and 28-A of the Tax Law; and 42 USC 405(c)(2)(C)(i).

The Tax Department uses this information primarily to determine and administer sales and use taxes or liabilities under the Tax Law, and for any other purpose authorized by law.

Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

This information is maintained by the Director of the Registration and Data Services Bureau, NYS Tax Department, Building 8 Room 924, W A Harriman Campus, Albany NY 12227; telephone 1 800 225-5829. From areas outside the U.S. and outside Canada, call (518) 485-6800.

Lease Amendment

WHEREAS, the parties hereto hereby desire to amend that certain Lease Agreement, dated as of December 1, 2004 (the "Lease Agreement"), between the New York City Industrial Development Agency (the "Agency") and Sarah Associates (the "Lessee"), in order to resolve an ambiguous term.

NOW, THEREFORE, the parties hereto hereby agree that the term "Commencement Date" as used in the Lease Agreement shall mean December 29, 2004.

This Lease Amendment 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.

Dated: January 18, 2005

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

SARAH ASSOCIATES

By: _____
Name:
Title:

By: _____
Name:
Title:
CONSENTED TO BY:
CITIBANK, N.A.

WACHOVIA BANK, NATIONAL
ASSOCIATION

By: _____
Name:
Title:

By: Patricia Stanton
Name: Patricia Stanton
Title: Vice President

Lease Amendment

WHEREAS, the parties hereto hereby desire to amend that certain Lease Agreement, dated as of December 1, 2004 (the "Lease Agreement"), between the New York City Industrial Development Agency (the "Agency") and Sarah Associates (the "Lessee"), in order to resolve an ambiguous term.

NOW, THEREFORE, the parties hereto hereby agree that the term "Commencement Date" as used in the Lease Agreement shall mean December 29, 2004.

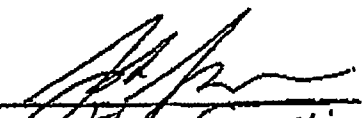
This Lease Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: January 18, 2005

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

SARAH ASSOCIATES

By: _____
Name:
Title:

By: 
Name: John Garuti, Jr.
Title: Partner

WACHOVIA BANK, NATIONAL
ASSOCIATION

CITIBANK, N.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

Lease Amendment

WHEREAS, the parties hereto hereby desire to amend that certain Lease Agreement, dated as of December 1, 2004 (the "Lease Agreement"), between the New York City Industrial Development Agency (the "Agency") and Sarah Associates (the "Lessee"), in order to resolve an ambiguous term.

NOW, THEREFORE, the parties hereto hereby agree that the term "Commencement Date" as used in the Lease Agreement shall mean December 29, 2004.

This Lease Amendment 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.

Dated: January 18, 2005

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By: Kei Hayashi
Name: Kei Hayashi
Title: Deputy Executive Director

WACHOVIA BANK, NATIONAL
ASSOCIATION

By: _____
Name:
Title:

SARAH ASSOCIATES

By: _____
Name:
Title:
CONSENTED TO BY:
CITIBANK, N.A.

By: _____
Name:
Title:

Lease Amendment

WHEREAS, the parties hereto hereby desire to amend that certain Lease Agreement, dated as of December 1, 2004 (the "Lease Agreement"), between the New York City Industrial Development Agency (the "Agency") and Sarah Associates (the "Lessee"), in order to resolve an ambiguous term.

NOW, THEREFORE, the parties hereto hereby agree that the term "Commencement Date" as used in the Lease Agreement shall mean December 29, 2004.

This Lease Amendment 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.

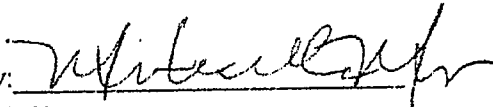
Dated: January 18, 2005

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

SARAH ASSOCIATES

By: _____
Name:
Title:

WACHOVIA BANK, NATIONAL
ASSOCIATION

By: 
Name:
Title: MICHELLE MENIA
Assistant Vice President

By: _____
Name:
Title:
CONSENTED TO BY:
CITIBANK, N.A.

By: _____
Name:
Title:

Lease Amendment

WHEREAS, the parties hereto hereby desire to amend that certain Lease Agreement, dated as of December 1, 2004 (the "Lease Agreement"), between the New York City Industrial Development Agency (the "Agency") and Sarah Associates (the "Lessee"), in order to resolve an ambiguous term.

NOW, THEREFORE, the parties hereto hereby agree that the term "Commencement Date" as used in the Lease Agreement shall mean December 29, 2004.

This Lease Amendment 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.

Dated: January 18, 2005

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

SARAH ASSOCIATES

By: _____
Name:
Title:

By: _____
Name:
Title:

WACHOVIA BANK, NATIONAL
ASSOCIATION

CONSENTED TO BY:
CITIBANK, N.A.

By: _____
Name:
Title:

By: Patricia Stanton
Name: Patricia Stanton
Title: Vice President

Lease Amendment

WHEREAS, the parties hereto hereby desire to amend that certain Lease Agreement, dated as of December 1, 2004 (the "Lease Agreement"), between the New York City Industrial Development Agency (the "Agency") and Sarah Associates (the "Lessee"), in order to resolve an ambiguous term.

NOW, THEREFORE, the parties hereto hereby agree that the term "Commencement Date" as used in the Lease Agreement shall mean December 29, 2004.

This Lease Amendment 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.

Dated: January 18, 2005

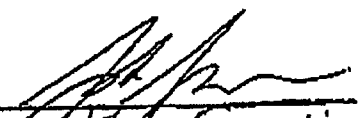
NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Name:
Title:

WACHOVIA BANK, NATIONAL
ASSOCIATION

By: _____
Name:
Title:

SARAH ASSOCIATES

By: 
Name: John Garuti Jr.
Title: Partner

CITIBANK, N.A.

By: _____
Name:
Title:

Lease Amendment

WHEREAS, the parties hereto hereby desire to amend that certain Lease Agreement, dated as of December 1, 2004 (the "Lease Agreement"), between the New York City Industrial Development Agency (the "Agency") and Sarah Associates (the "Lessee"), in order to resolve an ambiguous term.

NOW, THEREFORE, the parties hereto hereby agree that the term "Commencement Date" as used in the Lease Agreement shall mean December 29, 2004.

This Lease Amendment 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.

Dated: January 18, 2005

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By: Kei Hayashi
Name: Kei Hayashi
Title: Deputy Executive Director

WACHOVIA BANK, NATIONAL
ASSOCIATION

By: _____
Name:
Title:

SARAH ASSOCIATES

By: _____
Name:
Title:
CONSENTED TO BY:
CITIBANK, N.A.

By: _____
Name:
Title:

Lease Amendment

WHEREAS, the parties hereto hereby desire to amend that certain Lease Agreement, dated as of December 1, 2004 (the "Lease Agreement"), between the New York City Industrial Development Agency (the "Agency") and Sarah Associates (the "Lessee"), in order to resolve an ambiguous term.

NOW, THEREFORE, the parties hereto hereby agree that the term "Commencement Date" as used in the Lease Agreement shall mean December 29, 2004.

This Lease Amendment 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.

Dated: January 18, 2005

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

SARAH ASSOCIATES

By: _____
Name:
Title:

By: _____
Name:
Title:

WACHOVIA BANK, NATIONAL
ASSOCIATION

CONSENTED TO BY:
CITIBANK, N.A.

By: 
Name:
Title: MICHELLE MENON
Assistant Vice President

By: _____
Name:
Title: