
AGENCY LEASE AGREEMENT

Dated as of January 1, 2025

by and between

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

and

OSCII GUN HILL, LLC,

a limited liability company organized and existing under the laws of the State of Delaware and authorized to transact business in the State of New York, having its principal office in New York City at 7 Times Square Tower, Suite 350, New York, New York 10036, as Lessee

2025 OSCII Gun Hill, LLC Project

AGENCY LEASE AGREEMENT

This **AGENCY LEASE AGREEMENT**, dated as of January 1, 2025 (this “Agreement”), is 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 1 Liberty Plaza, New York, New York 10006, party of the first part, and the Lessee, party of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Agreement).

WITNESSETH:

WHEREAS, the Enabling Act authorizes and provides for the creation of industrial development agencies in the several counties, cities, villages and towns in the State and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and furnish land, any building or other improvement, and all real and personal properties, including 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 or industrial purposes, to the end that such agencies may be able to promote, develop, encourage, assist and advance the job opportunities, health, general prosperity and economic welfare of the people of the State and to improve their prosperity and standard of living; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act, the Agency was established by the Agency Act for the benefit of the City and the inhabitants thereof; and

WHEREAS, to accomplish the purposes of the Act, the Agency has entered into negotiations with the Lessee for a “project” within the meaning of the Act within the territorial boundaries of the City and located on the Land; and

WHEREAS, the Project will further the purposes of the Act and promote job opportunities for the benefit of the City and the inhabitants thereof; and

WHEREAS, to facilitate the Project, the Agency and the Lessee have entered into negotiations to enter into a Straight-Lease Transaction pursuant to which the Agency will lease the Leased Items to the Lessee pursuant to this Agreement; and

WHEREAS, in furtherance of the Straight-Lease Transaction, the Agency adopted its Inducement Resolution and its Authorizing Resolution inducing and authorizing the undertaking of the Project and the lease of the Leased Items by the Agency to the Lessee; and

WHEREAS, the provision by the Agency of Financial Assistance to the Lessee through a Straight-Lease Transaction has been determined to be necessary to induce the Lessee to maintain its operations in the City and to expand its operations in the City; and if the Agency

does not provide such Financial Assistance, the Lessee could not feasibly proceed with the Project; and

WHEREAS, the cost of the Project is being financed in accordance with the Project Finance Plan.

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

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.1. Definitions. The following capitalized terms shall have the respective meanings specified for purposes of this Agreement.

Act shall mean, collectively, the Enabling Act and the Agency Act.

Additional Rent shall have the meaning set forth in Section 4.3(b).

Affiliate means, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

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

Agency Act shall mean Chapter 1082 of the 1974 Laws of New York, as amended.

Agent shall have the meaning set forth in Section 5.2(c).

Agreement shall mean this Agency Lease Agreement, dated as of the date set forth in the first paragraph hereof, between the Agency and the Lessee, and shall include any and all amendments hereof and supplements hereto hereafter made in conformity herewith.

Annual Administrative Fee shall mean that annual administrative fee established from time to time by the Agency's Board of Directors as generally applicable to Entities receiving or that have received Financial Assistance (subject to such exceptions from such general applicability as may be established by the Agency's Board of Directors).

Application Date shall mean the date on which the Inducement Resolution was adopted with respect to the Lessee's application for Financial Assistance.

Approved Facility shall mean the Facility as occupied, used and operated by the Lessee substantially for the Approved Project Operations.

Approved Project Operations shall mean operation of the Facility by the Lessee, or an Affiliate of the Lessee approved by the Agency, in its sole discretion, for a Qualified Use.

Authorized Representative shall mean, (i) in the case of the Agency, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, or any other officer or employee of the Agency who is authorized to perform specific acts or to discharge specific duties, (ii) in the case of the Lessee, a person named in Exhibit C – "Authorized Representative", or any

other officer or employee of the Lessee who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Lessee has given written notice to the Agency, (iii) in the case of any Guarantor which shall constitute an Entity (other than the Lessee), a person named in Exhibit C – “Authorized Representative”, or any other officer or employee of such Guarantor who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of such Guarantor has given written notice to the Agency, and (iv) in the case of any individual Guarantor, such individual Guarantor; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of this Agreement or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Authorizing Resolution shall mean the resolutions of the Agency adopted on September 19, 2023 and November 19, 2024, providing for Financial Assistance and authorizing the Project Documents to which the Agency is a party.

Base Rent shall mean the rental payment described in Section 4.3(a).

Benefits shall have the meaning set forth in Section 5.4(a).

Business Day shall mean any day that shall not be:

- (i) a Saturday, Sunday or legal holiday;
- (ii) a day on which banking institutions in the City are authorized by law or executive order to close; or
- (iii) a day on which the New York Stock Exchange is closed.

Business Incentive Rate shall mean the rate in connection with the Business Incentive Rate program, an energy discount program co-administered by NYCEDC and Con Edison.

Certificate shall have the meaning specified in Section 8.1(a).

CGL shall have the meaning specified in Section 8.1(a).

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

Claims shall have the meaning set forth in Section 8.2(a).

CM shall have the meaning specified in Section 8.1(a).

Commencement Date shall mean January 10, 2025, on which date this Agreement was executed and delivered.

Commissioner shall have the meaning specified in Section 5.2(h)(ii).

Completion Deadline shall mean December 31, 2027.

Construction shall have the meaning specified in Section 8.1(a).

Contractor(s) shall have the meaning specified in Section 8.1(a).

Control or **Controls**, including the related terms “controlled by” and “under common control with”, shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

DOL shall have the meaning set forth in Section 8.7(c).

Due Date shall have the meaning set forth in Section 9.8.

Eligible Items shall mean the following items of personal property and services, but excluding any Ineligible Items, with respect to which the Lessee and any Agent shall be entitled to claim a Sales Tax Exemption in connection with the Project:

- (i) purchases of materials, goods, personal property and fixtures and supplies that will be incorporated into and made an integral component part of the Facility Realty;
- (ii) purchases or leases of any item of materials, goods, machinery, equipment, furniture, furnishings, trade fixtures and other tangible personal property having a useful life of one year or more;
- (iii) with respect to the eligible items identified in (ii) above: purchases of freight, installation, maintenance and repair services required in connection with the shipping, installation, use, maintenance or repair of such items; provided that maintenance shall mean the replacement of parts or the making of repairs;
- (iv) purchases of materials, goods and supplies that are to be used and substantially consumed in the course of construction or renovation of the Facility Realty (but excluding fuel, materials or substances that are consumed in the course of operating machinery and equipment or parts containing fuel, materials or substances where such parts must be replaced whenever the substance is consumed); and
- (v) leases of machinery and equipment solely for temporary use in connection with the construction or renovation of the Facility Realty.

Employment Information shall have the meaning set forth in Section 8.7(c).

Enabling Act shall mean the New York State Industrial Development Agency Act, constituting Title I of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended.

Entity shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

Estimated Project Cost shall mean \$13,875,000.

Event of Default shall have the meaning specified in Section 9.1.

Existing Facility Property shall have the meaning set forth in Section 3.6(a).

Expiration Date shall mean June 30, 2039.

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

Facility Personalty shall mean those Eligible Items consisting of personal property, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.6 and 6.4, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.6.

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

Final Project Cost Budget shall mean that certain budget of costs paid or incurred for the Project to be submitted by the Lessee pursuant to Section 3.3(f) upon completion of the Project.

Financial Assistance shall have the meaning assigned to that term in the Enabling Act.

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on January 1 and ending on December 31 of each calendar year, or such other fiscal year of similar length used by the Lessee for accounting purposes as to which the Lessee shall have given prior written notice thereof to the Agency at least ninety (90) days prior to the commencement thereof.

Fixed Date Deliverables shall have the meaning set forth in Section 9.8(a)(ii).

Form ST-123 shall mean NYSDTF Form ST-123 “IDA Agent or Project Operator Exempt Purchase Certificate” or such additional or substitute form as is adopted by NYSDTF for use in completing purchases that are exempt from Sales and Use Taxes with respect to industrial development agency transactions.

Form ST-340 shall mean NYSDTF Form ST-340 “Annual Report of Sales and Use Tax Exemptions Claimed by Project Operator of Industrial Development Agency/Authority” or such additional or substitute form as is adopted by NYSDTF to report Sales Tax Savings with respect to industrial development agency transactions.

Form ST-60 shall mean NYSDTF Form ST-60 “IDA Appointment of Project Operator or Agent” or such additional or substitute form as is adopted by NYSDTF to report the appointment of project operators or agents with respect to industrial development agency transactions.

GAAP shall mean those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof, and that are consistently applied for all periods, after the Commencement Date, so as to properly reflect the financial position of the Lessee, except that any accounting principle or practice required to be changed by the Financial Accounting Standards Board (or other appropriate board or committee of the said Board) in order to continue as a generally accepted accounting principle or practice may be so changed.

GC shall have the meaning specified in Section 8.1(a).

General Municipal Law shall mean Chapter 24 of the Consolidated Laws of New York, as amended.

Governing Body shall mean, when used with respect to any Person, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Person are exercised.

Guarantors shall mean, collectively, the Lessee, and each other Person as shall be a Guarantor under the Guaranty Agreement, and their respective permitted estates, administrators, successors and assigns.

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

Hazardous Materials shall include any petroleum, 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.

Impositions shall have the meaning set forth in Section 8.17(a).

Improvements shall mean, collectively, the Existing Improvements, if any, the Project Improvements and any Additional Improvements, if any, and all other replacements, restorations and repairs to any of the foregoing.

Indemnified Parties shall have the meaning set forth in Section 8.2(a).

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

Inducement Resolution shall mean the resolution of the Agency adopted on July 25, 2023, approving the taking of preliminary action with respect to providing financial assistance in the form of a straight-lease transaction for the Lessee.

Ineligible Items shall mean the following items of personal property and services with respect to which the Lessee and any Agent shall not be entitled to claim a Sales Tax Exemption in connection with the Project:

- (i) vehicles of any sort, including watercraft and rolling stock;
- (ii) personalty having a useful life of one year or less;
- (iii) any cost of utilities, cleaning services or supplies or other ordinary operating costs;
- (iv) fine art and other similar decorative items;
- (v) plants, whether potted or landscaped;
- (vi) ordinary office supplies such as pencils, paper clips and paper;
- (vii) any materials or substances that are consumed in the operation of machinery;
- (viii) equipment or parts containing materials or substances where such parts must be replaced whenever the substance is consumed; and
- (ix) maintenance of the type as shall constitute janitorial services.

Information Recipients shall have the meaning set forth in Section 8.7(c).

Initial Annual Administrative Fee shall mean \$1,250.

Insured(s) shall have the meaning specified in Section 8.1(a).

Insurer shall have the meaning specified in Section 8.1(a).

ISO shall have the meaning specified in Section 8.1(a).

ISO Form CG-0001 shall have the meaning specified in Section 8.1(a).

Land shall mean that certain lot, piece or parcel of land in the County of Bronx, Block 4564 and Lot 68, generally known by the street address 1352 East Gunn Hill Road in the Bronx, New York, together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto.

Leased Items shall mean, collectively, those Eligible Items of equipment, related parts, materials, supplies and other personal property to be acquired on behalf of the Agency for use at, or incorporation as an Improvement to, the Facility, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto; provided, however, that (i) upon incorporation of any such Eligible Item into the Facility Realty as an Improvement, such Eligible Item shall cease to constitute a Leased Item, and (ii) for the avoidance of doubt, in no event shall any Ineligible Item constitute a Leased Item. The “Leased Items” shall include all property replacing or substituting any Leased Item in accordance with the provisions of Sections 3.6 and/or 6.4 (as applicable), shall exclude all Leased Items so replaced or substituted for, and shall further exclude all Leased Items removed in accordance with Section 3.6.

Legal Requirements shall mean the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wage, living wage, prevailing wage, sick leave, healthcare, benefits and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the City, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Lessee, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

Lessee shall mean OSCII Gun Hill, LLC, a limited liability company organized and existing under the laws of the State of Delaware and authorized to transact business in the State of New York, having its principal address at 7 Times Square Tower, Suite 350, New York, New York 10036, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Lessee under Section 8.9 or 8.20.

Lessee’s Property shall have the meaning specified in Section 3.5(d).

Liability shall have the meaning set forth in Section 8.2(a).

Liens shall have the meaning specified in Section 8.11(a).

Loss Event shall have the meaning specified in Section 6.1.

Maximum Sales Tax Savings Amount shall mean the aggregate maximum dollar amount of Sales Tax Savings that the Lessee and all Agents acting on behalf the Lessee are permitted to receive under this Agreement, which shall equal \$972,700.00.

Merge and Merger shall have the meaning specified in Section 8.20(a)(v).

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

compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Agency) incurred in the collection thereof.

Notification of Failure to Deliver shall have the meaning specified in Section 9.8(b).

NYCEDC shall mean New York City Economic Development Corporation, and any successor thereof.

NYSDTF shall mean the New York State Department of Taxation and Finance.

Operations Commencement Date shall mean, as stated in a Project Completion Certificate in the Form attached hereto as Exhibit G signed and certified by an Authorized Representative of the Lessee and delivered to the Agency, the date the Lessee has lawfully commenced use and occupancy of the Project Improvements on or after the Project Completion Date, subject to the review, verification and acceptance of such certification and related documentation by the Agency, in its sole discretion.

Opinion of Counsel shall mean a written opinion of counsel for the Lessee, any other Guarantor or any other Person (which counsel shall be reasonably acceptable to the Agency) with respect to such matters as required under any Project Document or as the Agency may otherwise reasonably require, and which shall be in form and substance reasonably acceptable to the Agency.

Organizational Documents shall mean, (i) in the case of an Entity constituting a limited liability company, the articles of organization or certificate of formation, and the operating agreement of such Entity, (ii) in the case of an Entity constituting a corporation, the articles of incorporation or certificate of incorporation, and the by-laws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

Per Diem Fees shall mean, collectively, the Per Diem Late Fee and the Per Diem Supplemental Late Fee.

Per Diem Holdover Rental Amount shall mean that per diem rental amount established from time to time by the Agency's Board of Directors generally imposed upon Entities receiving or that have received Financial Assistance (subject to such exceptions from such general applicability as may be established by the Agency's Board of Directors) and that have failed to terminate this Agreement within the ten (10) day period referred to in Section 10.2.

Per Diem Late Fee shall mean that per diem late fee established from time to time by the Agency's Board of Directors generally imposed upon Entities receiving or that have received Financial Assistance (subject to such exceptions from such general applicability as may be established by the Agency's Board of Directors) and that have not (x) paid to the Agency the Annual Administrative Fee on the date required under Section 8.3, (y) delivered to the Agency all or any of the Fixed Date Deliverables on the respective dates required under Section 8.14 or 8.16, and/or (z) delivered to the Agency all or any of the Requested Document Deliverables under Section 8.15 within five (5) Business Days of the Agency having made the request therefor.

Per Diem Supplemental Late Fee shall mean that supplemental per diem late fee established from time to time by the Agency's Board of Directors generally imposed upon Entities receiving or that have received Financial Assistance (subject to such exceptions from general applicability as may be established by the Agency's Board of Directors).

Permitted Encumbrances shall mean:

- (i) this Agreement;
- (ii) liens for Real Estate Taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;
- (iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest, encumbrance or charge or right in respect thereof, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b);
- (iv) utility, access and other easements and rights of way, restrictions and exceptions that an Authorized Representative of the Lessee certifies to the Agency will not materially interfere with or impair the use and enjoyment of the Facility for Approved Project Operations as herein provided;
- (v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to property similar in character to the Leased Items as do not, as set forth in a certificate of an Authorized Representative of the Lessee delivered to the Agency, either singly or in the aggregate, render title to the Leased Items unmarketable or materially impair the property affected thereby for the purpose for which it was leased by the Agency or purport to impose liabilities or obligations on the Agency;
- (vi) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Lessee to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;
- (vii) any judgment lien against the Lessee, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed;
- (viii) any purchase money security interest in movable personal property, including equipment leases and financing;
- (ix) liens on property due to rights of governmental entities or third party payors for recoupment of excess reimbursement paid;

(x) a lien, restrictive declaration or performance mortgage with respect to the operation of the Facility arising by reason of a grant or other funding received by the Lessee from the City, the State or any governmental agency or instrumentality;

(xi) any additional leasehold interest in the Facility or any portion thereof granted by the Lessee to the Agency and any sublease, sale, assignment or other transfer of such leasehold interest by the Agency to the Lessee or any trustee for bonds of the Agency; and

(xii) any lien, security interest, encumbrance or charge on the Facility (or any portion thereof) or any Leased Items granted by the Lessee to any lender providing financing for construction of the Project and for which the Lessee has obtained the prior written consent of the Agency acting in its sole discretion.

Person shall mean an individual or any Entity.

Policy(ies) shall have the meaning set forth in Section 8.1(a).

Predecessor Lessee shall have the meaning set forth in Section 8.20(b)(ii).

Principals shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity, and any Person as shall have the power to Control such Entity, and “principal” shall mean any of such Persons.

Project shall mean the acquisition, construction, renovation and equipping of an industrial facility (the “**Facility**”), consisting of an approximately 5-Megawatt (MW) battery energy storage system consisting of 20MW hours of energy storage capacity (the “**Battery System**”). The Battery System will total approximately 9,206 square feet and be located on an approximately 15,320 square foot parcel of land at 1352 East Gun Hill Road in the Bronx, New York. The Facility will be owned by the Lessee and operated as a battery energy storage system capable of charging from and discharging into the New York power grid.

Project Application Information shall mean the eligibility application and questionnaire submitted to the Agency by or on behalf of the Lessee, for approval by the Agency of the Project and the providing of Financial Assistance by the Agency therefor, together with all other letters, documentation, reports and financial information submitted in connection therewith.

Project Completion Date shall mean the date which an Authorized Representative of the Lessee certifies to the Agency by signing and delivering to the Agency a certification substantially in the form set forth in Exhibit G – “Form of Project Completion Certificate”, together with all attachments required thereunder, that the Project Work has been finished and the Project Improvements shall have been completed substantially in accordance with the plans and specifications therefor, and the Lessee shall have provided the Agency with a copy of a certificate of an engineer that the Project has been completed and all approvals necessary for commercial operation of the Project Improvements have been obtained, subject to the review, verification and acceptance of such certification and related documentation by the Agency, in its sole discretion.

Project Cost Budget shall mean that certain budget as set forth by the Lessee in Exhibit E — “Project Cost Budget”.

Project Counsel shall mean attorneys or a firm of attorneys selected by the Agency to render legal advice to the Agency in connection with the transactions contemplated by this Agreement.

Project Documents shall mean this Agreement and the Guaranty Agreement.

Project Fee shall mean \$180,300, representing the \$204,500 Agency project fee, less the application fee of \$5,000 and the project fee deposit of \$20,450, plus the annual compliance fee of \$1,250.

Project Finance Plan shall mean the plan for financing of the costs of the Project set forth in Exhibit J – “Project Finance Plan”.

Project Improvements shall mean all buildings, structures, foundations, related facilities, fixtures and other improvements resulting from the Project Work.

Project Improvements Investment shall mean the costs and expenses to be incurred by the Lessee after the Commencement Date and prior to the Project Completion Deadline for the construction, reconstruction, acquisition or installation of the Project Improvements in connection with the Project Work which are (a) described in the Project Cost Budget, and (b) considered hard costs of construction under normal industry standards, including, without limitation: (1) payments to contractors, subcontractors, suppliers and materialmen for labor performed and materials supplied, and (2) costs and expenses for labor, services, facilities or equipment customarily considered as "general conditions" items, including the premium paid for payment and performance bonds and/or insurance policies that may be required in connection with the Project Work pursuant to this Agreement.

Project Payments shall have the meaning set forth in Section 10.1.

Project Work shall mean the work required to complete the construction and/or renovation portion of the Project as such work is further explained by reference to the Project Cost Budget.

Recapture Amount shall have the meaning specified in Section 5.4(a).

Recapture Event shall mean any one of the following events:

- (i) the failure by the Lessee to cause the Project Completion Date to occur by the Completion Deadline;
- (ii) the liquidation of all or substantially all operating assets of the Lessee at the Facility Realty and/or cessation of all or substantially all of the operations of the Lessee at the Facility Realty;

(iii) the transfer of all or substantially all of the employees of the Lessee to a location outside of the City;

(iv) the Facility shall have ceased to be the Approved Facility and/or the Lessee shall have substantially changed the scope and nature of their operations at the Facility Realty;

(v) prior to the Operations Commencement Date, the Lessee shall have sold, transferred or disposed of, directly or indirectly, all or substantially all of the Facility Realty, or a change in Control of the Lessee shall have occurred in violation of Section 8.20 hereof;

(vi) the Lessee shall have subleased all or part of the Facility Realty in violation of Section 8.9; or

(vii) the Lessee shall have relocated all or substantially all of its operations at the Facility Realty to another site; provided, however, and notwithstanding the foregoing, such relocation shall not be a Recapture Event if (A) the Lessee have relocated (y) their operations at the Facility Realty and (z) at least 90% of their employees employed at the Facility Realty prior to the relocation, in each case to another site within the City, (B) the Lessee maintain, for the remaining balance of the Recapture Period, an employment level equal to at least 90% of the number of employees employed by the Lessee at the Facility Realty prior to relocation, and (C) the Lessee shall satisfy such other additional conditions as the Agency may from time to time impose provided such additional conditions are reasonable and uniformly imposed, at the time, to other similar transactions under similar circumstances. There shall arise another Recapture Event upon the failure of the Lessee to satisfy continuously the foregoing requirements for the remaining balance of the Recapture Period. Upon the occurrence of such subsequent Recapture Event, the Agency shall have the right to demand payment of all amounts due under Section 5.4(b) or (c), and the calculation of interest pursuant to Section 5.4(b) shall assume that the subsequent Recapture Event replaces the original Recapture Event for purposes of that computation. The determination of the pre-relocation, 90%-employment level shall be done in a manner, and in respect of a date or period of time, that the Agency deems appropriate in its sole discretion.

Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event is deemed, in the sole discretion of the Agency, to be a cause of undue hardship to the Lessee were the Agency to recapture any Benefits, including, but not limited to, Recapture Events arising as a direct, immediate result of (x) force majeure as defined in Section 11.1, (y) a taking or condemnation by governmental authority of all or substantially all of the Facility Realty, or (z) the inability at law of the Lessee to rebuild, repair, restore or replace the Facility Realty after the occurrence of a Loss Event to substantially its condition prior to such Loss Event, which inability shall have arisen in good faith through no fault on the part of the Lessee or any Affiliate.

Recapture Percentage shall have the meaning specified in Section 5.4(a).

Recapture Period shall mean the period of time commencing on the Commencement Date, and expiring on the date which is the tenth anniversary of the Operations Commencement Date.

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

Requested Document Deliverables shall have the meaning set forth in Section 9.8(a).

Required Disclosure Statement shall mean that certain Required Disclosure Statement in the form of Exhibit F – “Form of Required Disclosure Statement”.

Sales Tax Agent Authorization Letter shall mean the Sales Tax Agent Authorization Letter, substantially in the form set forth in Exhibit H – “Form of Sales Tax Agent Authorization Letter” and to be delivered in accordance with Section 5.2(e).

Sales Tax Exemption shall mean an exemption from Sales and Use Taxes resulting from the Agency’s participation in the Project.

Sales Tax Registry shall mean the Sales Tax Registry in the form set forth in Exhibit I.

Sales Tax Savings shall mean all Sales Tax Exemption savings realized by or for the benefit of the Lessee, including any savings realized by any Agent, pursuant to this Agreement and each Sales Tax Agent Authorization Letter issued in connection with the Project.

Sales and Use Taxes shall mean City and State sales and compensating use taxes and fees imposed pursuant to Article 28 or 28-A of the New York State Tax Law, as the same may be amended from time to time.

Sign shall have the meaning set forth in Section 8.5.

SIR shall have the meaning specified in Section 8.1(a).

Special Provisions shall have the meaning set forth in Subsection 5.2(h)(i).

Specified Contract has the meaning specified in Section 8.24(b).

State shall mean the State of New York.

State Sales and Use Taxes shall mean sales and compensating use taxes and fees imposed by Article 28 or 28-A of the New York State Tax Law but excluding such taxes imposed in a city by Section 1107 or 1108 of such Article 28, as the same may be amended from time to time.

State Sales Tax Savings shall mean all Sales Tax Exemption savings relating to State Sales and Use Taxes realized by or for the benefit of the Lessee, including any savings

realized by any Agent, pursuant to this Agreement and each Sales Tax Agent Authorization Letter issued in connection with the Project.

Straight-Lease Transaction shall have the meaning assigned to that term in the Enabling Act.

Successor Lessee shall have the meaning set forth in Section 8.20(b)(ii).

Term shall have the meaning set forth in Section 4.2.

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

Transfer shall have the meaning set forth in Section 8.20(a)(iv).

U/E shall have the meaning specified in Section 8.1(a).

Workers' Compensation shall have the meaning specified in Section 8.1(a).

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

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

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

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

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

(e) Unless the context indicates otherwise, references to designated “Exhibits”, “Appendices,” “Schedules,” “Articles”, “Sections”, “Subsections”, “clauses” and other subdivisions are to the designated Exhibits, Appendices, Schedules, Articles, Sections, Subsections, clauses and other subdivisions of or to this Agreement.

(f) The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.

(g) The word “will” shall be construed to have the same meaning and effect as the word “shall”.

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person’s successors and assigns or such Person’s successors in such capacity, as the case may be.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. 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.

(b) Assuming the accuracy of representations made by the Lessee, the Agency is authorized and empowered to enter into the transactions contemplated by this Agreement and any other Project Documents to which the Agency is a party and to carry out its obligations hereunder and thereunder.

(c) By proper action of its board of directors, the Agency has duly authorized the execution and delivery of this Agreement and each of the other Project Documents to which the Agency is a party.

Section 2.2. Representations and Warranties by the Lessee. The Lessee makes the following representations and warranties:

(a) The Lessee is an Entity of the type, and duly organized under the laws of the state, set forth on the cover page of this Agreement, is validly existing and in good standing under the laws of its state of organization, is duly qualified to do business and in good standing under the laws of the State, is not in violation of any provision of any of the Lessee's Organizational Documents, has the requisite power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is or shall be a party.

(b) This Agreement and the other Project Documents to which the Lessee is a party (x) have been duly authorized by all necessary action on the part of the Lessee, (y) have been duly executed and delivered by the Lessee, and (z) constitute the legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with their respective terms.

(c) The execution, delivery and performance of this Agreement and each other Project Document to which the Lessee is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of law, any order of any court or agency of government, or any of the Lessee's Organizational Documents, 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 to which it or any of its property is subject, (y) 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 (z) result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(d) There is no action or proceeding pending or, to the best of the Lessee's knowledge, after diligent inquiry, threatened, by or against the Lessee by or before any court or administrative agency that would adversely affect the ability of the Lessee to perform its obligations under this Agreement or any other Project Document to which it is or shall be a party.

(e) The Financial Assistance provided by the Agency to the Lessee through the Straight-Lease Transaction as contemplated by this Agreement is necessary to induce the Lessee to proceed with the Project.

(f) The transactions contemplated by this Agreement shall not result in the removal of any facility or plant of the Lessee or any other occupant or user of the Facility from one area of the State outside of the City to within the City or in the abandonment of one or more facilities or plants of the Lessee or any other occupant or user of the Facility located within the State, but outside the City.

(g) The transactions contemplated by this Agreement shall not provide Financial Assistance in respect of any project where facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities constitute more than one-third of the total project costs. For purposes of this Section 2.2(g), "retail sales" shall mean (i) sales by a registered vendor under article twenty-eight of the New York Tax Law primarily engaged in the retail sale of tangible personal property, as defined in subparagraph (i) of paragraph four of subdivision (b) of section eleven hundred one of the New York Tax Law, or (ii) sales of a service to such customers.

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

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

(j) The acquisition of the Leased Items by the Lessee will constitute a "project" within the meaning of the Act and the Lessee intends to use the Leased Items in connection with the Approved Project Operations.

(k) Except as permitted by Section 8.9, no Person other than the Lessee is or will be in use, occupancy or possession of any portion of the Leased Items.

(l) The Lessee has obtained all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by it as of the Commencement Date in connection with the execution and delivery of this Agreement and each other Project Document to which it shall be a party or in connection with the performance of its obligations hereunder and under each of the Project Documents.

(m) The Project will be designed, and the operation of the Facility will be, in compliance with all applicable Legal Requirements.

(n) The Lessee (i) is in compliance, and will continue to comply, with all applicable Legal Requirements relating to the Project, the Project Work and the operation of the Facility and (ii) certify, under penalty of perjury, that each is in substantial compliance with all local, state and federal tax, worker protection and environmental laws, rules and regulations.

(o) 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, 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.

(p) The Project Cost Budget attached as Exhibit E – “Project Cost Budget” represents a true, correct and complete budget as of the Commencement Date of the proposed costs of the Project; the Estimated Project Cost is a fair and accurate estimate of the Project Cost as of the Commencement Date; and that portion of the Estimated Project Cost as shall not derive from mortgage loans shall be provided from the sources set forth on Exhibit E - “Project Cost Budget”. The Lessee has no reason to believe that funds or financing sufficient to complete the Project will not be obtainable. The Lessee represents and warrants that the Project Improvements Investment for the Project is \$4,768,788.

(q) Subject to Section 3.6 and Article VI, no property constituting part of the Facility shall be located at any site other than at the Facility Realty.

(r) The Fiscal Year is true and correct.

(s) None of the Lessee, the Principals of the Lessee, or any Person that is an Affiliate of the Lessee:

(i) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Agency, NYCEDC or the City, unless such default or breach has been waived in writing by the Agency, NYCEDC or the City, as the case may be;

(ii) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;

(iii) has been convicted of a felony in the past ten (10) years;

(iv) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or

(v) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is

currently being contested with due diligence in proceedings in a court or other appropriate forum.

(t) The Project Application Information was true, correct and complete as of the date submitted to the Agency, and no event has occurred or failed to occur since such date of submission which would cause any of the Project Application Information to include any untrue statement of a material fact or omit to state any material fact required to be stated therein to make such statements not misleading.

(u) Information as to the Principals of the Lessee, and its ownership interests in the Lessee, as set forth in Exhibit D, is true, correct and complete.

(v) Except as otherwise permitted hereunder, no Person other than the Lessee is or will be entitled to use, possess and/or operate the Leased Items.

ARTICLE III

APPOINTMENT AS AGENT; THE PROJECT; MAINTENANCE; REMOVAL OF PROPERTY AND MUNICIPAL DEPARTMENT SEARCHES

Section 3.1. Reserved.

Section 3.2. Appointment as Agent.

(a) The Agency hereby appoints the Lessee its true and lawful agent, and the Lessee hereby accepts such agency for purposes of undertaking the Project Work, with the same powers and with the same validity and effect as the Agency could do if acting in its own behalf, including:

(i) effecting the Project Work,

(ii) making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other Persons (subject in each case to Section 5.2), and in general doing all things which may be requisite or proper, all for the purposes of undertaking the Project Work,

(iii) paying all fees, costs and expenses incurred in the Project Work from funds made available therefor in accordance with or as contemplated by this Agreement, and

(iv) asking, demanding, suing for, levying, recovering and receiving all such sums of money, debts due and other demands whatsoever that may be due, owing and payable to the Agency under the terms of any contract, order, receipt or writing in connection with the Project Work and to enforce the provisions of any contract, agreement, obligation, bond or other performance security entered into or obtained in connection with the Project Work.

(b) The Agency and the Lessee hereby acknowledge and agree that purchases by the Lessee and/or Agents of Leased Items in accordance with this Section 3.2 and Section 5.2 are deemed to be purchases made by the Agency and that legal title to such Leased Items is vested in the Agency.

Section 3.3. Manner of Project Completion.

(a) The Lessee will complete the Project Work, or cause the Project Work to be completed, by the Completion Deadline, in a first class workmanlike manner, free of defects in materials and workmanship (including latent defects). The Lessee shall not materially revise the scope of the Project Work without the prior written consent of the Agency. The Lessee will cause the Project Completion Date to occur by the Completion Deadline.

(b) In undertaking the Project Work, the Lessee shall take such action and institute such proceedings as shall be necessary to cause and require all contractors, manufacturers

and suppliers to complete their agreements relating to the Project Work in accordance with the terms of the contracts therefor including the correction of any defective work.

(c) The cost of the Project Work shall be financed in accordance with the Project Finance Plan. The Lessee shall pay or cause to be paid that portion of such costs of the Project Work as may be necessary to complete the Project Work and shall not be entitled to any reimbursement therefor from the Agency, nor shall the Lessee be entitled to any diminution of the Rental Payments to be made under this Agreement.

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

(e) The Lessee will perform or cause to be performed the Project Work in accordance with all applicable Legal Requirements and with the conditions and requirements of all policies of insurance with respect to the Facility and the Project Work. Promptly upon finishing of the Project Work and the completion of the Project Improvements, the Lessee will obtain or cause to be obtained all required permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility as an Approved Facility and shall furnish copies of same to the Agency immediately upon the Agency's demand therefor.

(f) Upon completion of the Project Work, the Lessee shall (i) deliver to the Agency the Final Project Cost Budget, which budget will include a comparison with the Project Cost Budget, and indicate the source of funds (i.e., borrowed funds, equity, etc.) for each cost item, together with a certificate of an Authorized Representative of the Lessee in substantially the form set forth in Exhibit G – “Form of Project Completion Certificate”, together with all attachments required thereunder and (ii) deliver and surrender to the Agency all original Sales Tax Agent Authorization Letters issued by the Agency in connection with the Project.

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

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

(i) The Lessee covenants to invest or cause the investment of at least \$4,768,788 as its Project Improvements Investment.

Section 3.4. Maintenance.

(a) During the Term, the Lessee will:

(i) keep the Leased Items in good and safe operating order and condition, ordinary wear and tear excepted, and will use and operate the Leased Items in the manner for which it was intended and contemplated by this Agreement,

(ii) occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as the Approved Facility, and

(iii) make or cause to be made all replacements, renewals and repairs to the Leased Items (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that the operations of the Lessee with respect to the Leased Items shall not be materially impaired or diminished in any way.

(b) All replacements, renewals and repairs shall be similar in quality, class and value to the original work and be made and installed in compliance with all applicable Legal Requirements.

(c) The Agency shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility or the Leased Items, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Facility or the Leased Items, or to furnish any utilities or services for the Facility or the Leased Items, and the Lessee hereby agrees to assume full responsibility therefor.

Section 3.5. Alterations and Improvements.

(a) The Lessee shall have the privilege from time to time of making such alterations of or additions to the Leased Items or any part therefrom from time to time as it may determine in its discretion to be desirable for its uses and purposes, provided that:

(i) as a result of such alterations or additions, the fair market value of the Leased Items is not reduced below its fair market value immediately before such Improvements are made and the usefulness, structural integrity or operating efficiency of the Leased Items is not materially impaired,

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

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

(iv) such alterations or additions do not change the nature of the Leased Items so that the Project would not constitute a “project” within the meaning of the Act.

(b) All such alterations or additions shall constitute a part of the Leased Items, subject to this Agreement.

(c) In addition to the Leased Items, the Lessee shall have the right to install or permit to be installed at the Facility Realty machinery, equipment and other personal property not part of the Project at the Lessee’s own cost and expense (the “**Lessee’s Property**”). The Lessee’s Property shall not constitute a part of the Leased Items and shall not be subject to this Agreement. The Lessee shall have the right to create or permit to be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, the Lessee’s Property, without the consent of or notice to the Agency.

Section 3.6. Removal of Property from the Leasehold Estate.

(a) The Lessee shall have the right from time to time to remove from the Facility any machinery, equipment or other item of personal property, and thereby remove such any machinery, equipment or other item of personal property from the leasehold estate of this Agreement; provided however:

(i) such removed Leased Item is substituted or replaced by property (y) having equal or greater fair market value, operating efficiency and utility and (z) free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances, and

(ii) no such removal shall be effected if (v) such removal is to another location other than the Facility; (w) such removal would change the nature of the Facility as the Approved Facility and a qualified “project” within the meaning of the Act, (x) such removal would materially impair the usefulness, structural integrity or operating efficiency of the removed Leased Item, (y) such removal would materially reduce the fair market value of the removed Leased Item below its value immediately before such removal, or (z) there shall exist and be continuing an Event of Default hereunder.

(b) Within thirty (30) days after receipt of written request of the Lessee, the Agency shall deliver to the Lessee appropriate documents conveying to the Lessee all of the Agency’s right, title and interest in any property removed from the Facility pursuant to Section 3.6(a).

(c) The removal from the Facility of any Leased Item pursuant to the provisions of Section 3.6(a) shall not entitle the Lessee to any abatement or reduction in the Rental Payments payable by the Lessee under this Agreement or under any other Project Document.

Section 3.7. Implementation of Agency’s Interest in New Property.

(a) In the event of any alterations or additions or substitution or replacement of property pursuant to Section 3.5 or 3.6, the Lessee shall deliver or cause to be delivered to the Agency any necessary documents conveying to the Agency a leasehold estate in any property

installed or placed upon the Facility pursuant to such Section and subjecting such alterations or additions or substitute or replacement property to this Agreement.

(b) The Lessee agrees to pay all costs and expenses (including reasonable counsel fees) incurred by the Agency in subjecting to, or releasing from this Agreement any property installed or placed on, or removed from, the Facility as part of the Facility pursuant to Section 3.5 or 3.6.

(c) Reference is made to Section 8.15(d) and (e) pursuant to which the Lessee has agreed to furnish a report or certificate to the Agency of any action taken by the Lessee pursuant to the provisions of Section 3.5 or 3.6.

Section 3.8. Municipal Department Searches. On or prior to the Commencement Date, the Lessee will obtain and deliver to the Agency a full set of municipal department search results showing only Permitted Encumbrances.**Project Work Covenants.**

(a) The Lessee hereby covenants to include the insurance requirements set forth in Section 8.1 in the contract with its Construction Manager (the “CM”) and/or General Contractor (the “GC”) for the Project Work and in particular to expressly require in such contract that the CM and/or GC will name the Agency as additional insureds by endorsement, without regard to privity of contract on the CGL policy. Further, the Lessee shall furnish or cause to be furnished to the Agency a copy of any such contract in substantially final form evidencing the requirements of the prior sentence at least fifteen (15) days prior to the date of execution thereof.

(b) The Lessee hereby covenants that it will provide the Agency with an executed CM or GC certificate substantially in the form attached hereto as Exhibit M prior to the commencement of the Project Work.

(c) The Lessee hereby covenants that it will provide the Agency with an executed Engineer certificate substantially in the form attached hereto as Exhibit N prior to the commencement of the Project Work.

ARTICLE IV

LEASE OF LEASED ITEMS AND RENTAL PROVISIONS

Section 4.1. Lease of the Leased Items. The Agency hereby leases the Leased Items to the Lessee, and the Lessee hereby subleases the Leased Items from the Agency, for and during the Term and subject to the terms and conditions herein set forth provided, however, that upon the incorporation of any Leased Item into the Facility Realty as an Improvement, the Agency's leasehold interest in such Leased Item shall immediately and automatically terminate without any further action by the Lessee or the Agency. The Agency hereby delivers to the Lessee, and the Lessee hereby accepts, sole and exclusive possession of the Leased Items.

Section 4.2. Duration of Term. The term of this Agreement (the "Term") shall commence on the Commencement Date and shall expire at 11:58 p.m. (New York City time) on the earlier of the Expiration Date or the Termination Date, if any.

Section 4.3. Rental Provisions.

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

(b) Throughout the Term, the Lessee shall pay to the Agency any additional amounts required to be paid by the Lessee to or for the account of the Agency hereunder, and any such additional amounts shall be paid as, and shall represent payment of, Additional Rent.

(c) In the event the Lessee should fail to make or cause to be made any Rental Payment, the item or installment not so paid shall continue as an obligation of the Lessee until the amount not so paid has been paid in full, together with interest thereon from the date due at the applicable interest rate stated in this Agreement where so provided, or if not so provided, at twelve percent (12%) per annum, compounded daily.

Section 4.4. Rental Payments Payable Absolutely Net. The obligation of the Lessee to pay Rental Payments shall be absolutely net to the Agency without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this Agreement shall yield, net, to the Agency, the Rental Payments provided for herein, and all costs, expenses and charges of any kind and nature relating to the Facility, arising or becoming due and payable during or after the Term, shall be paid by the Lessee and the Indemnified Parties shall be indemnified by the Lessee for, and the Lessee shall hold the Indemnified Parties harmless from, any such costs, expenses and charges.

Section 4.5. Nature of Lessee's Obligation Unconditional. The Lessee's obligations under this Agreement to pay Rental Payments shall be absolute, unconditional and general obligations, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Agency or any other Person. Such obligations of the Lessee shall arise whether or not the Project has been completed as provided in this Agreement. The Lessee will not suspend or discontinue payment of any Rental Payment due and payable

hereunder or terminate this Agreement (other than such termination as is provided for hereunder) or suspend the performance or observance of any covenant or agreement required on the part of the Lessee hereunder for any cause whatsoever, and the Lessee waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender this Agreement or any obligation of the Lessee under this Agreement except as provided in this Agreement or to any abatement, suspension, deferment, diminution or reduction in the Rental Payments hereunder.

Section 4.6. Reserved.

Section 4.7. Advances by Agency. In the event the Lessee fails to make any payment or to perform or to observe any obligation required of it under this Agreement, the Agency, after first notifying the Lessee in writing of any such failure on its part (except that no prior notification of the Lessee shall be required in the event of an emergency condition that, in the reasonable judgment of the Agency, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Agency under this Agreement or any other Project Document to which the Agency is a party, make such payment or otherwise cure any failure by the Lessee to perform and to observe its other obligations hereunder. All amounts so advanced therefor by the Agency shall become an additional obligation of the Lessee to the Agency, which amounts, together with interest thereon at the rate of twelve percent (12%) per annum, compounded daily, from the date advanced, the Lessee will pay upon demand therefor by the Agency. Any remedy herein vested in the Agency for the collection of Rental Payments or other amounts due hereunder shall also be available to the Agency for the collection of all such amounts so advanced.

Section 4.8. No Warranty of Condition or Suitability. THE AGENCY HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE LEASED ITEMS, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN ANY LEASED ITEM, OR THE SUITABILITY OF ANY LEASED ITEM FOR THE PURPOSES OR NEEDS OF THE LESSEE OR THE EXTENT TO WHICH FUNDS AVAILABLE TO THE LESSEE WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. THE LESSEE ACKNOWLEDGES THAT THE AGENCY IS NOT THE MANUFACTURER OF THE LEASED ITEMS NOR THE MANUFACTURER'S AGENT NOR A DEALER THEREIN. THE LESSEE IS SATISFIED THAT THE LEASED ITEMS ARE SUITABLE AND FIT FOR PURPOSES OF THE LESSEE. THE AGENCY SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE LESSEE OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE LEASED ITEMS 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.

ARTICLE V

AGENCY FINANCIAL ASSISTANCE (SALES TAX EXEMPTION); RECAPTURE OF PUBLIC BENEFITS

Section 5.1. Reserved.

Section 5.2. Sales Tax Exemption.

(a) **Agency's Exempt Status.** The Agency constitutes a corporate governmental agency and a public benefit corporation under the laws of the State of New York, and therefore, in the exercise of its governmental functions, is exempt from the imposition of Sales and Use Taxes. As an exempt governmental entity, no exempt organization identification number has been issued to the Agency nor is one required. Notwithstanding the foregoing, the Agency makes no representation to the Lessee, any Agent or any third party that any Sales Tax Exemption is available under this Agreement.

(b) **Scope of Authorization of Sales Tax Exemption.** The Agency hereby authorizes the Lessee, subject to the terms and conditions of this Agreement, to act as its agent in connection with the Project for the purpose of effecting purchases and leases of Eligible Items so that such purchases and leases are exempt from the imposition of Sales and Use Taxes. The Agency's authorization with respect to such Sales Tax Exemption provided to the Lessee and its Agents pursuant to this Agreement and any Sales Tax Agent Authorization Letters issued hereunder shall be subject to the following limitations:

(i) The Sales Tax Exemption shall be effective only for a term commencing on the Commencement Date and expiring upon the earliest of (A) the termination of this Agreement, (B) Sales Tax Savings realized by the Lessee and by each Agent in connection with the Project shall have exceeded the Maximum Sales Tax Savings Amount, (C) the Completion Deadline, (D) the Project Completion Date, or (E) the termination of the Sales Tax Exemption authorization pursuant to Section 9.2.

(ii) The Sales Tax Exemption authorization set forth herein shall automatically be suspended upon written notice to the Lessee that the Lessee is in default under this Agreement until such default is cured to the satisfaction of the Agency.

(iii) The Sales Tax Exemption authorization shall be subject to all of the terms, conditions and provisions of this Agreement.

(iv) The Sales Tax Exemption shall only be utilized for Eligible Items which shall be purchased, incorporated, completed or installed for use only by the Lessee at the Facility Realty (and not with any intention to sell, transfer or otherwise dispose of any such Eligible Item to a Person as shall not constitute the Lessee), 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 Eligible Item unless such item is used solely by the Lessee at the Facility Realty.

(v) The Sales Tax Exemption shall not be used for any Ineligible Item.

(vi) The Sales Tax Exemption shall not be used to benefit any person or entity, including any tenant located at the Facility Realty, other than the Lessee, without the prior written consent of the Agency.

(vii) By execution by the Lessee of this Agreement, the Lessee agrees to accept the terms hereof and warrants to the Agency that the use of the Sales Tax Exemption by the Lessee or by any Agent is strictly for the purposes stated herein.

(viii) Upon the Termination Date, the Lessee and each Agent shall cease being agents of the Agency, and the Lessee shall immediately notify each Agent in writing of such termination and that the Sales Tax Agent Authorization Letter issued to any such Agent is likewise terminated and that the original executed Sales Tax Agent Authorization Letter must be returned to the Lessee so that the Lessee can return the same to the Agency.

(ix) The Lessee agrees that the aggregate amount of Sales Tax Savings realized by the Lessee and by each Agent in connection with the Project shall not exceed in the aggregate the Maximum Sales Tax Savings Amount.

(c) **Procedures for Appointing Agents.** If the Lessee desires to seek the appointment of a contractor, a subcontractor or other party to act as the Agency's agent (an "**Agent**") for the purpose of effecting purchases which are eligible for the Sales Tax Exemption pursuant to authority of this Agreement, it must complete the following steps:

(i) General Municipal Law Section 874(9) and Form ST-60 and the regulations relating thereto require that within thirty (30) days of the date that the Agency appoints a project operator or other person or entity to act as agent of the Agency for purposes of extending a sales or use tax exemption to such person or entity, the Agency must file a completed Form ST-60 with respect to such person or entity. Accordingly, for each Agent, the Lessee must complete and submit Form ST-60 to the Agency. The Agency requires Form ST-60 to be submitted electronically. Please download Form ST-60 via the internet by typing http://www.tax.ny.gov/pdf/current_forms/st/st60_fill_in.pdf into the address bar of your internet browser and saving the "fill-in" PDF of the form (using Adobe Acrobat). The downloaded form may then be completed electronically, saved and transmitted to the Agency by emailing it to Compliance@nycedc.com.

(ii) The appointment of each such Agent as an agent for the Agency shall be effective only upon execution by the Agency and the Agent of a Sales Tax Agent Authorization Letter in the form attached hereto as Exhibit H, following receipt of the completed Form ST-60 by the Agency. The determination whether or not to approve the appointment of an Agent shall be made by the Agency, in its sole discretion. If executed, a completed copy of the Sales Tax Agent Authorization Letter shall be sent to the Lessee within five (5) Business Days following such execution. The Lessee shall provide a copy of such executed Sales Tax Agent Authorization Letter together with a copy of this Agreement to the Agent within five (5) Business Days after receipt thereof by the Lessee.

(iii) The Lessee shall ensure that each Agent shall observe and comply with the terms and conditions of its Sales Tax Agent Authorization Letter and this Agreement, and upon the termination, expiration or cancellation of each Sales Tax Agent Authorization Letter, the Lessee shall retrieve and promptly surrender the same to the Agency.

(d) **Form ST-60 Not an Exemption Certificate.** The Lessee acknowledges that the executed Form ST-60 designating the Lessee or any Agent as an agent of the Agency shall not serve as a sales or use tax exemption certificate or document. Neither the Lessee nor any other Agent may tender a copy of the executed Form ST-60 to any person required to collect sales tax as a basis to make such purchases exempt from tax. No such person required to collect sales or use taxes may accept the executed Form ST-60 in lieu of collecting any tax required to be collected. THE CIVIL AND CRIMINAL PENALTIES FOR MISUSE OF A COPY OF FORM ST-60 AS AN EXEMPTION CERTIFICATE OR DOCUMENT OR FOR FAILURE TO PAY OR COLLECT TAX SHALL BE AS PROVIDED IN THE TAX LAW. IN ADDITION, THE USE BY AN AGENT, PROJECT OPERATOR, OR OTHER PERSON OR ENTITY OF SUCH FORM ST-60 AS AN EXEMPTION CERTIFICATE OR DOCUMENT SHALL BE DEEMED TO BE, UNDER ARTICLES TWENTY EIGHT AND THIRTY SEVEN OF THE TAX LAW, THE ISSUANCE OF A FALSE OR FRAUDULENT EXEMPTION CERTIFICATE OR DOCUMENT WITH THE INTENT TO EVADE TAX.

(e) **Form ST-123 Requirement.** As an agent of the Agency, the Lessee agrees that it will, and will cause each Agent to, present to each seller or vendor a completed and signed Form ST-123 for each contract, agreement, invoice, bill or purchase order entered into by the Lessee or by any Agent, as agent for the Agency, for the renovation, repair and equipping of the Project. Form ST-123 requires that each seller or vendor accepting Form ST-123 identify the Project on each bill and invoice and invoice for purchases and indicate on the bill or invoice that the Agency or Agent or Lessee, as Project operator of the Agency, was the purchaser. The Lessee shall retain copies of all such contracts, agreements, invoices, bills and purchase orders for a period of not less than six years from the date thereof. For each Agent the Form ST-123 shall be completed as follows: (i) the "Project Information" section of Form ST-123 should be completed using the name and address of the Project as indicated on the Form ST-60 used to appoint the Agent; (ii) the date that the Agent was appointed as an agent should be completed using the date of the Agent's Sales Tax Agent Authorization Letter; and (iii) the "Exempt purchases" section of Form ST-123 should be completed by marking "X" in box "A" only.

(f) **Form ST-340 Filing Requirement.** The Lessee shall annually (currently, by each February 28th with respect to the prior calendar year) file a Form ST-340 with NYSDF, in a manner and consistent with such regulations as is or may be prescribed by the Commissioner of NYSDF, of the value of all Sales Tax Savings claimed by the Lessee and each Agent in connection with the Project. Should the Lessee fail to comply with the foregoing requirement, the Lessee and each Agent shall immediately cease to be agents of the Agency in connection with the Project without any further action of the Agency and the Lessee shall immediately and without demand notify each Agent appointed by the Agency in connection with the Project of such termination. The Lessee shall annually file with the Agency a copy of the Form ST-340 filed with NYSDF for the prior calendar year.

(g) **Sales Tax Registry Filing Requirement.** No later than August 1st of each year, the Lessee shall file with the Agency a completed Sales Tax Registry, in the form attached hereto as Exhibit I, which accounts for all Sales Tax Savings realized by the Lessee and each Agent during the prior annual period ending on the preceding June 30th (or such shorter period beginning on the Commencement Date and ending on the preceding June 30th), unless the Termination Date occurred prior to such June 30th. Within ten (10) days after the Termination Date, the Lessee shall file with the Agency a completed Sales Tax Registry which accounts for all Sales Tax Savings realized by the Lessee and each Agent during the period from the preceding July 1st to the Termination Date.

(h) **Special Provisions Relating to State Sales Tax Savings.**

(i) The Lessee covenants and agrees to comply, and to cause each of its contractors, subcontractors, Agents, persons or entities to comply, with the requirements of General Municipal Law Sections 875(1) and (3) (the “**Special Provisions**”), as such provisions may be amended from time to time. In the event of a conflict between the other provisions of this Agreement and the Special Provisions, the Special Provisions shall control.

(ii) The Lessee acknowledges and agrees that pursuant to General Municipal Law Section 875(3) the Agency shall have the right to recover, recapture, receive, or otherwise obtain from the Lessee State Sales Tax Savings taken or purported to be taken by the Lessee, any Agent or any other person or entity acting on behalf of the Lessee to which Lessee is not entitled or which are in excess of the Maximum Sales Tax Exemption Amount or which are for property or services not authorized or taken in cases where the Lessee, any Agent or any other person or entity acting on behalf of the Lessee failed to comply with a material term or condition to use property or services in the manner required by this Agreement. The Lessee shall, and shall require each Agent and any other person or entity acting on behalf of the Lessee to, cooperate with the Agency in its efforts to recover, recapture, receive, or otherwise obtain such State Sales Tax Savings and shall promptly pay over any such amounts to the Agency that it requests. The failure to pay over such amounts to the Agency shall be grounds for the Commissioner of the New York State Department of Taxation and Finance (the “**Commissioner**”) to assess and determine State Sales and Use Taxes due from the Lessee under Article Twenty-Eight of the New York State Tax Law, together with any relevant penalties and interest due on such amounts.

(iii) The Lessee is hereby notified (provided that such notification is not a covenant or obligation and does not create a duty on the part of the Agency to the Lessee or any other party) that the Agency is subject to certain requirements under the General Municipal Law, including the following:

(1) In accordance with General Municipal Law Section 875(3)(c), if the Agency recovers, recaptures, receives, or otherwise obtains, any amount of State Sales Tax Savings from the Lessee, any Agent or other person or entity, the Agency shall, within thirty days of coming into possession of such amount, remit it to the Commissioner, together with such information and reports that the Commissioner deems necessary to administer payment over of such

amount. The Agency shall join the Commissioner as a party in any action or proceeding that the Agency commences to recover, recapture, obtain, or otherwise seek the return of, State Sales Tax Savings from any Agent, the Lessee or other person or entity.

(2) In accordance with General Municipal Law Section 875(3)(d), the Agency shall prepare an annual compliance report detailing its terms and conditions described in General Municipal Law Section 875(3)(a) and its activities and efforts to recover, recapture, receive, or otherwise obtain State Sales Tax Savings described in General Municipal Law Section 875(3)(b), together with such other information as the Commissioner and the New York State Commissioner of Economic Development may require. The report shall be filed with the Commissioner, the Director of the Division of the Budget of The State of New York, the New York State Commissioner of Economic Development, the New York State Comptroller, the Council of the City of New York, and may be included with the annual financial statement required by General Municipal Law Section 859(1)(b). Such report required by this subdivision shall be filed regardless of whether the Agency is required to file such financial statement described by General Municipal Law Section 859(1)(b). The failure to file or substantially complete the report required by General Municipal Law Section 875(3)(b) shall be deemed to be the failure to file or substantially complete the statement required by such General Municipal Law Section 859(1)(b), and the consequences shall be the same as provided in General Municipal Law Section 859(1)(e).

(iv) The foregoing requirements shall apply to any amounts of State Sales Tax Savings that the Agency recovers, recaptures, receives, or otherwise obtains, regardless of whether the Agency or the Lessee, any Agent or other person or entity acting on behalf of the Lessee characterizes such benefits recovered, recaptured, received, or otherwise obtained, as a penalty or liquidated or contract damages or otherwise. The foregoing requirements shall also apply to any interest or penalty that the Agency imposes on any such amounts or that are imposed on such amounts by operation of law or by judicial order or otherwise. Any such amounts or payments that the Agency recovers, recaptures, receives, or otherwise obtains, together with any interest or penalties thereon, shall be deemed to be State Sales and Use Taxes and the Agency shall receive any such amounts or payments, whether as a result of court action or otherwise, as trustee for and on account of the State.

(i) Subject to the provisions of Section 5.2(h) hereof, in the event that the Lessee or any Agent shall utilize the Sales Tax Exemption in violation of the provisions of this Agreement or any Sales Tax Agent Authorization Letter, 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 twelve percent (12%) per annum compounded daily 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 or any Agent (as applicable).

(j) Upon request by the Agency with reasonable notice to the Lessee, the Lessee shall make available at reasonable times to the Agency and/or the Independent Accountant all such books, records, contracts, agreements, invoices, bills or purchase orders of the Lessee and any Agent, and require all appropriate officers and employees of the Lessee to respond to reasonable inquiries by the Agency and/or the Independent Accountant, as shall be necessary (y) to indicate in reasonable detail those costs for which the Lessee or any Agent shall have utilized the Sales Tax Exemption and the dates and amounts so utilized, and (z) to permit the Agency to determine any amounts owed by the Lessee under this Section 5.2.

Section 5.3. Reserved.

Section 5.4. Recapture of Benefits. It is understood and agreed by the parties to this Agreement that the Agency is entering into this Agreement in order to provide Financial Assistance to the Lessee for the Project and to accomplish the public purposes of the Act. In consideration therefor, the Lessee hereby agrees as follows:

(a) If there shall occur a Recapture Event during the Recapture Period, the Lessee shall pay to the Agency as a return of Financial Assistance conferred by the Agency, a recapture amount (the "Recapture Amount") equal to the product of (y) all Benefits realized by the Lessee and (z) the recapture percentage below (the "Recapture Percentage") for the period during which the Recapture Event occurs, as determined by the Agency:

(i) if the Recapture Event occurs during the period commencing on the Commencement Date and ending on the day before the third anniversary of the Operations Commencement Date, the Recapture Percentage is 130%;

(ii) if the Recapture Event occurs during the period commencing on the third anniversary of the Operations Commencement Date and ending on the day before the fourth anniversary of the Operations Commencement Date, the Recapture Percentage is 120%;

(iii) if the Recapture Event occurs during the period commencing on the fourth anniversary of the Operations Commencement Date and ending on the day before the fifth anniversary of the Operations Commencement Date, the Recapture Percentage is 110%;

(iv) if the Recapture Event occurs during the period commencing on the fifth anniversary of the Operations Commencement Date and ending on the day before the sixth anniversary of the Operations Commencement Date, the Recapture Percentage is 100%; or

(v) if the Recapture Event occurs during the period commencing on the sixth anniversary of the Operations Commencement Date and ending on or before the tenth anniversary of the Operations Commencement Date, the Recapture Percentage is 100% minus the product of (y) 1.666% and (z) the number of months elapsed since the sixth anniversary of the Operations Commencement Date.

(b) Interest on any Recapture Amount due pursuant to the provisions of Section 5.4(a) shall accrue at a rate equal to the higher of nine percent (9%) per annum, or the amount of interest and penalties imposed by the Act or other law, from the date that the Recapture Event occurred until the date of repayment of the Recapture Amount to the Agency.

(c) Notwithstanding the foregoing, with respect to State Sales Tax Savings, the computation of the amount of State Sales Tax Savings to be recaptured shall equal the greater of the amount determined pursuant to this Section 5.4 and the amount due to the State pursuant to the Special Provisions.

(d) For purposes of this Section 5.4, demand for payment by the Agency shall be made in accordance with the notice requirements of this Agreement and the due date for payment shall be not less than seven (7) Business Days from the date of the notice.

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

(f) The provisions of this Section 5.4 shall survive the termination of this Agreement for any reason whatsoever, notwithstanding any provision of this Agreement to the contrary.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.1. Damage, Destruction and Condemnation. In the event that at any time during the Term the whole or part of the Leased Items shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement to which the Lessee and those authorized to exercise such right are parties, or if the temporary use of the Leased Items shall be so taken by condemnation or agreement (a “**Loss Event**”):

- (i) the Agency shall have no obligation to rebuild, replace, repair or restore the Leased Items;
- (ii) there shall be no abatement, postponement or reduction in the Rental Payments payable by the Lessee under this Agreement or any other Project Document to which it is a party, and 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; and
- (iii) the Lessee will promptly give written notice of such Loss Event to the Agency, generally describing the nature and extent thereof.

Section 6.2. Loss Proceeds.

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

(b) The Lessee shall be entitled to the Net Proceeds of any insurance proceeds or condemnation award, compensation or damages attributable to the Lessee’s Property, provided that nothing contained in this Agreement shall be deemed to modify the obligations of the Lessee pursuant to any mortgage with respect to property insurance proceeds and condemnation awards. The obligations of the Lessee hereunder shall be independent of any such other obligations relating to insurance proceeds and condemnation awards.

Section 6.3. Election to Rebuild or Terminate.

- (a) In the event a Loss Event shall occur, the Lessee shall either:
 - (i) at its own cost and expense (except to the extent paid from the Net Proceeds), within one (1) year of the Loss Event, promptly and diligently rebuild, replace, repair or restore the Leased Items 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, or

(ii) exercise its option to terminate this Agreement as provided in Section 10.1;

provided that if all or substantially all of the Leased Items shall be taken or condemned, or if the taking or condemnation renders the Leased Items unsuitable for use by the Lessee as contemplated hereby, the Lessee shall exercise its option to terminate this Agreement as provided in Section 10.1.

(b) As soon as practicable but no later than ninety (90) days after the occurrence of the Loss Event, the Lessee shall advise the Agency in writing of the action to be taken by the Lessee under this Section 6.3, a failure to advise the Agency timely being deemed an election in favor of Section 6.3(a)(ii).

Section 6.4. Effect of Election to Build.

(a) All rebuilding, replacements, repairs or restorations of the Leased Items in respect of or occasioned by a Loss Event shall:

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

(ii) be effected only if the Lessee shall deliver to the Agency an Opinion of Counsel acceptable to the Agency to the effect that such rebuilding, replacement, repair or restoration shall not change the nature of the Facility as the Approved Facility and a qualified "project" as defined in the Act,

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

(iv) restore the Leased Items to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, and to a state and condition that will permit the Lessee to use and operate the Facility as the Approved Facility that will qualify as a qualified "project" as defined in the Act, and

(v) be effected only if the Lessee shall have complied with Section 8.1(c).

(b) The date of completion of the rebuilding, replacement, repair or restoration of the Leased Items shall be evidenced to the Agency by a certificate of an Authorized Representative of the Lessee stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Agency, has been made (iii) that the Leased Items have been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that the Agency has good and valid leasehold interest in all property constituting part of the Leased Items, and all of the Leased Items

are subject to this Agreement, subject to Permitted Encumbrances, and (v) that the restored Leased Items are ready for use in connection with the Approved Project Operations. Notwithstanding the foregoing, such certificate may state (x) that it is given without prejudice to any rights against third parties by the Lessee that exist at the date of such certificate or that may subsequently come into being, (y) that it is given only for the purposes of this Section and (z) that no Person other than the Agency may benefit therefrom.

(c) The certificate delivered pursuant to Section 6.4(b) shall be accompanied by (i) a certificate of an engineer that the Project has been completed and all approvals necessary for commercial operation of the Project Improvements have been obtained, subject to the review, verification and acceptance of such certification and related documentation by the Agency, in its sole discretion, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by this Agreement; (ii) a certificate of an Authorized Representative of the Lessee that all costs of rebuilding, repair, restoration and reconstruction of the Leased Items have been paid in full, together with releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Leased Items (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Agency that such costs have been appropriately bonded or that the Lessee shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Agency, indicating that there has not been filed with respect to the Leased Items any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Leased Items and that there exist no encumbrances or those encumbrances consented to by the Agency.

ARTICLE VII

COVENANT OF THE AGENCY

Section 7.1. Quiet Enjoyment. The Agency covenants and agrees that, subject to the terms and provisions of the Permitted Encumbrances (and any other impairments of title), so long as the Lessee shall pay the Rental Payments payable by it under this Agreement and shall duly observe all the covenants, stipulations and agreements herein contained obligatory upon it and an Event of Default shall not exist hereunder, the Agency shall take no action to disturb the peaceful, quiet and undisputed possession of the Leased Items by the Lessee under this Agreement, and the Agency (at the sole cost and expense of the Lessee) shall from time to time take all necessary action to that end.

ARTICLE VIII

COVENANTS OF THE LESSEE

Section 8.1. Insurance.

(a) Definitions. The following capitalized terms shall have the respective meanings specified below:

Certificate means an ACORD certificate evidencing insurance.

CGL means commercial general liability insurance.

CM means a construction manager providing construction management services in connection with any Construction.

Construction means any construction, reconstruction, restoration, renovation, alteration and/or repair on, in, at or about the Facility Realty, including the Project Work or any other construction, reconstruction, restoration, alteration and/or repair required under this Agreement in connection with the Facility.

Contractor(s) means, individually or collectively, a contractor or subcontractor providing materials and/or labor and/or other services in connection with any Construction, but not including a GC, CM or any architect or engineer providing professional services.

GC means any general contractor providing general contracting services in connection with any Construction.

Insured(s) means the Lessee.

Insurer means any entity writing or issuing a Policy.

ISO means the Insurance Services Office or its successor.

ISO Form CG-0001 means the CGL form published by ISO at the Commencement Date.

Policy(ies) means, collectively or individually, the policies required to be obtained and maintained pursuant to Section 8.1(b) and (c).

SIR means self-insured retention.

U/E means Umbrella or Excess Liability insurance.

Workers' Compensation means Workers' Compensation, disability and employer liability insurance.

(b) Required Insurance. Throughout the Term, except during periods of Construction, each Insured shall obtain and maintain for itself as a primary insured the following insurance:

(i) CGL with \$1,000,000 minimum per occurrence and \$2,000,000 minimum in the aggregate, per-location aggregate, and on a per occurrence basis. This Policy shall contain coverage for contractual liability, premises operations, and products and completed operations.

(ii) U/E with \$4,000,000 minimum per occurrence on terms consistent with CGL. The excess coverage provided under U/E shall be incremental to the CGL to achieve minimum required coverage of \$5,000,000 per occurrence; such incremental coverage must also apply to auto liability (when such coverage applies; see Section 8.1(b)(iii)), whether auto liability coverage is provided by endorsement to the Insured's CGL or by a stand-alone policy.

(iii) Auto liability insurance with \$1,000,000 combined single limit and \$1,000,000 for uninsured or under-insured vehicles. If the Insured owns any vehicles, it shall obtain auto liability insurance in the foregoing amounts for hired and non-owned vehicles. Notwithstanding, in the event that the Authorized Representatives for the Lessee deliver certificates to the Agency certifying that it neither owns, hires, rents or uses a vehicle of any sort, the Agency shall deem such certifications to satisfy the requirements of this subsection "iii."

(iv) Workers Compensation satisfying State statutory limits. Coverage for employer liability shall be in respect of any work or operations in, on or about the Facility Realty.

(c) Required Insurance During Periods of Construction. In connection with any Construction and throughout any period of such Construction, the Lessee shall cause the following insurance requirements to be satisfied:

(i) Each Insured shall obtain and maintain for itself Policies in accordance with all requirements set forth in Section 8.1(b).

(ii) Any GC or CM shall obtain and maintain for itself as a primary insured the following Policies:

(A) CGL and U/E in accordance with the requirements in Section 8.1(b), subject to the following modifications: (y) coverage shall be in an aggregate minimum amount of \$10,000,000 per project aggregate, and (z) completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Lessee shall have provided written notice and satisfactory evidence to the Agency that the Construction was completed as of a specified earlier date);

(B) Auto liability insurance in accordance with the requirements in Section 8.1(b); and

(C) Workers' Compensation in accordance with the requirements in Section 8.1(b).

(iii) Notwithstanding preceding subsections "i" and "ii", during Construction aggregate minimum coverage in the amount of \$10,000,000 (combined CGL and U/E as required by Sections 8.1(b) and 8.1(c)) may be achieved by any combination of coverage amounts among the Insureds and the GC or CM.

(iv) Each Contractor shall obtain and maintain for itself as a primary insured the following insurance:

(A) CGL and U/E in accordance with the requirements in Section 8.1(b) except that, in addition, completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Lessee shall have provided written notice and satisfactory evidence to the Agency that the Construction was completed as of a specified earlier date);

(B) Auto Liability insurance in accordance with the requirements in Section 8.1(b); and

(C) Workers' Compensation in accordance with the requirements in Section 8.1(b).

(d) Required Policy Attributes. Except as the Agency shall expressly otherwise agree in writing in its sole and absolute discretion:

(i) The Lessee shall cause each Policy (other than Worker's Compensation insurance and auto liability insurance) to name the Agency as an additional insured on a primary and non-contributory basis as more particularly required in Section 8.1(f)(i).

(ii) No Policy shall have a deductible greater than \$25,000 unless otherwise agreed to by the Agency in writing.

(iii) CGL shall not be subject to SIR.

(iv) CGL and Auto Liability shall be written on, respectively, ISO Form CG-0001 and ISO Form CA-0001, or on such other equivalent forms as same may be reasonably acceptable to the Agency but only if the substitute form being proposed as equivalent is provided to the Agency sixty (60) days prior to the intended effective date.

(v) The Lessee acknowledges that the Agency is materially relying upon the content of ISO Form CG-0001 (or its equivalent if applicable) to implement the Agency's insurance requirements under this Section 8.1; accordingly, the Lessee agrees

that non-standard exclusions and other modifications to ISO Form CG-0001 (or to its equivalent if applicable) are prohibited under the terms and conditions of this Section 8.1. By way of example and not limitation, no Policy delivered hereunder shall limit (whether by exception, exclusion, endorsement, script or other modification) any of the following coverage attributes:

(A) contractual liability coverage insuring the contractual obligations of the Insureds;

(B) employer's liability coverage;

(C) coverage for claims arising under New York Labor Law;

(D) the right of the Insureds to name additional insureds including the Agency;

(E) the applicability of CGL coverage to the Agency as an additional insured in respect of liability arising out of any operations for which the Agency may become liable, in connection with the construction or operation of the Project, including the following claims: (x) claims against the Agency by employees of an Insured, or (y) claims against the Agency by any GC, CM, Contractor, architect or engineer or by the employees of any of the foregoing, or (z) claims against the Agency arising out of any work performed by a GC, CM, Contractor, architect or engineer.

(vi) U/E shall follow the form of CGL except that U/E may be broader.

(vii) The Policies for CGL and U/E shall each provide primary insurance and the issuing Insurer shall not have a right of contribution from any other insurance policy insuring the Agency.

(viii) In each Policy, the Insurer shall waive, as against any Person insured under such Policy including any additional insured, any right of subrogation.

(ix) The Agency shall not be liable for any insurance premium, commission or assessment under or in connection with any Policy.

(e) Required Insurer Attributes. All Policies must be issued by Insurers satisfying the following requirements:

(i) Insurers shall have a minimum AM Best rating of A minus.

(ii) Each Insurer must be an authorized insurer in accordance with Section 107(a) of the New York State Insurance Law.

(iii) Insurers must be admitted in the State; provided, however, that if an Insured requests the Agency to accept a non-admitted Insurer, and if the Agency reasonably determines that for the kind of operations performed by the Insured an admitted Insurer is

commercially unavailable to issue a Policy or is non-existent, then the Agency shall provide its written consent to a non-admitted Insurer. For purposes of this paragraph, an “admitted” Insurer means that the Insurer’s rates and forms have been approved by the State Department of Financial Services and that the Insurer’s obligations are entitled to be insured by the State’s insurance guaranty fund.

(f) Required Evidence of Compliance. The Lessee shall deliver or cause to be delivered, throughout the Term, evidence of all Policies required hereunder as set forth in this Section 8.1(f):

(i) All Policies. With respect to all Policies on which an Insured is to be a primary insured, the Insured shall deliver to the Agency a Certificate or Certificates evidencing all Policies required by this Section 8.1: (x) at the Commencement Date, (y) prior to the expiration or sooner termination of Policies, and (z) prior to the commencement of any Construction. If the Certificate in question evidences CGL, such Certificate shall name the Agency as an additional insured in the following manner:

New York City Industrial Development Agency is an additional insured on a primary and non-contributory basis for both CGL and Umbrella/Excess. The referenced CGL is written on ISO Form CG-0001 without modification to the contractual liability, employer’s liability or waiver-of-subrogation provisions thereof, and contains no endorsement limiting or excluding coverage for claims arising under New York Labor Law, covering the following premises: 1352 East Gun Hill Road in Bronx, New York;

(ii) CGL. With respect to CGL on which an Insured is to be a primary insured, such Insured shall additionally deliver to the Agency the following:

(A) Prior to the Commencement Date the Insured shall deliver to the Agency a certificate of insurance reflecting the required levels of coverage, terms and conditions as outlined herein.

(B) Upon the expiration or sooner termination of any CGL, the Insured shall deliver to the Agency a certificate of insurance reflecting the required levels of coverage, terms and conditions as outlined herein.

(C) Prior to the commencement of any Construction, the Insured shall deliver to the Agency a certificate of insurance reflecting the required levels of coverage, terms and conditions as outlined herein which the Insured is to be the primary insured during the period of such Construction.

(iii) Insurance to be obtained by GCs and CMs. Prior to the commencement of any Construction that entails the services of a GC or CM, the Lessee shall provide to the Agency, in a form satisfactory to the Agency, evidence that the GC or CM (as the case may be) has obtained the Policies that it is required to obtain and maintain in accordance with Section 8.1(c).

(iv) Insurance to be obtained by Contractors. In connection with any Construction, the Lessee shall, upon the written request of the Agency, cause any or all Contractors to provide evidence satisfactory to the Agency, that such Contractors have obtained and maintain the Policies that they are required to obtain and maintain in accordance with the requirements of Section 8.1(c).

(g) Required Notices. (i) The Lessee shall immediately give the Agency notice of each occurrence that is reasonably probable to give rise to a claim under the insurance required to be maintained by this Section 8.1. (ii) The Lessee shall in writing immediately notify the Agency of the cancellation of any Policy. (iii) In the event that any of the Policies pertain to and cover properties (other than the Facility Realty) that are not disclosed in Subsection (h)(i) of this Section 8.1, the Lessee shall in writing notify the Agency of such additional properties.

(h) Miscellaneous.

(i) The Lessee represents that the Policies pertain to and cover the Facility Realty.

(ii) In the event that any of the Policies pertain to and cover properties (other than the Facility Realty) that are not set forth in subsection “i” preceding, the Agency shall have the right to demand higher Policy amounts therefor provided that the incremental coverage demanded by the Agency is reasonably related to such additional or substitute properties and the operations carried out or to be carried out thereon.

(iii) If, in accordance with the terms and conditions of this Section 8.1, an Insured is required to obtain the Agency’s consent, the Lessee shall request such consent in a writing provided to the Agency at least thirty (30) days in advance of the commencement of the effective period (or other event) to which the consent pertains.

(iv) Throughout the Term, delivery by an Insured of a Certificate evidencing auto liability insurance for hired and non-owned vehicles shall, unless otherwise stated by the Lessee to the contrary, constitute a representation and warranty from the Insured to the Agency that the Insured does not own vehicles.

(v) An Insured shall neither do nor omit to do any act, nor shall it suffer any act to be done, whereby any Policy would or might be terminated, suspended or impaired.

(vi) If, throughout the Term, insurance industry standards applicable to properties similar to the Facility Realty and/or operations similar to the operations of the Lessee, materially change; and if, as a consequence of such change, the requirements set forth in this Section 8.1 become inadequate in the reasonable judgment of the Agency for the purpose of protecting the Agency against third-party claims, then the Agency shall have the right to supplement and/or otherwise modify such requirements, provided, however, that such supplements or modifications shall be commercially reasonable.

(vii) Nothing contained in this Agreement shall be deemed to modify the obligations of the Lessee pursuant to any mortgage with respect to property insurance or

the application of proceeds thereof and said mortgage. The obligations of the Lessee hereunder shall be independent of any such other obligations relating to insurance.

(viii) The Agency, in its sole discretion and without obtaining the consent of any mortgagee or any Guarantor or any other party to the transactions contemplated by this Agreement, may waive particular requirements under this Section 8.1. Notwithstanding, the Lessee shall be estopped from claiming that the Agency has made any such waiver unless the Agency has executed and delivered a written instrument for the purpose of effectuating such waiver.

(ix) THE AGENCY DOES NOT REPRESENT THAT THE INSURANCE REQUIRED IN THIS SECTION 8.1, WHETHER AS TO SCOPE OR COVERAGE OR LIMIT, IS ADEQUATE OR SUFFICIENT TO PROTECT THE INSURED AND THEIR OPERATIONS AGAINST CLAIMS AND LIABILITY.

Section 8.2. Indemnity.

(a) The Lessee shall at all times indemnify, defend, protect and hold the Agency, and any director, member, officer, employee, servant, agent (excluding for this purpose the Lessee, which is not obligated hereby to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Agency's control or supervision (collectively, the "**Indemnified Parties**" and each an "**Indemnified Party**") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation 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 on the Application Date, and continuing throughout the Term, arising upon, about, or in any way connected with the Facility, the Project, or any of the transactions with respect thereto, including:

(i) the financing of the costs of the Leased Items or the Project,

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

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

(iv) the execution and delivery by an Indemnified Party, the Lessee or any other Person of, or performance by an Indemnified Party, the Lessee or any other Person, as the case may be, of, any of their respective obligations under, this Agreement or any other Project Document, or other document or instrument delivered in connection

herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,

(v) any damage or injury to the person or 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 failure to comply with the requirements of the City's zoning resolution and related regulations, or

(vii) the presence, disposal, release, or threatened release of any Hazardous Materials that are on, from, or affecting the Facility; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of Legal Requirements, including demands of government authorities, or any policies or requirements of the Agency, which are based upon or in any way related to such Hazardous Materials.

(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 Claim 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 8.2(a) including any Claim or Liability arising from or incurred as a result of the negligence or gross negligence of such Indemnified Party, or at the direction of the Lessee or any Guarantor with respect to any of such matters above referred to.

(c) 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 8.2; such notice shall be given in sufficient time to allow the Lessee to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Lessee under this Section 8.2.

(d) Anything to the contrary in this Agreement notwithstanding, the covenants of the Lessee contained in this Section 8.2 shall be in addition to any and all other obligations and liabilities that the Lessee may have to any Indemnified Party in any other agreement or at common law, and shall remain in full force and effect after the termination of this Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

Section 8.3. Compensation and Expenses of the Agency and Agency Administrative and Project Fees.

(a) The Lessee shall pay the fees, costs and expenses of the Agency together with any fees and disbursements incurred by lawyers or other consultants in performing services for the Agency in connection with this Agreement or any other Project Document.

(b) On the Commencement Date, the Lessee shall pay to the Agency the following amounts: (i) the Initial Annual Administrative Fee, and (ii) the Project Fee.

(c) The Lessee further agrees to pay the Annual Administrative Fee to the Agency on each July 1 following the Commencement Date until the earlier of the Expiration Date or the Termination Date. In the event the Lessee shall fail to pay the Annual Administrative Fee on the date due, the Agency shall have no obligation to deliver notice of such failure to the Lessee.

Section 8.4. Current Leased Items Description. The Lessee covenants and agrees that throughout the Term, including upon the completion of the Project or of any replacement, repair, restoration or reconstruction of the Facility pursuant to Article VI, it will cause Exhibit B – “Description of the Leased Items”, to be an accurate and complete description of all current Leased Items. To this end, the Lessee covenants and agrees that (y) no Leased Item shall be substituted or replaced by a new item of machinery, equipment or other tangible personal property except pursuant to Section 3.6(a) or Article VI, and (z) no Leased Item shall be delivered and installed at the Facility Realty as part of the Facility, unless in each case such item of machinery, equipment or other item of tangible personal property shall be accurately and sufficiently described in Exhibit B — “Description of Leased Items”, and the Lessee shall from time to time prepare and deliver to the Agency supplements to such Appendices in compliance with the foregoing. Such supplements shall be executed and delivered by the appropriate parties.

Section 8.5. Signage at Facility Site. Upon commencement of the Project renovations and/or construction of the Project Improvements at the Facility (including the commencement of any demolition and/or excavation), the Lessee shall erect on the Facility site, at its own cost and expense, within easy view of passing pedestrians and motorists, a large and readable sign with the following information upon it (hereinafter, the “**Sign**”):

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THROUGH THE
NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY
Mayor Eric Adams*

In addition, the Sign shall satisfy the following requirements: (x) format and appearance generally shall be as stipulated by the Agency in writing or electronically; (y) the minimum size of the Sign shall be four (4) feet by eight (8) feet; and (z) the Sign shall have no other imprint upon it other than that of the Agency. The Sign shall remain in place at the Facility until completion of the renovations and/or construction. The Lessee may erect other signs in addition to the Sign.

Section 8.6. Environmental Matters.

(a) Reserved.

(b) 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.

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

(d) 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.

(e) Reserved.

Section 8.7. Employment Matters.

(a) Except as is otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of the Project shall be listed with the New York State Department of Labor Community Services Division, and with the administrative entity of the service delivery area created by the Workforce Investment Act of 1998 (29 U.S.C. §2801) in which the Facility Realty is located. Except as is otherwise provided by collective bargaining contracts or agreements, the Lessee agrees, where practicable, to consider first, and cause each of its Affiliates at the Facility to consider first, persons eligible to participate in the Workforce Investment Act of 1998 (29 U.S.C. §2801) programs who shall be referred by administrative entities of service delivery areas created pursuant to such Act or by the Community Services Division of the New York State Department of Labor for such new employment opportunities.

(b) Upon the Agency's written request, the Lessee shall provide to the Agency any employment information in the possession of the Lessee which is pertinent to the Lessee and the employees of the Lessee to enable the Agency and/or NYCEDC to comply with its reporting requirements required by City Charter §1301 and any other applicable laws, rules or regulations.

(c) The Lessee (on behalf of itself) hereby authorizes any private or governmental entity, including The New York State Department of Labor ("**DOL**"), to release to the Agency and/or NYCEDC, and/or to the successors and assigns of either (collectively, the "**Information Recipients**"), any and all employment information under its control and pertinent to the Lessee and the employees of the Lessee to enable the Agency and/or NYCEDC to comply with its reporting requirements required by City Charter §1301 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 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 NYCEDC, and/or the successors and assigns of either, and/or the City, 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 City Charter §1301, (y) other reports required of the Agency, and (z) any other reports required by law. This authorization shall remain in effect throughout the Term.

(d) Upon the request of the Agency, the Lessee shall cooperate with the Agency in the development of programs for the employment and/or training of members of minority groups in connection with performing work at the Facility.

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

Section 8.8. Non-Discrimination.

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

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

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

Section 8.9. Assignment or Sublease.

The Lessee shall not at any time (y) except as permitted by Section 8.20, assign or transfer this Agreement, or (z) sublease the whole or any part of the Leased Items. Notwithstanding the foregoing, Lessee is permitted to, on reasonable prior notice to (but without the consent of) the Agency, sublease the Facility and/or the Leased Items to another Entity (“NewCo”), for the sole purpose of causing any tax credits which Lessee is entitled to with respect to the Lessee’s interest in the Facility and/or the Leased Items to pass-through to NewCo (collectively, the “Tax Equity Transaction”).

Section 8.10. Retention of Title to or of Interest in Leased Items; Grant of Easements; Release of Portions of Facility.

Neither the Lessee nor the Agency shall sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its respective title to or leasehold estate in the Leased Items, or any part of the Leased Items or interest therein during the Term, except as set forth in Sections 3.6, Article VI, 8.9, 8.20 and 9.2 or in this Section, without the prior written consent of the other, and any purported disposition without such consent shall be void. The Agency requires a minimum of fifteen (15) business days' notice in order to consider any request to approve any such lien, security interest, encumbrance, or charge.

Section 8.11. Discharge of Liens.

(a) If any lien, encumbrance or charge is filed or asserted (including any lien for the performance of any labor or services or the furnishing of materials), or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims being herein collectively called "**Liens**"), whether or not valid, is made against the Leased Items or any part thereof or the interest therein of the Agency, the Lessee or against any of the Rental Payments payable under this Agreement or the interest of the Agency or the Lessee under this Agreement, other than Liens for Impositions not yet payable, Permitted Encumbrances, or Liens being contested as permitted by Section 8.11(b), the Lessee forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Agency and take all action (including the payment of money and/or the securing of a bond) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full thereof and to remove or nullify the basis therefor. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the Agency for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien against the Agency's interest in the Leased Items.

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

Section 8.12. Reserved. No Further Encumbrances Permitted. The Lessee shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against the Leased Items or any part thereof, or the interest of the Agency or the Lessee in the Leased Items or this Agreement, except for Permitted Encumbrances.

Section 8.14. Automatically Deliverable Documents.

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

(b) The Lessee shall promptly provide written notice to the Agency if any representation or warranty made by the Lessee pursuant to Section 2.2(s) would, if made on any date during the term of the Agreement and deemed made as of such date, be false, misleading or incorrect in any material respect.

(c) Within five (5) Business Days after receipt from the Agency of any subtenant survey and questionnaire pertaining to the Leased Items, the Lessee shall complete and execute such survey and questionnaire and return the same to the Agency, unless a different deadline is provided by such survey or questionnaire.

(d) The Lessee shall deliver all insurance-related documents required by Sections 8.1(f) and 8.1(g).

(e) Within 120 days after the close of each Fiscal Year during which action was taken by the Lessee pursuant to Section 3.5, the Lessee shall deliver written notice of the Additional Improvement(s) to the Agency.

(f) If a removal involving property having a value in the aggregate exceeding \$250,000 was taken by the Lessee pursuant to Section 3.6(a), the Lessee shall deliver written notice of such removal to the Agency within five (5) Business Days following such removal.

(g) Promptly following completion of the Project, but no later than five (5) Business Days thereafter, the Lessee shall deliver to the Agency the Final Project Cost Budget together with a certificate as to Project completion in substantially the form set forth in Exhibit G – “Form of Project Completion Certificate”, together with all attachments required thereunder.

(h) Prior to the appointment of an Agent in connection with the use of the Sales Tax Agent Authorization Letter as provided in Section 5.2(e), the Lessee shall submit Form ST-60 electronically to the Agency as provided therein.

(i) Reserved.

(j) No later than August 1st of each year, the Lessee shall file with the Agency a completed Sales Tax Registry which accounts for all Sales Tax Savings realized by the Lessee and each Agent during the prior annual ending on the preceding June 30th (or such shorter period beginning on the Commencement Date and ending on the preceding June 30th).

(k) Within 10 days after the Termination Date, the Lessee shall (y) file with the Agency a completed Sales Tax Registry which accounts for all Sales Tax Savings realized by the

Lessee and each Agent during the period from the preceding July 1st to the Termination Date; and (z) deliver and surrender to the Agency each Sales Tax Agent Authorization Letter and all copies thereof for cancellation.

Section 8.15. Requested Documents. Upon request of the Agency, the Lessee shall deliver or cause to be delivered to the Agency within five (5) Business Days (unless a different time period is specified) of the date so requested:

(a) a copy of the most recent annual reviewed financial statements of the Lessee and of their subsidiaries, if any (including balance sheets as of the end of the Fiscal Year and the related statement of revenues, expenses and changes in fund balances and, if applicable, income, earnings, and changes in financial position) for such Fiscal Year, prepared in accordance with GAAP;

(b) a certificate of an Authorized Representative of the Lessee that the insurance the Lessee maintains complies with the provisions of Section 8.1, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Agency and are in full force and effect and the evidence required by Section 8.1(f);

(c) copies of any (y) bills, invoices or other evidences of cost as shall have been incurred in connection with the Project Work, and (z) permits, authorizations and licenses from appropriate authorities relative to the operation and use of the Leased Items;

(d) if no action was taken by the Lessee pursuant to Section 3.5 or no action involving the removal of Leased Items having a value in the aggregate exceeding \$250,000 was taken by the Lessee pursuant to Section 3.6(a), 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 3.5 or 3.6(a) during such preceding Fiscal Year;

(e) if action was taken by the Lessee pursuant to Section 3.5 or involving the removal of property having a value in the aggregate exceeding \$250,000 pursuant to Section 3.6(a), a written report of an Authorized Representative of the Lessee summarizing the action taken by the Lessee and stating that, in his/her opinion, such action complied with the provisions of Section 3.5 or 3.6(a), as applicable;

(f) a certificate of an Authorized Representative of the Lessee as to whether or not, as of the close of the immediately preceding Fiscal Year, and at all times during such Fiscal Year, the Lessee was in compliance with all the provisions that relate to the Lessee in this Agreement and in any other Project Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Lessee with respect thereto;

(g) upon twenty (20) days prior request by the Agency, a certificate of an Authorized Representative of the Lessee either stating that to the knowledge of such Authorized Representative after due inquiry there is no default under or breach of any of the terms hereof

that, with the passage of time or the giving of notice or both, would constitute an Event of Default hereunder, exists or specifying each such default or breach of which such Authorized Representative has knowledge;

(h) employment information requested by the Agency pursuant to Section 8.7(b); and

(i) information regarding non-discrimination requested by the Agency pursuant to Section 8.8.

Section 8.16. Periodic Reporting Information for the Agency.

(a) The Lessee shall not assert as a defense to any failure of the Lessee to deliver to the Agency any reports specified in this Section 8.16 that the Lessee shall not have timely received any of the forms from or on behalf of the Agency unless, (i) the Lessee shall have requested in writing such form from the Agency not more than thirty (30) days nor less than fifteen (15) days prior to the date due, and (ii) the Lessee shall not have received such form from the Agency at least one (1) Business Day prior to the due date. For purposes of this Section 8.16, the Lessee shall be deemed to have “received” any such form if it shall have been directed by the Agency to a website at which such form shall be available. In the event the Agency, in its sole discretion, elects to replace one or more of the reports required by this Agreement with an electronic or digital reporting system, the Lessee shall make its reports pursuant to such system.

(b) Annually, by August 1 of each year, commencing on the August 1 immediately following the Commencement Date, until the termination of this Agreement, the Lessee shall submit to the Agency an employment and benefits report in the form approved by the Agency 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, in the form prescribed by the Agency, certified as to accuracy by an officer of the Lessee. Upon termination of this Agreement, the Lessee shall submit to the Agency the employment and benefits report relating to the period commencing the date of the last such Report submitted to the Agency and ending on the last payroll date of the preceding month in the form prescribed by the Agency, certified as to accuracy by the Lessee. Nothing herein shall be construed as requiring the Lessee to maintain a minimum number of employees on its respective payroll.

(c) If and for so long as the same shall be required by law, the Lessee shall annually (currently, by each February 28 with respect to the prior calendar year) file a statement 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 (Form ST-340 or any successor or additional mandated form), of the value of Sales Tax Savings claimed by the Lessee and all Agents in connection with the Project and the Leased Items as required by Section 874(8) of the New York State General Municipal Law (as the same may be amended from time to time), under the authority granted pursuant to this Agreement. The Lessee shall furnish a copy of such annual statement to the Agency at the time of filing with the Department of Taxation and Finance. Should the Lessee fail to comply with the foregoing requirement, the Lessee shall immediately cease to be the agent for the Agency in connection with the Project (such agency relationship being deemed to be

immediately revoked) without any further action of the parties, each of the Lessee and any Agent shall be deemed to have automatically lost its authority as agent of the Agency to purchase and/or lease Eligible Items in the Agency's behalf, and shall desist immediately from all such activity, and shall immediately and without demand return to the Agency any Sales Tax Agent Authorization Letter in the possession of any Agent. 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 and Use Taxes under the laws of the State. To the extent that the Lessee and any Agent shall have received Sales Tax Savings, the Lessee agrees to include information with respect thereto in its Sales Tax Exemption Report required to be filed pursuant to Section 8.16(e).

(d) Reserved.

(e) If the Sales Tax Exemption shall have been in effect at any time during the twelve-month period terminating on the immediately preceding June 30, the Lessee shall file with the Agency by the next following August 1, a certificate of an Authorized Representative of the Lessee with respect to Sales Tax Savings with respect to such twelve-month period, in the form prescribed by the Agency.

(f) If there shall have been a subtenant, other than the Lessee, with respect to all or part of the Facility, at any time during the twelve-month period terminating on the immediately preceding June 30, the Lessee shall deliver to the Agency by the next following August 1, a completed employment and benefits report for all such subtenants with respect to such twelve-month period, in the form prescribed by the Agency.

(g) If the Lessee shall have had the benefit of a Business Incentive Rate at any time during the twelve-month period terminating on the immediately preceding June 30, the Lessee shall deliver to the Agency by the next following August 1, a completed report required by the Agency in connection with the Business Incentive Rate program with respect to such twelve-month period, in the form prescribed by the Agency.

(h) The Lessee shall deliver to the Agency on August 1 of each year, commencing on the August 1 immediately following the Commencement Date, a completed location and contact information report in the form prescribed by the Agency.

(i) The Project is a "covered project" and the Lessee is a "covered developer," each as defined under Section 22-1101 of the New York City Administrative Code (the "Construction Workforce Disclosure Law"). The Lessee will comply with the Construction Workforce Disclosure Law in all respects, including that the Lessee will provide all workforce disclosure records in a format that the Agency may request, which at a minimum will be sufficient to comply with the requirements of the Construction Workforce Disclosure Law.

Section 8.17. Taxes, Assessments and Charges.

(a) The Lessee shall pay when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against the Leased Items, this Agreement, any ownership estate or interest of the Agency or the Lessee in the Leased Items, or the Rental Payments or other amounts payable hereunder, 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 Leased Items all of which are herein called “**Impositions**”. The Lessee may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance. The Agency shall forward, as soon as practicable, to the Lessee any notice, bill or other statement received by the Agency concerning any Imposition.

(b) In the event the Leased Items are exempt from Impositions solely due to the Agency’s ownership interest in the Leased Items, the Lessee shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions that would have been imposed on the Leased Items if the Lessee were the owner of record and the Agency had no ownership interest in the Leased Items.

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

Section 8.18. Compliance with Legal Requirements.

(a) The Lessee shall not occupy, use or operate the Facility, or allow the Facility or any part thereof to be occupied, used or operated, for any unlawful purpose or in violation of any certificate of occupancy affecting the Facility or for any use which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto. The Lessee shall not use or operate the Leased Items, or allow the Leased Items or any part thereof to be used or operated, for any unlawful purpose 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.

(b) Throughout the Term and at its sole cost and expense, the Lessee shall promptly observe and comply with all applicable Legal Requirements (including, without limitation, as applicable, the LW Law, the Prevailing Wage Law, and the Earned Sick Time Act, constituting Chapter 8 of Title 20 of the New York City Administrative Code), whether foreseen or unforeseen, ordinary or extraordinary, that shall now or at any time hereafter be binding upon or applicable to the Lessee, the Facility, the Leased Items, any occupant, user or operator of the Facility or any portion of the Leased Items, and will observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all rights, licenses, permits (including zoning variances, special exception and non-conforming uses), privileges, franchises and concessions. The Lessee will not, without the prior written consent of the Agency (which consent shall not be unreasonably withheld or delayed), initiate, join in or consent to any private

restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses that may be made of the Facility or any part thereof.

(c) The Lessee may at its sole cost and expense contest in good faith the validity, existence or applicability of any of the matters described in Section 8.18(b) if (i) such contest shall not result in the Facility, the Leased Items 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 or the Agency being in any danger of any civil or any criminal liability for failure to comply therewith, and (iii) the Lessee shall have furnished such security, if any, as may be reasonably requested by the Agency for failure to comply therewith.

Section 8.19. Operation as Approved Facility and as a “Project”.

(a) The Lessee will not take any action, or suffer or permit any action, if such action would cause the Facility not to be the Approved Facility or a qualified “project” within the meaning of the Act.

(b) The Lessee will not fail to take any action, or suffer or permit the failure to take any action, if such failure would cause the Facility not to be the Approved Facility or a qualified “project” within the meaning of the Act.

(c) The Lessee will permit the Agency, or its duly authorized agent, upon reasonable notice, at all reasonable times, to enter the Facility, but solely for the purpose of assuring that the Lessee is operating the Facility, or is causing the Facility to be operated, as the Approved Facility and a qualified “project” within the meaning of the Act consistent with the Approved Project Operations and with the public purposes of the Agency.

Section 8.20. Restrictions on Dissolution and Merger.

(a) The Lessee covenants and agrees that at all times during the Term, it will

(i) maintain its existence as the type of Entity set forth on the cover page of this Agreement,

(ii) continue to be subject to service of process in the State,

(iii) continue to be organized under the laws of, or qualified to do business in, the State,

(iv) not, as transferor, liquidate, wind-up, dissolve, transfer or otherwise dispose of to another Entity all or substantially all of its property, business or assets (“**Transfer**”) remaining after the Commencement Date, except as provided in Section 8.20(b),

(v) not, as transferee, take title to all or substantially all of the property, business or assets (also “**Transfer**”) of and from another Entity, except as provided in Section 8.20(b),

(vi) not consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it (“**Merge**” or “**Merger**”), except as provided in Section 8.20(b), and

(vii) not change or permit the change of any Principal of the Lessee, or a change in the ownership and/or Control of the Lessee of any of the existing Principals, except in each case as provided in Section 8.20(d).

(b) The Lessee may Merge or participate in a Transfer if (1) prior to the Operations Commencement Date, the Lessee receives a resolution from the Agency board of directors approving such Merger or Transfer and with the prior written consent of the Agency, the following conditions are satisfied; or (2) after the Operations Commencement Date, and with the prior written consent of the Agency, the following conditions are satisfied on or prior to the Merger or Transfer, as applicable:

(i) when the Lessee is the surviving, resulting or transferee Entity,

(1) the Lessee shall have a net worth (as determined by an Independent Accountant in accordance with GAAP) at least equal to that of the Lessee immediately prior to such Merger or Transfer, and

(2) the Lessee shall deliver to the Agency a Required Disclosure Statement with respect to itself as surviving Entity in form and substance satisfactory to the Agency; or

(ii) when the Lessee is not the surviving, resulting or transferee Entity (the “**Successor Lessee**”),

(1) the predecessor Lessee (the “**Predecessor Lessee**”) shall not have been in default under this Agreement or under any other Project Document,

(2) the Successor Lessee shall be solvent and subject to service of process in the State and organized under the laws of the State, or under the laws of any other state of the United States and duly qualified to do business in the State,

(3) the Successor Lessee shall have assumed in writing all of the obligations of the Predecessor Lessee contained in this Agreement and in all other Project Documents to which the Predecessor Lessee shall have been a party,

(4) the Successor Lessee shall have delivered to the Agency a Required Disclosure Statement in form and substance acceptable to the Agency acting in its sole discretion,

(5) each Principal of the Successor Lessee shall have delivered to the Agency a Required Disclosure Statement in form and substance acceptable to the Agency acting in its sole discretion,

(6) the Successor Lessee shall have delivered to the Agency, in form and substance acceptable to the Agency, an Opinion of Counsel to the effect that the Project Documents to which the Successor Lessee shall be a party will constitute the legal, valid and binding obligations of the Successor Lessee, and that such Project Documents are enforceable in accordance with their terms, and

(7) the Successor Lessee shall have delivered to the Agency, in form and substance acceptable to the Agency, an opinion of an Independent Accountant to the effect that the Successor Lessee has a net worth (as determined in accordance with GAAP) after the Merger or Transfer at least equal to that of the Predecessor Lessee immediately prior to such Merger or Transfer.

(c) Without a duly adopted resolution of the Agency board of directors, prior to the Operations Commencement Date, the Lessee shall not sell, transfer or dispose of, directly or indirectly, all or substantially all of the Leased Items, and no change in Control of the Lessee shall occur. Notwithstanding the foregoing, on reasonable prior notice to (but without the consent of) the Agency, Convergent Energy Storage NYC LLC, the sole owner of Lessee, shall be permitted to transfer one hundred percent (100%) of the membership interests in Lessee to NewCo for the sole purpose of causing any tax credits which Lessee is entitled to with respect to the Lessee's interest in the Facility and/or the Leased Items to pass-through to NewCo.

(d) After the Operations Commencement Date or pursuant to Section 8.20(b) and (c), the Lessee shall not permit a change in Principals of the Lessee or a change in the relative ownership and/or Control of the Lessee or any of the existing Principals, without first delivering to the Agency written notice of such proposed transfer thereof (including all details that would result in a change to Exhibit D – "Principals of Lessee") together with a Required Disclosure Statement in form and substance acceptable to the Agency acting in its sole discretion.

(e) After the Termination Date and prior to the expiration of the Recapture Period the Lessee may enter into a Merger, Transfer or Change in Control provided that the Agency receives (1) a Required Disclosure Statement with respect to such new owner or principals in a form and substance satisfactory to the Agency; and (2) an assumption agreement of the survival provisions listed in Section 10.4 from the Lessee or the Successor Lessee to the Agency in a form and substance satisfactory to the Agency.

Section 8.21. Reserved. 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, at the sole cost and expense of the Lessee, as the Agency deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Agency hereunder and under any other Project Document.

Section 8.23. Reserved

Section 8.24. Reserved

Section 8.25. Reserved.

Section 8.26. Workforce Development.

(a) Lessee shall participate in at least one of the following workforce development programs:

(i) Workforce training programs relating to the clean energy industry sponsored by NYSERDA, including:

- (1) The Clean Energy Internship Program;
- (2) The On-the-Job (OTJ) Program; and
- (3) The Climate Justice Fellowship.

(ii) An alternative clean energy industry workforce program proposal to be submitted in writing by the Lessee and approved by the Agency (such approval not to be unreasonably withheld or delayed), which prioritizes hiring in Disadvantaged Communities within New York City. “Disadvantaged Communities” shall mean communities identified using the criteria adopted by the Climate Justice Working Group under the Climate Leadership and Community Protection Act (Laws 2019, ch 106). A minimum of one hire (intern, worker, and/or fellow) must be sourced from the selected workforce program.

(b) The Lessee shall comply with the following requirements with respect to its participation in a program identified in paragraph (a) of this section:

(i) The Lessee or an Affiliate that controls the Lessee (the “Parent Entity”) shall commence its participation in such program no later than six (6) months after the Commencement Date (the date on which such participation begins, hereinafter referred to as the “Participation Date”).

(ii) Participation in such program shall be evidenced by the Lessee or the Parent Entity hiring a minimum required number of interns, fellows and/or employees at the Project Premises, any New York City office of the Lessee or the Parent Entity, or remotely within New York City should neither the Lessee or the Parent Entity have a physical office in New York City (the “Hiring Minimum”). The Hiring Minimum is dependent upon the total number of employees at the Project Premises or any other New York City office of the Lessee or the Parent Entity. Remote employees of the Lessee or Parent Entity that work on projects that are part of New York City operations shall be included as part of the total number of employees. The Hiring Minimum shall be determined as follows:

- (1) If the total number of employees is between one (1) and twenty (20), the Hiring Minimum is one (1) intern, fellow and/or employee;
- (2) If the total number of employees is between twenty-one (21) and fifty (50), the Hiring Minimum is two (2) interns, fellows and/or employees;

(3) If the total number of employees is fifty-one (51) or greater, the Hiring Minimum is three (3) interns, fellows and/or employees.

For the avoidance of doubt, if the Parent Entity controls multiple lessees of Agency-approved sites, it need not hire additional interns, fellows, or employees beyond the requirements herein.

(iii) During the Term, the Lessee shall, or shall cause the Parent Entity to maintain its participation in such program until the date (the “Program Termination Date”) that is the earliest of (i) the fifth (5th) anniversary of the Participation Date; (ii) the date on which the Lessee or the Parent Entity has exhausted the maximum subsidy amount available under such program; (iii) the date on which the Lessee or the Parent Entity has reached the end of the maximum term of its eligibility to participate in such program; or (iv) the date on which the Lessee or the Parent Entity has reached the maximum number of interns, fellows, or employees that it is eligible to assist through its participation in such program.

(iv) If the Lessee fails, or fails to cause the Parent Entity, to commence or maintain its participation in one or more of such programs for any consecutive period of sixty (60) days or more during the period commencing on the date that is six months following the Commencement Date and ending on the Program Termination Date, the Agency may assess liquidated damages in the amount of \$25,000 for each annual period the Lessee or the Parent Entity is not in compliance with the requirements set forth in this Section 8.29. If the Agency determines that a violation of Section 8.29 has occurred, then written notice will be provided to the Lessee or the Parent Entity (“Workforce Development Violation”), specifying the nature of such violation. The Lessee will have a period of sixty (60) days to cure the Workforce Development Violation in the manner prescribed by the Agency after receipt of said notice. If the Parent Entity controls multiple lessees of Agency-approved sites, the liquidated damages will not be assessed per each transaction and limited to a maximum of \$25,000 per annual period. Notwithstanding the foregoing, if a workforce training program has a limited duration by design (i.e. summer internship), the Lessee or the Parent Entity will not be in violation of Section 8.29 if it is participating in such a program on an annual basis.

(v) Annually, by August 1 of each year occurring on or prior to the first anniversary of the Program Termination Date, the Lessee shall file with the Agency a completed 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, in the form set forth in Exhibit Q – “Workforce Development Annual Report” by emailing it to Compliance@edc.nyc.

Section 8.27. Reserved. M/WBE Program. Lessee has submitted to the Agency an M/WBE Participation Plan which states Lessee’s proposed plans for participation by minority-owned business enterprises (“MBEs”) and women-owned business enterprises (“WBEs”, together with “MBEs” collectively referred to as “M/WBEs”) in the Project Work until the Project Completion Deadline, and includes the MWBE Participation Goals, defined as the target percentage of the Project Improvements Investment that will be paid to M/WBEs. The M/WBE Participation Plan is attached hereto as Exhibit O-1.

(b) The Lessee agrees that from the Commencement Date until the Project Completion Deadline, Lessee and its successors and assigns shall use its good faith efforts to comply with the terms and conditions and reach the goals outlined in Lessee's M/WBE Participation Plan set forth in Exhibit O-1 and the M/WBE Program Requirements set forth in Exhibit O-2. The Lessee agrees to be bound by each of the provisions in such M/WBE Participation Plan and the M/WBE Program Requirements, including without limitation, the provision of all Compliance Reports (as defined therein) and the payment of any liquidated damages set forth therein.

Section 8.29. Prevailing Wages for Construction.

(a) Pursuant to Labor Law Section 224-a(8)(d), the Agency hereby notifies the Lessee that it is the intended recipient of "public funds" as such term is defined in Labor Law Section 224-a(2), in connection with the Project. The nature and dollar value of such public funds is set forth in Exhibit P to this Agreement. The Agency has determined that such public funds are not excluded under Labor Law Section 224-a(3). The Lessee is hereby further notified that the prevailing wage requirements set forth in Labor Law Section 224-a shall apply to each "covered project" as defined therein. In accordance with Labor Law Section 224-a(8)(a), if the Project is a "covered project" the Lessee is required to certify under penalty of perjury within five days of commencement of construction work whether the Project is subject to the provisions of Labor Law Section 224-a through the use of a standard form developed by the Commissioner of the Department of Labor.

ARTICLE IX

REMEDIES AND EVENTS OF DEFAULT

Section 9.1. Events of Default. Any one or more of the following events shall constitute an “**Event of Default**” hereunder:

(a) The occurrence and the continuance of an “Event of Default” under any other agreement whereby Financial Assistance is provided to the Lessee by the Agency;

(b) Failure of the Lessee to pay any Rental Payment (except as set forth in Section 9.1(a)) within fifteen (15) days of the due date thereof;

(c) The occurrence of a Recapture Event;

(d) Failure of the Lessee to observe and perform any covenant or agreement on its part to be performed under Section 8.9;

(e) Failure of the Lessee to observe and perform any covenant or agreement on its part to be performed under Section 8.1, and continuance of such failure for a period of ten (10) days after receipt by the Lessee of written notice specifying the nature of such default from the Agency;

(f) Failure of the Lessee to observe and perform any covenant, condition or agreement on its part to be performed under Sections 5.2, 5.4, 8.2, 8.3, 8.8, 8.9, 8.11, 8.13, 8.17, 8.18, 8.20, 8.28, 9.8, 11.2 or 11.3 or Article VI, 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;

(g) Failure of the Lessee to observe and perform any covenant or agreement on its part to be performed under Section 4.7 or 9.7, and continuance of such failure for a period of fifteen (15) days after receipt by the Lessee of written notice specifying the nature of such default from the Agency;

(h) 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 9.1(a), (b), (c), (d), (e), (f) or (g)) and (i) continuance of such failure for a period of thirty (30) days after receipt by the Lessee of written notice specifying the nature of such failure from the Agency, or (ii) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Lessee fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of receipt of said notice;

(i) The Lessee or any other Guarantor shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code

(as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code, (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;

(j) A proceeding or case shall be commenced, without the application or consent of the Lessee or any other Guarantor in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Lessee or any other Guarantor or of all or any substantial part of its respective assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Lessee or any other Guarantor shall be entered in an involuntary case under the Federal Bankruptcy Code; the terms “dissolution” or “liquidation” of the Lessee or any other Guarantor as used above shall not be construed to prohibit any action otherwise permitted by Section 8.20 or Section 3.6 of the Guaranty Agreement;

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

(l) The commencement of proceedings to appoint a receiver or to foreclose any mortgage lien on or security interest in the Facility or the Leased Items;

(m) Any loss of the ownership interest of the Agency in the Leased Items;

(n) If any Required Disclosure Statement delivered to the Agency under any Project Document is not acceptable to the Agency acting in its sole discretion; or

(o) An “Event of Default” under the Guaranty Agreement or any other Permitted Encumbrance, shall occur and be continuing.

Section 9.2. Remedies on Default.

(a) Whenever any Event of Default referred to in Section 9.1 shall have occurred and be continuing, the Agency may take any one or more of the following remedial steps:

(i) The Agency may terminate this Agreement (with the effect that the Term shall be deemed to have expired on such date of termination as if such date were the

original Expiration Date of this Agreement) in which case this Agreement and all of the estate, right, title and interest herein granted or vested in the Lessee shall cease and terminate, and convey all of the Agency's right, title and interest in the Leased Items to the Lessee, which the Agency may accomplish by executing, at the sole cost and expense of the Lessee, lease termination agreements to terminate this Agreement of record as required by law and a bill of sale for the conveyance of the Leased Items to the Lessee (to the extent of any ownership interest, if any, of the Agency in the Leased Items). The Lessee hereby waives delivery and acceptance of such termination agreements as a condition to their validity, and appoints the Agency its true and lawful agent and attorney-in-fact (which appointment shall be deemed to be an agency coupled with an interest);

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

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

(iv) The Agency may suspend or terminate its authorization hereunder and pursuant to any Sales Tax Agent Authorization Letter with respect to the Sales Tax Exemption.

(b) No action taken pursuant to this Section 9.2 (including termination of this Agreement pursuant to this Section 9.2 or by operation of law or otherwise) shall, except as expressly provided herein, relieve the Lessee from the Lessee's obligations hereunder, including the obligations of the Lessee under Sections 5.2, 5.4, 8.2, 9.2, 9.6, 9.7, 9.8, 11.4, 11.5, 11.6, 11.11, 11.13 and 11.14, all of which shall survive any such action.

Section 9.3. Remedies Cumulative. The rights and remedies of the Agency under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Agency allowed by law with respect to any default under this Agreement. Failure by the Agency to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Lessee hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy a strict compliance by the Lessee with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Lessee be continued or repeated.

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Agency and the Lessee or any delay or omission on the part of the Agency in exercising any rights hereunder or under any other Project Document shall operate as a waiver.

Section 9.5. Effect on Discontinuance of Proceedings. In case any proceeding taken by the Agency under this Agreement or under any other Project Document on account of any Event of Default hereunder or thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Agency, then, and in every such case, the Agency shall be restored to its former position and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Agency shall continue as in effect prior to the commencement of such proceedings.

Section 9.6. Agreement to Pay Fees and Expenses of Attorneys and Other Consultants. In the event the Lessee should default under any of the provisions of this Agreement and the Agency should employ outside attorneys or other consultants or incur other out of pocket expenses for the collection of the Rental Payments payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained or contained in any other Project Document, the Lessee agrees that it will on demand therefor pay to the Agency the reasonable fees and disbursements of such attorneys or other consultants and such other expenses so incurred.

Section 9.7. Certain Continuing Representations. If at any time during the Term, any representation or warranty made by the Lessee pursuant to Section 2.2(s) would, if made on any date during the Term and deemed made as of such date, be false, misleading or incorrect in any material respect, then, the Lessee shall be deemed to be in default under this Agreement unless the Agency shall, upon written request by the Lessee, either waive such default in writing or consent in writing to an exception to such representation or warranty so that such representation or warranty shall no longer be false, misleading or incorrect in a material respect.

Section 9.8. Late Delivery Fees.

- (a) In the event the Lessee shall fail:
 - (i) to pay the Annual Administrative Fee on the date required under Section 8.3,
 - (ii) to file and/or deliver any of the documents required of the Lessee under Section 8.14 or Section 8.16 by the date therein stated (collectively, the “**Fixed Date Deliverables**”), or
 - (iii) to deliver to the Agency any of the documents as shall have been requested by the Agency of the Lessee under Section 8.15 within five (5) Business Days of the date so requested (collectively, the “**Requested Document Deliverables**”),

then the Agency may charge the Lessee on a daily calendar basis commencing with the day immediately following the date on which the payment, filing or delivery was due (the “**Due Date**”), the Per Diem Late Fee.

- (b) If the Agency shall deliver written notice (a “**Notification of Failure to Deliver**”) to the Lessee of such failure to deliver on the Due Date the Annual Administrative Fee, a Fixed Date Deliverable and/or a Requested Document Deliverable, and such payment or document shall not be delivered to the Agency within ten (10) Business Days following delivery

by the Agency to the Lessee of the Notification of Failure to Deliver, then, commencing from and including the eleventh (11th) Business Day following the delivery by the Agency to the Lessee of the Notification of Failure to Deliver, the Agency may charge the Lessee on a daily calendar basis the Per Diem Supplemental Late Fee in respect of each noticed failure which shall be in addition to, and be imposed concurrently with, the applicable Per Diem Late Fee.

(c) The Per Diem Late Fee and the Per Diem Supplemental Late Fee shall each, if charged by the Agency, (i) accrue until the Lessee delivers to the Agency the Annual Administrative Fee, the Fixed Date Deliverable(s) and/or the Requested Document Deliverable(s), as the case may be, and (ii) be incurred on a daily basis for each such Annual Administrative Fee, Fixed Date Deliverable and/or Requested Document Deliverable as shall not have been delivered to the Agency on the Due Date.

(d) No default on the part of the Lessee under Section 8.3, 8.14, 8.15 or 8.16 to deliver to the Agency an Annual Administrative Fee, a Fixed Date Deliverable or a Requested Document Deliverable shall be deemed cured unless the Lessee shall have delivered same to the Agency and paid to the Agency all accrued and unpaid Per Diem Fees in connection with the default.

ARTICLE X

TERMINATION

Section 10.1. Lessee's Option to Terminate this Agreement. The Lessee shall have the option to terminate this Agreement only after the Project Completion Date by paying all Rental Payments and any other amounts due and payable under this Agreement (collectively, the “**Project Payments**”). The Lessee shall exercise such option by delivering to the Agency a written notice of an Authorized Representative of the Lessee to the Agency stating that the Lessee has elected to exercise its option under this Section 10.1 and the date on which such termination is to be effective (which date shall not be earlier than forty-five (45) days after the date of such notice). On a scheduled termination date, the Lessee shall take the actions required by Section 10.3(a). Such termination shall become effective on such scheduled termination date, subject, however, to Section 10.4.

Section 10.2. Termination of this Agreement on Agency Notice.

(a) On or after the Expiration Date, upon receipt of ten (10) days prior written notice from the Agency directing termination of this Agreement, the Lessee shall take the actions described in Section 10.3(a) and terminate this Agreement.

(b) In the event the Lessee does not terminate this Agreement (including taking all actions required to be taken by the Lessee pursuant to Section 10.3(a) within such ten (10) day period), then, commencing on the eleventh (11th) day after transmittal of the notice directing termination as provided in Section 10.2(a), the Lessee shall, in addition to all other payment obligations due to the Agency hereunder, make rental payments to the Agency in the amount of the Per Diem Holdover Rental Amount until the Lessee shall have terminated this Agreement in accordance with the provisions thereof and hereof.

Section 10.3. Actions Upon Termination.

(a) On the termination date provided for pursuant to Section 10.1 or 10.2, the Lessee shall:

- (i) pay any and all other Project Payments then due plus one dollar (\$1.00),
- (ii) perform all accrued obligations hereunder,

(b) On the date of the termination of the Agency's ownership interest in the Leased Items pursuant to Section 10.1 or 10.2, the Agency will, upon Lessee's performance of its obligations pursuant to Section 10.3(a), deliver or cause to be delivered to the Lessee:

- (i) termination agreements and all other necessary documents confirming the release of the Agency's right, title and interest in and to the Leased Items and terminating this Agreement,

(ii) a bill of sale with respect to the Leased Items (to the extent of any ownership interest, if any, of the Agency in the Leased Items), and

(iii) all necessary documents releasing all of the Agency's rights and interests in and to any rights of action (other than as against the Lessee or any insurer of the insurance policies under Section 8.1), or any insurance proceeds (other than liability insurance proceeds for the benefit of the Agency) or condemnation awards, with respect to the Facility or any portion thereof.

(c) Upon termination of this Agreement, the Agency, upon the written request and at the sole cost and expense of the Lessee, shall execute such instruments as the Lessee may reasonably request or as may be necessary to discharge this Agreement.

Section 10.4. Survival of Lessee Obligations. Upon the release of the Agency's ownership interest in the Leased Items pursuant to Section 10.2 or 10.3, this Agreement and all obligations of the Lessee hereunder shall be terminated except the obligations of the Lessee under Sections 5.2, 5.4, 8.2, 8.3(a), 8.11, 8.15(f) and (g), 8.16, 8.20(e), 8.26, 8.29, 9.2, 9.6, 9.7, 9.8, 11.4, 11.5, 11.6, 11.11, 11.13, 11.14 and 11.16 shall survive such termination.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Force Majeure. In case by reason of *force majeure* either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if such party shall give notice and full particulars of such *force majeure* in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than (i) the obligations of the Lessee to make the Rental Payments required under the terms hereof, or (ii) the obligations of the Lessee to comply with Sections 5.4, 8.1 or 8.2), 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*” shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, pandemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, war, terrorism, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other act or event so long as such act or event is not reasonably foreseeable and is not reasonably within the control of the party claiming such inability. Notwithstanding anything to the contrary herein, in no event shall the Lessee’s financial condition or inability to obtain financing constitute a *force majeure*. It is understood and agreed that the requirements that any *force majeure* shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be satisfied in the event of a strike or other industrial disturbance even though existing or impending strikes or other industrial disturbances could have been settled by the party claiming a *force majeure* hereunder by acceding to the demands of the opposing person or persons.

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

Section 11.2. Reserved. Amendments. This Agreement may only be amended by a written instrument executed and delivered by the parties hereto.

Section 11.4. Service of Process. The Lessee represents that it is subject to service of process in the State and covenants that it will remain so subject until all obligations, covenants and agreements of the Lessee under this Agreement shall be satisfied and met. If for any reason the Lessee should cease to be so subject to service of process in the State, the Lessee hereby irrevocably consents to the service of all process, pleadings, notices or other papers in any judicial proceeding or action by designating and appointing the General Counsel of the Lessee at 7 Times Square Tower, Suite 350, New York, New York 10036, as its agent upon whom may be

served all process, pleadings, notices or other papers which may be served upon the Lessee as a result of any of its obligations under this Agreement. If such appointed agent shall cease to act or otherwise cease to be subject to service of process in the State, the Lessee hereby irrevocably designates and appoints the Secretary of State of the State of New York as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Lessee as a result of any of its obligations under this Agreement; provided, however, that the service of such process, pleadings, notices or other papers shall not constitute a condition to the Lessee's obligations hereunder.

For such time as any of the obligations, covenants and agreements of the Lessee under this Agreement remain unsatisfied, the Lessee's agent(s) designated in this Section 11.4 shall accept and acknowledge on the Lessee's behalf each service of process in any such suit, action or proceeding brought in any such court. The Lessee agrees and consents that each such service of process upon such agents and written notice of such service to the Lessee in the manner set forth in Section 11.5 shall be taken and held to be valid personal service upon the Lessee whether or not the Lessee shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Lessee according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Lessee or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Lessee.

Section 11.5. Notices. All notices, certificates or other communications hereunder shall be sufficient if sent (i) by registered or certified United States mail, return receipt requested and postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

- (1) if to the Agency, to

New York City Industrial Development Agency
1 Liberty Plaza
New York, New York 10006
Attention: General Counsel (with a copy to the
Executive Director of the Agency at the
same address)

- (2) if to the Lessee, to

OSCII Gun Hill, LLC
c/o Convergent Energy and Power LP
7 Times Square Tower, Suite 350
New York, New York 10036
Attention: General Counsel

with copies to

Hodgson Russ LLP (counsel to Lessee)
140 Pearl Street, Suite 100
Buffalo, New York 14202
Attention: Daniel Spitzer, Esq.

- (3) if to the DCA, to

Department of Consumer Affairs of The City of New York
42 Broadway
New York, New York 10004
Attention: Living Wage Division

- (4) if to the Comptroller, to

Office of the Comptroller of The City of New York
One Centre Street
New York, New York 10007
Attention: Chief, Bureau of Labor Law

- (5) if to the City, to

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

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

Section 11.6. Consent to Jurisdiction. The Lessee irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this Agreement or any other Project Document, the Leased Items, the Project, the relationship between the Agency and the Lessee, the Lessee's ownership, use or occupancy of the Leased Items and/or any claim for injury or damages may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (x) to move to dismiss on grounds of forum non conveniens, (y) to remove to any federal court other than the United States District

Court for the Southern District of New York, and (z) to move for a change of venue to a New York State Court outside New York County.

If the Lessee commences any action against the Agency in a court located other than the courts of record of the State in New York County or the United States District Court for the Southern District of New York, the Lessee shall, upon request from the Agency, either consent to a transfer of the action or proceeding to a court of record of the State in New York County or the United States District Court for the Southern District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, the Lessee shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in New York County or the United States District Court for the Southern District of New York.

Section 11.7. Prior Agreements Superseded. This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Agency and the Lessee relating to the Leased Items, or any other Project Document.

Section 11.8. Severability. If any one or more of the provisions of this Agreement shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 11.9. Effective Date; Counterparts. The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written. This Agreement was delivered on the Commencement Date. This Agreement shall become effective upon its delivery on the Commencement Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.10. Binding Effect. This Agreement shall inure to the benefit of the Agency, the Lessee and the Indemnified Parties, and shall be binding upon the Agency and the Lessee and their respective successors and assigns.

Section 11.11. Third Party Beneficiaries. It is the intention of the parties hereto that nothing contained herein is intended to be for, or to inure to, the benefit of any Person other than the parties hereto and the Indemnified Parties.

Section 11.12. Law Governing. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 11.13. Waiver of Trial by Jury. The Lessee does hereby expressly waive all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or any matters whatsoever arising out of or in any way connected with this Agreement, the Lessee's obligations hereunder, the Leased Items, the Project, the relationship between the Agency and the Lessee, the Lessee's ownership, use or occupancy of the Leased Items and/or any claim for injury or damages.

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

Section 11.14. Recourse Under This Agreement. All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency, and not of any member, director, officer, employee or agent of the Agency or any natural person executing this Agreement on behalf of the Agency in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against any member, director, officer, employee or agent of the Agency or any natural person executing this Agreement on behalf of the Agency. In addition, in the performance of the agreements of the Agency herein contained, any obligation the Agency may incur for the payment of money shall not subject the Agency to any pecuniary or other liability or create a debt of the State or the City, and neither the State nor the City shall be liable on any obligation so incurred and any such obligation shall be payable solely out of amounts payable to the Agency by the Lessee hereunder.

Section 11.15. Legal Counsel; Mutual Drafting. Each party acknowledges that this Agreement is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Agreement. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Agreement and agrees that this Agreement and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the *contra proferentem* doctrine, that would require interpretation of any ambiguities in this Agreement against the party that has drafted it.

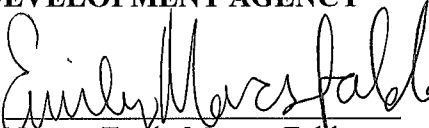
Section 11.16. Acknowledgements Relating to the Leased Items.

The Agency agrees that as between the Agency and the Lessee, the Lessee shall be treated as the owner of the Leased Items for federal income tax purposes and be entitled to all depreciation deductions and accelerated cost recovery system deductions with respect to any portion of the Leased Items pursuant to Sections 167 and 168 of the Internal Revenue Code or otherwise and to any investment credit pursuant to Section 38 of the Internal Revenue Code or otherwise with respect to any portion of the Leased Items that may constitute "Section 38 Property" and to all other state and/or federal income tax deductions and credits which may be available with respect to the Leased Items.

[Signature Page Follows]

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

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

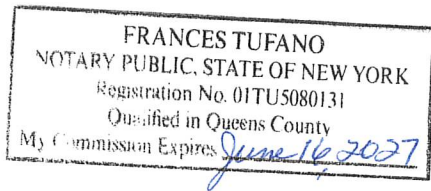
By: 
Name: Emily Marcus Falda
Title: Executive Director

OSCH GUN HILL, LLC

By: _____
Name: Sebastián Villaveces
Title: Authorized Signatory

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

On the 6 day of January, in the year 2025, before me, the undersigned, personally appeared **Emily Marcus Falda**, 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.



Frances Tufano
Notary Public/Commissioner of Deeds

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

On the ____ day of _____, in the year _____, before me, the undersigned, personally appeared **Sebastián Villaveces**, personally known to me or proved to me on the basis of satisfactory evidence to me the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

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

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Name: Emily Marcus Falda
Title: Executive Director

OSCI GUN HILL, LLC

By:  _____
Name: Sebastián Villaveces
Title: Authorized Signatory

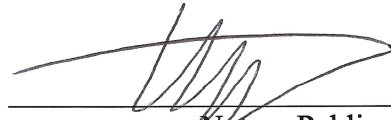
STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ____ day of _____, in the year _____, before me, the undersigned, personally appeared **Emily Marcus Falda**, 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

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

On the 6th day of January, in the year 2025, before me, the undersigned, personally appeared **Sebastián Villavecés**, personally known to me or proved to me on the basis of satisfactory evidence to me the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

TONIKA M. STENSON DABNEY
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01ST6438051
Qualified in New York County
Commission Expires August 8, 2026



APPENDICES

RESERVED

EXHIBIT B

DESCRIPTION OF THE LEASED ITEMS


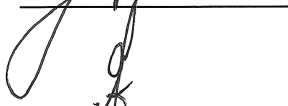
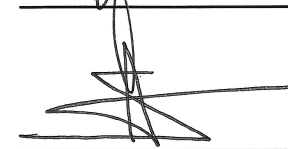
Eligible Items consisting of equipment, related parts, materials, supplies and other personal property for use at, or incorporation as Improvements to, the facility located at 1352 East Gun Hill Road, in the Bronx, New York (Block 4564, Lot 68), acquired with the authority granted by the Agency to the Lessee pursuant to Section 5.2 of the Agency Lease Agreement dated as of January 1, 2025.

| Estimated Date of Acquisition | Type/Description | Estimated Cost | Estimated Amount of City Sales Tax Savings |
|--------------------------------------|-------------------------|-----------------------|---|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

EXHIBIT C

AUTHORIZED REPRESENTATIVE

(i) of the Lessee:

| <u>Name</u> | <u>Title</u> | <u>Signature</u> |
|-----------------------|----------------------|---|
| Johannes Ritterhausen | Authorized Signatory |  |
| Frank Genova | Authorized Signatory |  |
| Sebastian Villaceves | Authorized Signatory |  |

(ii) of the Guarantor:



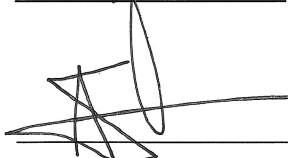
| <u>Name</u> | <u>Title</u> | <u>Signature</u> |
|-----------------------|-------------------------|---|
| Johannes Ritterhausen | Chief Executive Officer |  |
| Frank Genova | CFO/COO |  |
| Sebastian Villaceves | CDO & GC |  |

EXHIBIT D-1

Principals

Lessee:

Name

Johannes Ritterhausen
Frank Genova
Sebastian Villaceves

Title

Authorized Signatory
Authorized Signatory
Authorized Signatory

EXHIBIT D-2

OWNERS OF THE LESSEE

| INDIVIDUAL OWNERS | |
|--------------------------|---|
| Name | % Ownership or Control of the Lessee |
| N/A | |
| | |
| | |
| | |
| | |
| | |

| ENTITY OWNERS | |
|-----------------------------------|---|
| Name | % Ownership or Control of the Lessee |
| Convergent Energy Storage NYC LLC | 100% |
| | |
| | |
| | |
| | |
| | |

| OWNERS of those ENTITIES that own or control more than 10% of the Lessee ("10% Entities") | | |
|--|---|-------------------------------|
| 10% ENTITY (name and actual %) | INDIVIDUAL AND ENTITY OWNERS | % Ownership or Control |
| ECP Moonlight Holdings Intermediary, LP (100% Owner) | N/A | N/A |
| | | |
| | | |
| | | |
| | | |

EXHIBIT E

PROJECT COST BUDGET

| | <u>Funds of Lessee</u> | <u>Total</u> |
|---|------------------------|--------------|
| Equipment, materials, supplies and other personal property to be incorporated as improvements to the Facility | \$13,875,000 | \$13,875,000 |
| <u>Total</u> | \$13,875,000 | \$13,875,000 |

EXHIBIT F

[FORM OF REQUIRED DISCLOSURE STATEMENT]

The undersigned, an authorized representative of _____, a _____ organized and existing under the laws of the State of _____, DOES HEREBY CERTIFY, REPRESENT AND WARRANT to the New York City Industrial Development Agency (the “Agency”) pursuant to [Section 8.20] [Section 8.9] of that certain Agency Lease Agreement, dated as of January 1, 2025, between the Agency and OSCII Gun Hill, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the “Lease Agreement”) THAT:

[if being delivered pursuant to 8.20 of the Lease Agreement] None of the surviving, resulting or transferee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

[if being delivered pursuant to 8.9 of the Lease Agreement] Neither the above-referenced Entity, nor any of the Principals of such Entity, nor any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

1. is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Agency, NYCEDC or the City, unless such default or breach has been waived in writing by the Agency, NYCEDC or the City, as the case may be;
2. has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;
3. has been convicted of a felony in the past ten (10) years;
4. has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or
5. has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in a court or other appropriate forum.

As used herein, the following capitalized terms shall have the respective meanings set forth below:

“City” shall mean The City of New York.

“Control” or “Controls” shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

“Entity” shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

“Governing Body” shall mean, when used with respect to any Person, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Person are exercised.

“NYCEDC” shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

“Person” shall mean an individual or any Entity.

“Principal(s)” shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity, and any Person as shall have the power to Control such Entity, and “principal” shall mean any of such Persons.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this ____ day of _____, 202_.

[NAME OF CERTIFYING ENTITY]

By: _____

Name:

Title:

**FORM OF PROJECT COMPLETION CERTIFICATE OF LESSEE AS
REQUIRED BY SECTIONS 3.3(f) AND 8.14(g) OF THE LEASE AGREEMENT**

The undersigned, an Authorized Representative (as defined in the Lease Agreement referred to below) of OSCII Gun Hill, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the “Lessee”), HEREBY CERTIFIES that this Certificate is being delivered in accordance with the provisions of Section 3.3(f) and 8.14(g) of that certain Agency Lease Agreement, dated as of January 1, 2025 (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 Work was finished and the Project Improvements were completed substantially in accordance with the plans and specifications therefor [**Specify Date:** _____, **202**_____] (the “Project Completion Date” as defined in the Lease Agreement);

(ii) the Project Improvements Investment (as defined in the Lease Agreement) made by the Lessee in connection with the Project is not less than \$_____, consistent with the Lessee’s representation in Section 2.2(q) of the Lease Agreement.

(iii) attached hereto is a copy of the certificate of an engineer that the Project has been completed and all approvals necessary for commercial operation of the Project Improvements have been obtained, subject to the review, verification and acceptance of such certification and related documentation by the Agency, in its sole discretion.

(iv) there is no certificate, license, permit, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature;

(v) the Lessee commenced occupancy, use and operation for the Approved Project Operations of the Project Improvements in accordance with all applicable laws, regulations, ordinances and guidelines on [**Specify Date:**_____, **202**_ (the “Operations Commencement Date” as defined in the Lease Agreement);

(vi) check as applicable:

- all costs for Project Work have been paid, or
- all costs for Project Work have been paid except for
 - amounts not yet due and payable (attach itemized list) and/or
 - amounts the payments for which are being contested in good faith (attach itemized list with explanations); and

(vii) releases of mechanics' liens have been obtained from the general contractor and from all contractors and materialmen who supplied work, labor, services, machinery, equipment, materials or supplies in connection with the Project Work, except for releases-of-liens pertinent to (y) amounts not yet due and payable, or (z) any amount the payment of which is being contested in good faith; copies of all such releases of mechanics' liens are attached hereto.

[ATTACH to this Certificate copies of all such releases of liens.]

Notwithstanding anything herein or elsewhere that may be inferred to the contrary, the undersigned hereby understands and agrees on behalf of the Lessee as follows: (a) the Agency does not waive its right to require delivery of releases-of-liens in connection with the costs of Project Work; (b) the Agency does not waive its right under the Lease Agreement to demand the discharge of mechanics' and materialmen's liens encumbering the Facility Realty, whether by bond or otherwise; and (c) the Certificate shall be deemed incomplete if, in the Agency's sole discretion, the Lessee has unreasonably failed to bond or otherwise discharge any liens in respect of the costs of Project Work when payment for the same is due.

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.

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

OSCII GUN HILL, LLC

By: _____
 Name:
 Title:

[FORM OF SALES TAX AGENT AUTHORIZATION LETTER]

SALES TAX AGENT AUTHORIZATION LETTER

EXPIRATION DATE: [_____ 1, 202_]

ELIGIBLE LOCATION:

1352 East Gun Hill Road, in the Bronx, New York

_____, 202_

TO WHOM IT MAY CONCERN

Re: New York City Industrial Development Agency
(2025 OSCII Gun Hill, LLC Project)

Ladies and Gentlemen:

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

1. Pursuant to a certain Agency Lease Agreement, dated as of January 1, 2025, (the “Agreement”), between the Agency and OSCII Gun Hill, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the “Lessee”), the Agency has authorized the Lessee to act as its agent for the in connection with the Project described therein located at the Eligible Location described above. Certain capitalized terms used herein and not defined shall have the respective meanings given to such terms in the Agreement.

2. Upon the Lessee’s request, the Agency has appointed [**insert name of Agent**] (the “Agent”), pursuant to this Sales Tax Agent Authorization Letter (the “Sales Tax Agent Authorization Letter”) to act as the Agency’s agent for the purpose of effecting purchases exempt from sales or use tax in accordance with the terms, provisions of this Sales Tax Agent Authorization Letter and the Agreement. **The Agent should review the definitions of Eligible Items and Ineligible Items in Exhibit A hereto with respect to the scope of Sales Tax Exemption provided under the Agreement and hereunder.**

3. The effectiveness of the appointment of the Agent as an agent of the Agency is expressly conditioned upon the execution by the Agency of New York State Department of Taxation and Finance Form ST-60 “IDA Appointment of Project or Agent” (“Form ST-60”) to evidence that the Agency has appointed the Agent as its agent (the form of which to be completed by Agent and the Lessee). Pursuant to the exemptions from sales and use taxes available to the Agent under this Sales Tax Agent Authorization Letter, the Agent shall avail itself of such exemptions when purchasing eligible materials and services in connection with the Project and shall not include such taxes in its contract price, bid or reimbursable costs, as the case may be.

4. The Agent acknowledges that the executed Form ST-60 shall not serve as a sales or use tax exemption certificate or document. No agent or project operator may tender a copy of the executed Form ST-60 to any person required to collect sales tax as a basis to make such purchases exempt from tax. No such person required to collect sales or use taxes may accept the executed Form ST-60 in lieu of collecting any tax required to be collected. **THE CIVIL AND CRIMINAL PENALTIES FOR MISUSE OF A COPY OF FORM ST-60 AS AN EXEMPTION CERTIFICATE OR DOCUMENT OR FOR FAILURE TO PAY OR COLLECT TAX SHALL BE AS PROVIDED IN THE TAX LAW. IN ADDITION, THE USE BY AN AGENT, PROJECT OPERATOR, OR OTHER PERSON OR ENTITY OF SUCH FORM ST-60 AS AN EXEMPTION CERTIFICATE OR DOCUMENT SHALL BE DEEMED TO BE, UNDER ARTICLES TWENTY EIGHT AND THIRTY SEVEN OF THE TAX LAW, THE ISSUANCE OF A FALSE OR FRAUDULENT EXEMPTION CERTIFICATE OR DOCUMENT WITH THE INTENT TO EVADE TAX.**

5. As agent for the Agency, the Agent agrees that it will present to each seller or vendor a completed and signed **NYSDTF Form ST-123 “IDA Agent or Project Operator Exempt Purchase Certificate”** or such additional or substitute form as is adopted by NYSDTF for use in completing purchases that are exempt from Sales and Use Taxes (“Form ST-123”) for each contract, agreement, invoice, bill or purchase order entered into by the Agent, as agent for the Agency, for the renovation, repair and equipping of the Project. Form ST-123 requires that each seller or vendor accepting Form ST-123 identify the Project on each bill and invoice and invoice for purchases and indicate on the bill or invoice that the Agency or Agent or Lessee, as Project operator of the Agency, was the purchaser. The Agent shall complete Form ST-123 as follows: (i) the “Project Information” section of Form ST-123 should be completed using the name and address of the Project as indicated on the Form ST-60 used to appoint the Agent; (ii) the date that the Agent was appointed as an agent should be completed using the date of the Agent’s Sales Tax Agent Authorization Letter; and (iii) the “Exempt purchases” section of Form ST-123 should be completed by marking “X” in box “A” only.

6. The Agent agrees to comply with the terms and conditions of the Agreement. The Agent must retain for at least six (6) years from the date of expiration of its Contract copies of (a) its contract with the Lessee to provide services in connection with the Project, (b) all contracts, agreements, invoices, bills or purchases entered into or made by such Agent using the Letter of Authorization for Sales Tax Exemption, and (c) the executed Form ST-60 appointing the Agent as an agent of the Agency, and shall make such records available to the Agency upon reasonable notice. This provision shall survive the expiration or termination of this Sales Tax Agent Authorization Letter.

7. In order to assist the Lessee in complying with its obligation to file New York State Department of Taxation and Finance Form ST-340 “Annual Report of Sales and Use Tax Exemptions Claimed by Project Operator of Industrial Development Agency/Authority” (“Form ST-340”), the Agent covenants and agrees that it shall file semi-annually with the Lessee (no later than January 15th and July 15th of each calendar year in which it has claimed sales and use tax exemptions in connection with the Project) a written statement of all sales and use tax exemptions claimed by such Agent for the preceding six-month period (ending on June 30th or December 31st, as applicable) in connection with the Project and the Leased Items by completing and submitting to the Lessee the **Sales Tax Registry** attached hereto as **Exhibit B**. If the Agent fails to comply with the foregoing requirement, the Agent 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 Agent shall be deemed to have automatically lost its authority to make purchases as agent for the Agency, and shall desist immediately from all such activity.

8. The Agent agrees that if it fails to comply with the requirements for sales and use tax exemptions, as described in this Sales Tax Agent Authorization Letter, it shall pay any and all applicable Sales Tax Savings and any interest and penalties thereon. This provision shall survive the expiration or termination of this Sales Tax Agent Authorization Letter.

9. Special Provisions Relating to State Sales Tax Savings.

(b) The Agent covenants and agrees to comply, and to cause each of its contractors, subcontractors, persons or entities to comply, with the requirements of General Municipal Law Sections 875(1) and (3) (the “Special Provisions”), as such provisions may be amended from time to time. In the event of a conflict between the other provisions of this Sales Tax Agent Authorization Letter or the Agreement and the Special Provisions, the Special Provisions shall control.

(c) The Agent acknowledges and agrees that pursuant to General Municipal Law Section 875(3) the Agency shall have the right to recover, recapture, receive, or otherwise obtain from the Agent State Sales Tax Savings taken or purported to be taken by the Agent or any other person or entity acting on behalf of the Agent to which Agent or the Lessee is not entitled or which are in excess of the Maximum Sales Tax Exemption Amount or which are for property or services not authorized or taken in cases where the Lessee, any Agent or any other person or entity acting on behalf of the Lessee or the Agent failed to comply with a material term or condition to use property or services in the manner required by this Sales Tax Agent Authorization Letter or the Agreement. The Agent, and any other person or entity acting on behalf of the Agent, shall cooperate with the Agency in its efforts to recover, recapture, receive, or otherwise obtain such State Sales Tax Savings and shall promptly pay over any such amounts to the Agency that it requests. The failure to pay over such amounts to the Agency shall be grounds for the Commissioner of the New York State Department of Taxation and Finance (the “Commissioner”) to assess and determine State Sales and Use Taxes due from the Lessee and/or the Agent under Article Twenty-Eight of the New York State Tax Law, together with any relevant penalties and interest due on such amounts.

(d) The Agent is hereby notified (provided that such notification is not a covenant or obligation and does not create a duty on the part of the Agency to the Agent, the Lessee or any other party) that the Agency is subject to certain requirements under General Municipal Law, including the following:

(i) In accordance with General Municipal Law Section 875(3)(c), if the Agency recovers, recaptures, receives, or otherwise obtains, any amount of State Sales Tax Savings from the Agent, the Agency shall, within thirty days of coming into possession of such amount, remit it to the Commissioner, together with such information and report that the Commissioner deems necessary to administer payment over of such amount. The Agency shall join the Commissioner as a party in any action or proceeding that the Agency commences to recover, recapture, obtain, or otherwise seek the return of, State Sales Tax Savings from the Agent, the Lessee or other person or entity.

(ii) In accordance with General Municipal Law Section 875(3)(d), the Agency shall prepare an annual compliance report detailing its terms and conditions described in General Municipal Law Section 875(3)(a) and its activities and efforts to recover, recapture, receive, or otherwise obtain State Sales Tax Savings described in General Municipal Law Section 875(3)(b), together with such other information as the Commissioner and the New York State Commissioner of Economic Development may require. The report shall be filed with the Commissioner, the Director of the Division of the Budget of The State of New York, the New York State Commissioner of Economic Development, the New York State Comptroller, the Council of the City of New York, and may be included with the Annual financial statement required by General Municipal Law Section 859(1)(b). Such report required by this subdivision shall be filed regardless of whether the Agency is required to file such financial statement described by General Municipal Law Section 859(1)(b). The failure to file or substantially complete the report required by General Municipal Law Section 875(3)(b) shall be deemed to be the failure to file or substantially complete the statement required by such General Municipal Law Section 859(1)(b), and the consequences shall be the same as provided in General Municipal Law Section 859(1)(e).

(e) The foregoing requirements shall apply to any amounts of State Sales Tax Savings that the Agency recovers, recaptures, receives, or otherwise obtains, regardless of whether the Agency or the Lessee or other person or entity acting on behalf of the Lessee characterizes such benefits recovered, recaptured, received, or otherwise obtained, as a penalty or liquidated or contract damages or otherwise. The foregoing requirements shall also apply to any interest or penalty that the Agency imposes on any such amounts or that are imposed on such amounts by operation of law or by judicial order or otherwise. Any such amounts or payments that the Agency recovers, recaptures, receives, or otherwise obtains, together with any interest or penalties thereon, shall be deemed to be State Sales and Use Taxes and the Agency shall receive any such amounts or payments, whether as a result of court action or otherwise, as trustee for and on account of the State.

10. Subject to the provisions of Section 9 hereof, in the event that the Agent shall utilize the Sales Tax Exemption in violation of the provisions of the Agreement or this Sales Tax Agent Authorization Letter, the Agent shall promptly deliver notice of same to the Lessee and the Agency, and the Agent 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 twelve percent (12%) per annum compounded daily 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 Agent.

11. Upon request by the Agency with reasonable notice to the Agent, the Agent shall make available at reasonable times to the Agency all such books, records, contracts, agreements, invoices, bills or purchase orders of the Agent, and require all appropriate officers and employees of the Agent to respond to reasonable inquiries by the Agency as shall be necessary (y) to indicate in reasonable detail those costs for which the Agent shall have utilized the Sales Tax Exemption and the dates and amounts so utilized, and (z) to permit the Agency to determine any amounts owed by the Agent under Section 10.

12. The Agent represents and warrants that, except as otherwise disclosed to the Agency, none of the Agent, the Principals of the Agent, or any Person that is an Affiliate of the Agent:

(a) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Agency, NYCEDC or the City, unless such default or breach has been waived in writing by the Agency, NYCEDC or the City, as the case may be;

(b) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;

(c) has been convicted of a felony in the past ten (10) years;

(d) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or

(e) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in a court or other appropriate forum.

As used herein, the following capitalized terms shall have the respective meanings set forth below:

“Affiliate” shall mean, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

“City” shall mean The City of New York.

“Control” or “Controls”, including the related terms “Controlled by” and “under common Control with”, shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

“Entity” shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

“Governing Body” shall mean, when used with respect to any Person, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Person are exercised.

“NYCEDC” shall mean New York City Economic Development Corporation, and any successor thereof.

“Person” shall mean an individual or any Entity.

“Principals” shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity, and any Person as shall have the power to Control such Entity, and “Principal” shall mean any of such Persons.

13. By execution of this Sales Tax Agent Authorization Letter, the Agent agrees to accept the terms hereof and represent and warrant to the Agency that the use of this Sales Tax Agent Authorization Letter by the Agent is strictly for the purposes stated herein.

14. The Agent acknowledges that this Sales Tax Agent Authorization Letter will terminate on the date (the “Termination Date”) that is the earlier of (i) the Expiration Date referred to above, and (ii) the expiration or termination of the Agreement. Upon the Termination Date, the agency relationship between the Agency and the Agent shall terminate.

[Signature Page Follows]

The signature of a representative of the Agent where indicated below will indicate that the Agent accepted the terms hereof.

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Name:
Title:

ACCEPTED AND AGREED TO BY:

 [AGENT]

By: _____
Name:
Title:

Exhibit A

To

SALES TAX AGENT AUTHORIZATION LETTER

Set forth below is a description of items that are eligible for the Sales Tax Exemption.

Eligible Items shall mean the following items of personal property and services, but excluding any Ineligible Items, with respect to which the Agent shall be entitled to claim a Sales Tax Exemption in connection with the Project:

- (i) purchases of materials, goods, personal property and fixtures and supplies that will be incorporated into and made an integral component part of the Facility Realty;
- (ii) purchases or leases of any item of materials, goods, machinery, equipment, furniture, furnishings, trade fixtures and other tangible personal property having a useful life of one year or more;
- (iii) with respect to the eligible items identified in (ii) above: purchases of freight, installation, maintenance and repair services required in connection with the shipping, installation, use, maintenance or repair of such items; provided that maintenance shall mean the replacement of parts or the making of repairs;
- (iv) purchases of materials, goods and supplies that are to be used and substantially consumed in the course of construction or renovation of the Facility Realty (but excluding fuel, materials or substances that are consumed in the course of operating machinery and equipment or parts containing fuel, materials or substances where such parts must be replaced whenever the substance is consumed); and
- (v) leases of machinery and equipment solely for temporary use in connection with the construction or renovation of the Facility Realty.

Ineligible Items shall mean the following items of personal property and services with respect to which the Agent shall not be entitled to claim a Sales Tax Exemption in connection with the Project:

- (i) vehicles of any sort, including watercraft and rolling stock;
- (ii) personalty having a useful life of one year or less;
- (iii) any cost of utilities, cleaning services or supplies or other ordinary operating costs;
- (iv) fine art and other similar decorative items;
- (v) plants, whether potted or landscaped;

- (vi) ordinary office supplies such as pencils, paper clips and paper;
- (vii) any materials or substances that are consumed in the operation of machinery;
- (viii) equipment or parts containing materials or substances where such parts must be replaced whenever the substance is consumed; and
- (ix) maintenance of the type as shall constitute janitorial services.

EXHIBIT I
Sales Tax Registry

Please Complete: **REPORTED PERIOD:** ANNUAL PERIOD FROM JULY 1, 202__ to JUNE 30, 202__

| Description of Item (incl. Serial #,if applicable) | Location of Item | Dollar Amount | Vendor Description | Date of Payment | Purchase order or invoice number | Sales Tax Savings |
|---|------------------|---------------|--------------------|-----------------|----------------------------------|-------------------|
| SEMI-ANNUAL PERIOD FROM JULY 1, [] to DECEMBER 31, [] | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| TOTAL SALES TAX SAVINGS REALIZED DURING THE SEMI-ANNUAL PERIOD FROM JULY 1, [] to DECEMBER 31, []: | | | | | | |
| SEMI-ANNUAL PERIOD FROM JANUARY 1, [] to JUNE 30, [] | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| TOTAL SALES TAX SAVINGS REALIZED DURING THE SEMI-ANNUAL PERIOD FROM JANUARY 1, [] to JUNE 30, []: | | | | | | |

| | |
|--|--|
| TOTAL SALES TAX SAVINGS REALIZED DURING THE ANNUAL REPORTED PERIOD: | |
|--|--|

Certification: I, the undersigned, an authorized officer or principal owner of the Lessee, hereby certify to the best of my knowledge and belief that all information contained in this report is true and complete. The information reported in this form includes all Sales Tax Savings realized by the Lessee below and its principals, affiliates, tenants, subtenants, contractors, subcontractors and any other person or entity pursuant to the LETTER OF AUTHORIZATION FOR SALES TAX EXEMPTION issued to the Lessee, and any SALES TAX AGENT AUTHORIZATION LETTER issued to any other person or entity at the direction of the Lessee, by New York City Industrial Development Agency. This form and information provided pursuant hereto may be disclosed to the New York City Economic Development Corporation ("NYCEDC"), and may be disclosed by NYCEDC in connection with the administration of the programs by NYCEDC; and, without limiting the foregoing, such information may be included in reports or disclosure required by law.

Lessee Name: _____

Signature By: _____

Name (print): _____

Title: _____

Date: _____

EXHIBIT J

PROJECT FINANCE PLAN

The plan for financing the cost of the Project Work, which the Lessee estimates to be \$13,875,000, from equity from the Lessee in the amount of \$13,875,000.

EXHIBIT K

RESERVED

EXHIBIT L

RESERVED

[Construction Manager] [General Contractor]Certificate

[DATE]

New York City Industrial Development Agency
One Liberty Plaza, 7th Floor
New York, NY 10006

Re: New York City Industrial Development Agency Project
located at [_____], New York (the “Premises”)

To Whom It May Concern:

The undersigned (the [“Construction Manager”] [“General Contractor”]) understands that New York City Industrial Development Agency (“NYCIDA”) is providing financial assistance to [_____] (the “Project Company”), which financial assistance will be used to assist the Project Company with the construction of the following improvements: [_____] (the “Improvements”) on the Premises (the “Project”). [Construction Manager/General Contractor] has been engaged by the Project Company to act as the [construction manager/general contractor] in connection with the construction the Improvements. The undersigned [Construction Manager][General Contractor] does hereby certify and represent to NYCIDA as follows:

1. The undersigned is familiar with the process for obtaining the approvals, authorizations, permits and licenses necessary to construct and occupy the Improvements.

(a) 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:
[list approvals]

- | | |
|-----------------------------|--|
| 1. Zoning | Department of Buildings |
| 2. New Building | Department of Buildings |
| 3. Sewer Permit | Department of Environmental Protection |
| 4. Sprinklers | Department of Buildings |
| 5. Standpipe | Department of Buildings |
| 6. Generator | Department of Buildings |
| 7. Paving Plan | Department of Buildings |
| 8. Street Opening | Department of Transportation |
| 9. Asbestos Control Program | Department of Environmental Protection |

(b) 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. 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 approvals, authorizations, permits and licenses by the applicable government authority is ministerial.

2. 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.

3. The undersigned is duly licensed and in good standing in the State of New York.

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 in accordance with generally accepted standards of construction industry practice.

Very truly yours,

By _____

Name:

Title:

Engineer's Certificate

[DATE]

New York City Industrial Development Agency
One Liberty Plaza
New York, NY 10006

Re: New York City Industrial Development Agency Project
located at [_____], New York (the "Premises")

To Whom It May Concern:

The undersigned (the "Architect") understands that New York City Industrial Development Agency ("NYCIDA") is providing financial assistance to [_____] (the "Project Company"), which financial assistance will be used to assist the Project Company with the construction of the following _____ improvements (the "Improvements"): [_____] on the Premises (the "Project"). Architect has been engaged by the Project Company to provide architectural services in connection with the Project.

The undersigned Engineer does hereby certify and represent to NYCIDA as follows:

1. The Architect has prepared [preliminary] plans and specifications with respect to the Project (the "Plans and Specifications").
2. The Premises is locating in a [insert Zoning classification] zoning district as defined in the Zoning Resolution of the City of New York, as in effect on the date hereof, and such zoning classification permits the construction of the Improvements as contemplated in the Plans and Specifications for the intended use of the Improvements by the Project Company.
3. The Premises is comprised of a single zoning lot corresponding to a single tax lot (Block [_____], Lot [_____] on the Official Tax Map for the County of [_____]).
4. 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.
5. Engineer is duly licensed to practice engineering services in the State of New York.

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

Very truly yours,


MWBE/DBE Participation Plan

1/8/2025

The purpose of this form is to ensure that appropriate planning and consideration go into the consultant and contractor utilization process, and to serve as documentation of your commitment to attain the level of MWBE/DBE Participation set forth in this plan. The solicitation materials indicate whether MWBE or DBE goals apply for this contract and this form should be filled out accordingly. Please complete the forms and return (1) an Excel copy of the form and (2) an executed PDF to opportunityMWBE@nycedc.com. Any questions should also be directed to this email address.


I affirm that the following statements are true and accurate:

1. I will make and thoroughly document every good faith effort to meet the MWBE/DBE Participation Goal set forth herein.
2. This MWBE/DBE Participation Plan lists all consultants and contractors that are expected to work on this project as of the date above, whether MWBE/DBE or not.
3. I have verified that firms listed as MWBE/DBE below are certified by the appropriate entity.


Signature of Authorized Representative/Preparer

Sebastián Villaveces
Name & Title

08/01/25
Date


Signature of NYCEDC Opportunity M/W/DBE Representative

Yingli Huang, AVP Opportunity MWBE
Name & Title

Jan 8, 2025
Date

NYCEDC Approval :

**Cells in orange
are filled in
automatically**

| Project Information | | Project Calculations | |
|---------------------|--------------------------|--|----------------|
| Contract # | [ENTER CONTRACT NUMBER] | Project Award Amount | \$4,768,788.00 |
| Project Name | Gun Hill | | |
| Business Name | OSCII Gun Hill, LLC | Total Amount to Count toward MWBE/DBE Goal | \$416,021.96 |
| Email | mmorton@convergentep.com | Targeted MWBE Participation Goal | 8.5% |
| Phone | (917) 508-0293 | Projected MWBE/DBE Goal Attainment | 8.72% |

Contractor/Consultant Award Information

| Contractor/ Consultant | MWBE/DBE? ("Y" or "N") | Award Amount | Services to be Provided | Contracting Party <i>Please indicate the name of the party subcontracting for the services</i> | Is Contracting Party MWBE/DBE? ("Y" or "N") | Amount to Count |
|---------------------------|---------------------------|----------------|--|---|---|-----------------|
| OSCII Gun Hill, LLC | N | \$4,768,788.00 | Energy storage project | N/A | N | \$0 |
| Tesla, Inc. | N | \$7,035,868.24 | Battery supplier | OSCII Gun Hill, LLC | N | \$0 |
| JDM Energy Partners, LLC | N | \$490,815.00 | Point of interconnection equipment distributor | OSCII Gun Hill, LLC | N | \$0 |
| Turtle & Hughes Inc. | Y | \$416,021.96 | Point of interconnection equipment distributor | OSCII Gun Hill, LLC | N | \$416,021.96 |
| Consolidated Edison | N | \$259,891.73 | Interconnection authority / utility | OSCII Gun Hill, LLC | N | \$0 |

| Contractor/ Consultant | MWBE/DBE? ("Y" or "N") | Award Amount | Services to be Provided | Contracting Party <i>Please indicate the name of the party subcontracting for the services</i> | Is Contracting Party MWBE/DBE? ("Y" or "N") | Amount to Count |
|--|---------------------------|----------------|------------------------------|---|---|-----------------|
| Triumph Construction | N | \$1,595,222.91 | General Contractor | OSCII Gun Hill, LLC | N | \$0 |
| Fresh Meadows | N | \$980,209.09 | Electrical Contractor | Triumph Construction | N | \$0 |
| Strocchia Iron Works | N | \$159,090.91 | Steel Contractor | Triumph Construction | N | \$0 |
| Hull Construction | N | \$296,000.00 | Wall construction contractor | Triumph Construction | N | \$0 |
| Welkin Mechanical | N | \$118,181.82 | Water Spray Fixed System | Triumph Construction | N | \$0 |
| Bay Crane | N | \$76,363.64 | Equipment Rigging | Triumph Construction | N | \$0 |
| American Secured Fence | N | \$26,963.64 | Fencing & gating | Triumph Construction | N | \$0 |
| [To be Completed] | N | \$75,600.00 | EMS equipment supply | OSCII Gun Hill, LLC | N | \$0 |
| [Open Delta or Asplundh] | N | \$59,500.00 | Electrical Commissioning | OSCII Gun Hill, LLC | N | \$0 |
| Able Rigging | N | \$9,261.17 | Equipment Storage | OSCII Gun Hill, LLC | N | \$0 |
| Waldron Engineering | N | \$400,743.25 | Engineering & Design | OSCII Gun Hill, LLC | N | \$0 |
| SoundSense | N | \$30,750.00 | Sound Study | OSCII Gun Hill, LLC | N | \$0 |
| Other Development Costs (Misc.) | N | \$34,064.69 | Engineering, Other | OSCII Gun Hill, LLC | N | \$0 |
| NYC Dept. of Environmental Protection | N | \$7,000.00 | Permitting (Govt. Entity) | OSCII Gun Hill, LLC | N | \$0 |
| Legal (Various) | N | \$122,936.52 | Legal services | OSCII Gun Hill, LLC | N | \$0 |
| IDA / IDA Legal Fees | N | \$233,882.32 | IDA | OSCII Gun Hill, LLC | N | \$0 |
| Lacerra Realty | N | \$188,354.91 | Site Landlord | OSCII Gun Hill, LLC | N | \$0 |
| Marsh + Insurance Underwriters | N | \$136,847.16 | Insurance | OSCII Gun Hill, LLC | N | \$0 |
| | | | | | | \$0 |






V4 - Gun Hill - NYCEDC MWBE_DBE Participation Plan (002)

Final Audit Report

2025-01-08

| | |
|-----------------|--|
| Created: | 2025-01-08 |
| By: | Miranda Morton (mmorton@convergentep.com) |
| Status: | Signed |
| Transaction ID: | CBJCHBCAABAA1hi0v6Qbl6vFajRc0O8g9gJUITqIHVeJ |

"V4 - Gun Hill - NYCEDC MWBE_DBE Participation Plan (002)" History

-  Document created by Miranda Morton (mmorton@convergentep.com)
2025-01-08 - 5:12:30 PM GMT
-  Document emailed to Sebastián Villaveces (svillaveces@convergentep.com) for signature
2025-01-08 - 5:12:35 PM GMT
-  Email viewed by Sebastián Villaveces (svillaveces@convergentep.com)
2025-01-08 - 5:22:36 PM GMT
-  Document e-signed by Sebastián Villaveces (svillaveces@convergentep.com)
Signature Date: 2025-01-08 - 5:24:17 PM GMT - Time Source: server
-  Agreement completed.
2025-01-08 - 5:24:17 PM GMT

Opportunity M/WBE Program

1. Background. Section 6-129 of the Administrative Code of the City of New York (hereinafter the “**Code**”) establishes a program for participation in City procurement by Minority-owned Business Enterprises (“**MBEs**”) and Women-owned Business Enterprises (“**WBEs**,” and collectively, “**M/WBEs**”), certified in accordance with Section 1304 of the City Charter by the New York City Department of Small Business Services (“**DSBS**”). NYCEDC has adopted the M/WBE Program to further participation by MBEs and WBEs in NYCEDC’s related projects, including Agency projects. Participants in the M/WBE Program shall comply with all requirements of the M/WBE Program set forth herein.

2. Minority and Women-Owned Business Enterprises. M/WBE firms must be certified by DSBS to credit such firms’ participation toward attainment of the Participation Goal. Such certification must occur prior to the firms’ commencement of work. A list of M/WBE firms may be obtained from the DSBS website at www.nyc.gov/buycertified, by emailing DSBS at buyer@sbs.nyc.gov, by calling (212) 513-6356, or by visiting or writing DSBS at One Liberty Plaza, New York, New York, 10006. Eligible firms that have not yet been certified may contact DSBS in order to seek certification by visiting www.nyc.gov/getcertified, emailing M/WBE@sbs.nyc.gov, or calling the DSBS certification helpline at (212) 513-6311. No credit shall be given for participation by a graduate M/WBE, as defined in Section 6-129(c)(20) of the Code.

3. M/WBE Participation Goal. The Lessee must commit to an M/WBE Participation Goal for a percentage of the Project Improvements Investment. The Participation Goal may be calculated as follows:

(f) Contractors: The total dollar amount that Lessee has paid or is obligated to pay to contractors certified with DSBS as MBEs or WBEs for the Project Improvements Investment shall be credited toward fulfillment of the M/WBE Participation Goal, provided that the value of such a contractor’s participation shall be determined by subtracting from this total dollar amount any amounts that the contractor has paid or is obligated to pay to direct subcontractors or suppliers upon completion of such subcontractors or suppliers work or services.

(g) Direct Subcontractors: The total dollar amount that a contractor has paid or is obligated to pay to subcontractors certified with DSBS as MBEs or WBEs for the Project Improvements Investment shall be credited toward fulfillment of the M/WBE Participation Goal, provided that the value of such a direct subcontractor’s participation shall be determined by subtracting from this total dollar value any amounts that the direct subcontractor has paid or is obligated to pay to indirect subcontractors or suppliers upon completion of such indirect subcontractors or suppliers work or services.

(h) Indirect Subcontractors: The total dollar amount that a subcontractor has paid or is obligated to pay to its subcontractors certified with DSBS as MBEs or WBEs for the Project Improvements Investment shall be credited toward fulfillment of the M/WBE Participation Goal.

(i) Suppliers: 60% of the dollar amount spent on materials or supplies as a part of the Project Improvements Investment, when such materials or supplies are purchased by the Lessee,

contractors or direct subcontractors from suppliers certified with DSBS as MBEs or WBEs, shall be credited toward fulfillment of the M/WBE Participation Goal.

(j) **Joint Ventures:** A contractor, direct subcontractor or indirect subcontractor that is a qualified joint venture, as defined in Section 6-129(c)(24) of the Code, shall be permitted to count a percentage of its own participation toward fulfillment of the M/WBE Participation Goal. The value of such a contractor, direct subcontractor or indirect subcontractor's participation shall be determined by subtracting from this total dollar amount any amounts that the contractor, direct subcontractor or indirect subcontractor pays to subcontractors or suppliers, and then multiplying the remainder by the percentage to be applied to total profit to determine the amount to which an M/WBE partner is entitled pursuant to the joint venture agreement. If a contractor, direct subcontractor or indirect subcontractor claims credit for participation as a qualified joint venture, then upon NYCEDC's request, Lessee must promptly provide a copy of the joint venture agreement for review and confirmation of the M/WBE partner's profit share as used in calculating credit toward fulfillment of the M/WBE Participation Goal.

| Participation Goal Calculation Example (for illustrative purposes only): | | | |
|--|----------------------|--|--|
| Project Improvements Investment: | \$100 million | | |
| Participation Goal: | 25% | Actual Participation Amount: | 27.4% |
| Dollar Value of Participation Goal: | \$25 million | Dollar Value of Participation Amount: | \$27.4 million |
| | | | |
| Phase | Payment | Dollar Value of M/WBE Participation | Credit toward Participation Goal: |
| Design Phase: \$10 million is paid to an architecture firm as contractor for pre-construction work, firm is a joint venture with an M/WBE JV partner and profits are shared 50/50 pursuant to the JV Agreement | \$10 million | \$10 million (no amounts subcontracted out and no supplies needed) multiplied by the 50% JV Interest = \$5 million | 5% |
| Construction Management/GC Level: \$90 million is paid to Contractor to serve as Construction Manager, CM is NOT an M/WBE Firm. | \$90 million | \$0 | 0% |
| Direct Subcontractor Level: CM pays \$80 million to multiple direct subcontractors. Two direct subcontractors are M/WBE firms and \$50 million of the \$80 million is paid to these two firms. | \$50 million | \$50 million minus amounts spent by these two M/WBE direct subcontractor firms on indirect subcontractors (\$30 million) and supplies (\$10 million, <i>see below</i>) = \$10 million | 10% |
| Indirect Subcontractor Level: \$30 million is paid by Direct Subcontractors to multiple indirect subcontractors, \$10 million of the \$30 million is paid to Indirect Subcontractors that are M/WBE Firms | \$10 million | \$10 million | 10% |
| Supplier Inclusion: \$10 million is spent by Direct Subcontractors on supplies. Of that, \$4 million is spent on supplies purchased from M/WBE suppliers. | \$4 million | 60% of the \$4 million purchased from M/WBE suppliers = \$2.4 million | 2.40% |
| | | TOTAL: | 27.4% |

4. Modification of the Lessee's Participation Plan.

(k) The Lessee may request modification of its M/WBE Participation Plan attached as Exhibit O-1. NYCEDC may grant such request if it determines that the Lessee has established, with appropriate documentary and other evidence, that the Lessee has made good faith efforts to meet the M/WBE Participation Goal.

(l) Good faith efforts shall be documented by Lessee requesting a modification and such documentation shall be provided to NYCEDC upon NYCEDC's request. In determining whether the Lessee has made good faith efforts to meet the M/WBE Participation Goal, NYCEDC will consider, along with any other relevant factors, evidence submitted by the Lessee showing that the Lessee or Lessee's contractors or subcontractors, as appropriate, have, without limitation, conducted the following:

i. Direct Outreach. The Lessee, or Lessee's contractors or subcontractors, as appropriate, (i) reached out to M/WBEs identified on the "Interested Subcontractor" list maintained by EDC on a website related to the Project, and provided timely notice to those identified M/WBEs and (ii) provided notice directly to M/WBEs or to business organizations made up of M/WBEs of specific opportunities to participate in the Project Work;

ii. NYCEDC Assistance. The Lessee submitted timely requests for assistance to NYCEDC's M/WBE liaison officer and provided NYCEDC with a description of how NYCEDC's recommendations were acted upon and an explanation of how action upon such recommendations did not lead to the desired level of participation of M/WBEs;

iii. Advertised Opportunities. The Lessee, or Lessee's contractors or subcontractors, as appropriate, advertised opportunities to participate in the Project Work in general circulation media, trade and professional association publications, small business media and publications of M/WBE organizations;

iv. Follow Up with M/WBEs. The Lessee, or Lessee's contractors or subcontractors, as appropriate, sent timely written notices to advise M/WBEs that their interest in the Project Work was solicited and to follow up after an initial solicitation to determine whether such M/WBEs were interested in Project Work;

v. Substitution of Work. The Lessee, or Lessee's contractors or subcontractors, as appropriate, made efforts to identify portions of the Project Work that could be substituted for portions originally designated for the participation by M/WBEs in the M/WBE Participation Plan and for which the Lessee claims an inability to retain M/WBEs;

vi. M/WBE Suppliers. The Lessee, or Lessee's contractors or subcontractors, as appropriate, made efforts to identify materials or supplies that could be purchased from suppliers certified with DSBS as MBEs or WBEs;

vii. Meeting with M/WBEs. The Lessee, or Lessee's contractors or subcontractors, as appropriate, held meetings with M/WBEs prior to the date their proposals were due, for the purpose of explaining in detail the scope and requirements of the work for which their proposals were solicited;

viii. Negotiated with M/WBEs. The Lessee, or Lessee's contractors or subcontractors, as appropriate, made efforts to negotiate with M/WBEs to perform specific subcontracts or act as suppliers or service providers; and

ix. Held Subcontractors Accountable. The Lessee ensured subcontractor commitment to achieving the M/WBE Participation Goal by passing goals on through relevant subcontract agreements.

(m) NYCEDC's M/WBE Director or Senior Vice President for Contracts will provide written notice to the Lessee of the determination on whether the Lessee has made all good faith efforts to meet the M/WBE Participation Goal.

5. M/WBE Compliance Reports.

The Lessee, or a designee on behalf of the Lessee, shall provide NYCEDC with written statements in the form attached hereto as Attachment 1, or such other form as shall be provided by NYCEDC ("**M/WBE Compliance Reports**"), certified under penalty of perjury, reporting the status of the Lessee's compliance with its M/WBE Participation Plan and M/WBE Participation Goal for the period covered by the report. The Lessee shall submit an M/WBE Compliance Report to NYCEDC quarterly.

In addition to the foregoing, the Lessee shall submit a final, cumulative M/WBE Compliance Report to NYCEDC within thirty (30) days of the Project Completion Deadline. The Lessee shall set forth in such final report the information required in prior M/WBE Compliance Reports, including information for all M/WBE contractors, subcontractors and suppliers who were paid for Project Improvement Investments.

6. Compliance Audits. The M/WBE Compliance Report may be audited by NYCEDC to determine the Lessee's compliance with the requirements of the Lessee's M/WBE Participation Proposal and M/WBE Participation Plan.

7. Enforcement. In the event NYCEDC determines that the Lessee, its contractors or subcontractors have violated the M/WBE Program requirements set forth herein or the M/WBE Participation Plan including, without limitation, a determination that the Lessee has failed to use good faith efforts to fulfill its M/WBE Participation Goal, NYCEDC may (i) assess liquidated damages set forth in Section 8, below; and/or (ii) assert any other right or remedy it has under this Agreement.

8. Liquidated Damages. If the Lessee fails to use good faith efforts to fulfill its M/WBE Participation Goal, NYCEDC may assess liquidated damages in the amount of ten percent (10%) of the difference between the dollar amount of Work required to be awarded to M/WBE contractors, subcontractors and suppliers to meet the M/WBE Participation Goal and the dollar amount the Lessee actually awarded and paid to such M/WBEs. In view of the difficulty of accurately ascertaining the loss which NYCEDC will suffer by reason of the Lessee's failure to

meet the M/WBE Participation Goals, the foregoing amount is hereby fixed and agreed as the liquidated damages that NYCEDC will suffer by reason of such failure, and not as a penalty.

9. Evaluations. The Lessee's record in implementing its M/WBE Participation Plan shall be a factor in the evaluation of its performance. If Lessee's compliance with its M/WBE Participation Plan and/or the M/WBE Program requirements is found to be unsatisfactory, including but not limited to, Lessee's failure to use good faith efforts to fulfill its M/WBE Participation Goal, NYCEDC may, after consultation with the Director of the Mayor's Office for Contracts, file an evaluation of the Lessee's performance in the City's Procurement and Sourcing Solutions Portal (PASSport) (formerly known as VENDEX).

EXHIBIT P

Description and Dollar Value of Public Funds

| | Description of Public Funds | Dollar Value of Public Funds (PV)¹ |
|-------------------------------------|--|---|
| <input type="checkbox"/> | The payment of money, by the Agency or a third party acting on behalf of and for the benefit of the Agency, directly to or on behalf of the contractor, subcontractor, developer or owner that is not subject to repayment Description: Not applicable. | |
| <input checked="" type="checkbox"/> | The savings achieved from fees, rents, interest rates, or other loan costs, or insurance costs that are lower than market rate costs; savings from reduced taxes as a result of tax credits, tax abatements, tax exemptions or tax increment financing; savings from payments in lieu of taxes; and any other savings from reduced, waived, or forgiven costs that would have otherwise been at a higher or market rate but for the involvement of Agency Description: Real Property Tax Exemption Benefits Sales and Use Tax Exemption Benefits Mortgage Recording Tax Exemption Benefits | \$N/A \$972,700 \$N/A |
| <input type="checkbox"/> | Money loaned by the Agency that is to be repaid on a contingent basis Description: Not applicable. | |
| <input type="checkbox"/> | Credits that are applied by the Agency against repayment of obligations to the Agency. Description: Not applicable | |

¹ Note that the determination of value in this notification is an estimate based on the Agency's customary methods and practices, which include discounting the value of public funds to derive an estimate of the present value (PV) of such funds. No assurance can be given to the Lessee that the method of valuation used herein is acceptable to the Department of Labor.

WORKFORCE DEVELOPMENT ANNUAL REPORT

Reference is hereby made to that certain **[INSERT NAME OF PROJECT AGREEMENT]** (the “Agreement”) dated as of **[INSERT DATE OF PROJECT AGREEMENT]**, by and between **[INSERT COMPANY NAME HERE]** (the “Lessee”) and **[INSERT AGENCY NAME]** (the “Agency”).

On behalf of _____ (the “Certifying Entity”), in respect of the project facility located at the street address of _____ (the “Facility”), HEREBY CERTIFIES that this Annual Report, covering the period from July 1, 20__ through June 30, 20__, is being delivered in accordance with the provisions of Section 8.29 in the Agreement and FURTHER CERTIFIES THAT (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Agreement):

(1) The Lessee participates in at least one of the following workforce development programs: (check as applicable)

a. Workforce Training programs relating to the clean energy industry sponsored by NYSERDA, including:

- The Clean Energy Internship Program;
- The On-the-Job (OTJ) Program;
- The Climate Justice Fellowship;

or

- An alternative clean energy industry workforce program(s) approved by the Agency which prioritizes hiring in Disadvantaged Communities within New York City.

(2) The Lessee or the Parent Entity commenced its participation in such program(s) on **[Specify Participation Date: _____, 20____]** (the “Participation Date”). The Participation Date must be no later than six (6) months after the Commencement Date of **[INSERT COMMENCEMENT DATE]**.

(3) The Lessee or the Parent Entity represents that for the applicable fiscal year, it has hired or sponsored a minimum required number of interns, fellows, and/or employees at the Project Premises or any other New York City office of the Lessee or the Parent Entity per the Hiring Minimum requirements:

- a. If the total number of employees is between one (1) and twenty (20), the Hiring Minimum is one (1) intern, fellow and/or employee;
- b. If the total number of employees is between twenty-one (21) and fifty (50), the Hiring Minimum is two (2) interns, fellows and/or employees;
- c. If the total number of employees is fifty-one (51) or greater, the Hiring Minimum is three (3) interns, fellows and/or employees.

Please Certify: ____ total number of employees and ____ total number of intern, fellow, and/or employees.

(4) The Lessee or Parent Entity has commenced or maintained its participation in such program(s) for any consecutive period of sixty (60) days or more during the period commencing on the Participation Date and ending on the Program Termination Date. Notwithstanding the foregoing, if such program(s) has a limited duration by design (i.e. summer internship) on an annual basis, the Lessee or the Parent Entity is exempt from this requirement.

Please complete the below.

| Workforce Program | Location | Total Number of Intern, Fellow, and/or Employees | Date Program <u>Began</u> | Date Program <u>Ended/Will End</u> |
|-------------------|----------|--|---------------------------|------------------------------------|
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |

(Please continue on a separate page if necessary)

Please provide any comments relevant to the information reported above:

Demographic Information:

Providing demographic information is optional. It is being obtained for statistical purposes only and individual information will not be made public nor impact your ability to participate in any way. Demographics are monitored as aggregated indicators of the success of this program in achieving diversity, equity, and inclusion. To report demographic information, please complete the below for each hire.

Data requests shall be conducted utilizing the following categorizations:

(a) Race and/or Ethnicity shall be collected using the below categorizations based on guidance outlined by the U.S. Office of Management and Budget (89 FR 22182):

- | | |
|--------------------------------------|---|
| (1) American Indian or Alaska Native | (6) Native Hawaiian or Pacific Islander |
| (2) Asian | (7) White |
| (3) Black or African American | (8) Multiracial and/or Multiethnic |
| (4) Hispanic or Latino | (9) Prefer not to say |
| (5) Middle Eastern or North African | |

(b) Age:

(c) Gender shall be collected using the below categorizations:

- (1) Male
- (2) Female
- (3) Non-binary/Transgender
- (4) Prefer not to say

- (d) Disability shall be collected using the following question for which the hire shall respond “Yes,” “No,” or “Prefer Not to Say”:
 (1) “Do you identify as a person with a disability?”
- (e) University (if applicable)
- (f) Degree (if applicable, e.g., B.A., M.S., etc.)
- (g) Zip Code of Location of Participants’ Residence:
- (h) NYCHA residency shall be collected using the following question for which the hire shall respond “Yes,” “No,” or “Prefer Not to Say”:
 (1) “Do you reside in a building that is owned or operated by the New York City Housing Authority?”

| Workforce Program of Hire | Race and/or Ethnicity | Age | Gender | Disability | University | Degree | Zip Code | NYCHA Residency |
|---------------------------|-----------------------|-----|--------|------------|------------|--------|----------|-----------------|
| 1. | | | | | | | | |
| 2. | | | | | | | | |
| 3. | | | | | | | | |

IN WITNESS WHEREOF, I hereby certify under penalty of perjury that the foregoing statements are true and correct.

Signature: _____
 Name: _____
 Title: _____
 Date: _____

For questions about the Workforce Development Annual Report, please contact the Economic Mobility Team at EMCompliance@edc.nyc or speak with your Compliance Project Manager.

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