

**HOTEL TOWER LEASE AGREEMENT**

**BETWEEN**

**REDEVELOPMENT AUTHORITY OF THE  
CITY OF LANCASTER,  
LESSOR**

**AND**

**PENN SQUARE PARTNERS,  
LESSEE**

**DATED AS OF \_\_\_\_\_, 2005**

## Table of Contents

Page

### ARTICLE I DEFINITIONS

Section 1.1.	<u>Definitions</u> .....	2
--------------	--------------------------	---

### ARTICLE II LEASE OF PROPERTY

Section 2.1.	<u>Demise and Lease</u> .....	2
--------------	-------------------------------	---

### ARTICLE III RENT

Section 3.1.	<u>Initial Rent; Interim Rent; Base Rent; IDP Debt Service</u> .....	3
Section 3.2.	<u>Additional Rent</u> .....	3
Section 3.3.	<u>Minimum Participation Rent</u> .....	4
Section 3.4.	<u>Participation Percentage Rental Payment; Audit</u> .....	4
Section 3.5.	<u>Method of Payment</u> .....	4
Section 3.6.	<u>Late Payment</u> .....	5
Section 3.7.	<u>Net Lease, No Setoff, Etc.</u> .....	5
Section 3.8.	<u>Initial Rent and Interim Rent Payment</u> .....	6
Section 3.9.	<u>Cost of Credit Enhancement</u> .....	6

### ARTICLE IV CONSTRUCTION OF IMPROVEMENTS

Section 4.1.	<u>Construction</u> .....	7
Section 4.2.	<u>Payment of Cost Overages; Return of Cost Savings</u> .....	7
Section 4.3.	<u>Payment and Performance Bonds</u> .....	7
Section 4.4.	<u>Non-Discrimination Covenants</u> .....	7
Section 4.5.	<u>IFIP Non-Discrimination Covenants</u> .....	7
Section 4.6.	<u>Project Cost Certification</u> .....	9

### ARTICLE V INTENTIONALLY OMITTED

### ARTICLE VI LESSEE'S ACCEPTANCE OF PROPERTY; ENFORCEMENT OF WARRANTIES

Section 6.1.	<u>Waivers</u> .....	9
Section 6.2.	<u>Lessee's Right to Enforce Warranties</u> .....	10
Section 6.3.	<u>Waiver of Landlord's Lien</u> .....	11
Section 6.4.	<u>Voting Rights under the Condominium Documents</u> .....	11

### ARTICLE VII LIENS

Section 7.1.	<u>Liens</u> .....	11
--------------	--------------------	----

ARTICLE VIII  
USE AND REPAIR

Section 8.1.	<u>Use</u> .....	12
Section 8.2.	<u>Maintenance</u> .....	12
Section 8.3.	<u>Alterations</u> .....	13
Section 8.4.	<u>Title to Alterations</u> .....	14
Section 8.5.	<u>Limitation on Compliance</u> .....	15
Section 8.6.	<u>Compliance with Law; Environmental Compliance</u> .....	15
Section 8.7.	<u>Payment of Impositions</u> .....	16
Section 8.8.	<u>Adjustment of Impositions</u> .....	17
Section 8.9.	<u>Utility Charges</u> .....	17

ARTICLE IX  
INSURANCE

Section 9.1.	<u>Coverage</u> .....	18
--------------	-----------------------	----

ARTICLE X  
RETURN OF PROPERTY TO LESSOR

Section 10.1.	<u>Return of Condominium Unit</u> .....	18
---------------	---	----

ARTICLE XI  
ASSIGNMENT BY LESSEE

Section 11.1.	<u>Assignment of Lease</u> .....	19
---------------	----------------------------------	----

ARTICLE XII  
LOSS, DESTRUCTION, DAMAGE OR CONDEMNATION

Section 12.1.	<u>Event of Loss</u> .....	20
Section 12.2.	<u>Application of Payments Relating to an Event of Loss When Lease Continues</u> .....	21
Section 12.3.	<u>Application of Payments Not Relating to an Event of Loss</u> .....	22
Section 12.4.	<u>Other Dispositions</u> .....	22
Section 12.5.	<u>Negotiations</u> .....	23

ARTICLE XIII  
LESSOR COVENANTS

Section 13.1.	<u>Payment of Real Estate Taxes</u> .....	24
Section 13.2.	<u>Construction of the Condominium Unit and the Hotel</u> .....	24
Section 13.3.	<u>Application of Funds in Lessor's Control</u> .....	24

ARTICLE XIV  
SUBLEASE

Section 14.1.	<u>Subleasing Permitted; Lessee Remains Obligated</u> .....	24
Section 14.2.	<u>Provisions of Subleases</u> .....	25

ARTICLE XV  
INSPECTION

Section 15.1.	<u>Inspection Rights</u> .....	25
Section 15.2.	<u>Additional Rights</u> .....	26
Section 15.3.	<u>Environmental Audits</u> .....	26
Section 15.4.	<u>Lessee's Rights Regarding Inspections</u> .....	26

ARTICLE XVI  
LEASE EVENTS OF DEFAULT

Section 16.1.	<u>Lease Events of Default</u> .....	27
---------------	--------------------------------------	----

ARTICLE XVII  
ENFORCEMENT

Section 17.1.	<u>Remedies</u> .....	28
Section 17.2.	<u>Survival of Lessee's Obligations</u> .....	29
Section 17.3.	<u>Remedies Cumulative; No Waiver; Consents; Mitigation of Damages</u> .....	30

ARTICLE XVIII  
INDEMNITIES

Section 18.1.	<u>General Indemnification</u> .....	30
Section 18.2.	<u>Indemnification Procedure</u> .....	33
Section 18.3.	<u>Additional Indemnification</u> .....	34

ARTICLE XIX  
LESSEE REPRESENTATIONS AND WARRANTIES

Section 19.1.	<u>Representations and Warranties</u> .....	34
Section 19.2.	<u>Defense of Title</u> .....	37

ARTICLE XX  
SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE

Section 20.1.	<u>Subordination</u> .....	38
Section 20.2.	<u>Attornment to Successor Lessors</u> .....	38
Section 20.3.	<u>Notice of Default to Superior Interest</u> .....	39
Section 20.4.	<u>Non-Disturbance Agreement</u> .....	39

ARTICLE XXI  
PURCHASE PROCEDURE

Section 21.1.	<u>Purchase Option</u> .....	39
---------------	------------------------------	----

ARTICLE XXII  
TRANSFER OF LESSOR'S INTEREST

Section 22.1.	<u>No Permitted Transfer</u> .....	42
---------------	------------------------------------	----

ARTICLE XXIII  
PERMITTED FINANCING; ASSUMPTION; REFINANCING

Section 23.1.	<u>Financing During Term</u> .....	42
Section 23.2.	<u>Lessee's Consent to Assignment for Indebtedness</u> .....	43
Section 23.3.	<u>Refinancing</u> .....	45

ARTICLE XXIV  
MISCELLANEOUS

Section 24.1.	<u>Binding Effect; Successors and Assigns Survival</u> .....	45
Section 24.2.	<u>Quiet Enjoyment</u> .....	45
Section 24.3.	<u>Notices</u> .....	45
Section 24.4.	<u>Severability</u> .....	46
Section 24.5.	<u>Amendment, Complete Agreements</u> .....	46
Section 24.6.	<u>Headings</u> .....	46
Section 24.7.	<u>Counterparts</u> .....	46
Section 24.8.	<u>Governing Law</u> .....	46
Section 24.9.	<u>Estoppel Certificates</u> .....	47
Section 24.10.	<u>Easements</u> .....	47
Section 24.11.	<u>No Joint Venture</u> .....	48
Section 24.12.	<u>No Accord and Satisfaction</u> .....	48
Section 24.13.	<u>No Merger</u> .....	48
Section 24.14.	<u>Naming and Signage of the Condominium Unit</u> .....	48
Section 24.15.	<u>Expenses</u> .....	48
Section 24.16.	<u>Investments</u> .....	49
Section 24.17.	<u>Further Assurances</u> .....	49
Section 24.18.	<u>Conveyance Expenses</u> .....	49
Section 24.19.	<u>Independent Covenants</u> .....	49
Section 24.20.	<u>Lessor Exculpation</u> .....	49
Section 24.21.	<u>Remedies Cumulative</u> .....	50
Section 24.22.	<u>Holding Over</u> .....	50
Section 24.23.	<u>Survival</u> .....	50
Section 24.24.	<u>Memorandum</u> .....	51
Section 24.25.	<u>Restrictions on Lessor</u> .....	51

THIS HOTEL TOWER LEASE AGREEMENT (this "Agreement" or this "Lease") is made and entered into as of \_\_\_\_\_, 2005, by and between Redevelopment Authority of the City of Lancaster, a body politic and corporate existing under the laws of the Commonwealth of Pennsylvania ("Lessor") and Penn Square Partners, a Pennsylvania limited partnership ("Lessee").

## RECITALS

A. City Council of the City of Lancaster ("City Council"), upon recommendation of the Planning Commission of the City of Lancaster ("Planning Commission") adopted in 1993 a City of Lancaster Comprehensive Plan in accordance with the Pennsylvania Urban Redevelopment Law 35 P.S. § 1701 as a comprehensive general plan for the development of the City of Lancaster and found that the Redevelopment Area was blighted.

B. On October 21, 1998, the Planning Commission adopted a Strategic Economic Redevelopment Plan citing and certifying that the condition of 35 P.S. § 1702 are found in the Redevelopment Area as adopted by the City of Lancaster in 1993. The Planning Commission found and certified that the replanning and redevelopment of such areas in accordance with sound Redevelopment Proposals prepared by the Redevelopment Authority, recommended by the Planning Commission and approved by the City Council will promote the public health, safety, convenience and welfare.

C. The Redevelopment Plan sets forth goals and objectives for the Redevelopment Area as set forth in the Strategic Economic Redevelopment Plan.

D. Unit 2, as hereinafter defined, is located within the Redevelopment Area and the Redevelopment Authority of the City of Lancaster is desirous of developing Unit 2 in furtherance of the Comprehensive Plan and the Strategic Economic Redevelopment Plan.

E. On April 5, 2005, Lessor approved a Redevelopment Proposal for the Project and recommended its approval to the City Council. The Redevelopment Proposal, among other things, will authorize the Lessor to own Unit 2, to construct the improvements contemplated by this Agreement, to lease to Lessee and to issue bonds to finance the construction of the improvements. The City Council approved the Redevelopment Proposal on May 10, 2005.

F. Pursuant thereto, Lessor desires to let and lease to Lessee, and Lessee desires to rent from Lessor, the Condominium Unit, and Lessor desires to grant and delegate to Lessee and Lessee desires to accept and assume certain rights, duties and obligations as described in this Agreement, all in fulfillment of the Comprehensive Plan and the Strategic Economic Redevelopment Plan and the Redevelopment Proposal.

## TERMS

NOW THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

## ARTICLE I DEFINITIONS

### Section 1.1. Definitions.

The capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in Appendix A hereto for all purposes hereof.

## ARTICLE II LEASE OF PROPERTY

### Section 2.1. Demise and Lease.

(a) Lessor hereby demises and leases the Original Premises to Lessee, and Lessee does hereby rent and lease the Original Premises from Lessor, for the Initial Term.

(b) Lessor shall demise and lease Unit 2 to Lessee and Lessee shall hereby rent and lease Unit 2 from Lessor for the Interim Term.

(c) Lessor shall demise and lease Unit 2 to Lessee and Lessee shall hereby rent and lease Unit 2 from Lessor for the Base Term.

(d) Lessee may from time to time own or hold under lease or license from Persons other than Lessor furniture, equipment and personal property, including Lessee's Furniture, Fixtures, Equipment and Personalty, located on or about the Condominium Unit, which shall not be subject to this Lease or included in the term "Condominium Unit." Lessor shall from time to time, upon the reasonable request of Lessee, promptly acknowledge in writing to Lessee or other Persons that Lessor does not own or, except as provided in Article X, have any other right or interest in or to such furniture, equipment and personal property, including Lessee's Furniture, Fixtures, Equipment and Personalty, and Lessor hereby waives any such right, title or interest, whether pursuant to statute or common law. Lessee agrees to make an initial investment in the Hotel, including, but not limited to, fixtures, furniture, equipment, pre-opening expenses, working capital, third-party consultant fees, technical services fees, and development fees, for the Hotel and restaurant of approximately \$10 million (\$10,000,000.00) and to equip the Hotel in the manner required by Marriott International or any of its Affiliates pursuant to the Marriott Franchise Agreement.

(e) Lessee acknowledges that Unit 2 is part of a condominium regime containing the Hotel, the Convention Center and common elements and limited common elements, if any (the "Condominium Regime"). Except as otherwise provided herein, Lessee shall perform all acts and obligations, whether affirmative or negative, that are required by Lessor which pertain to the Condominium Unit. Except as otherwise provided herein, with respect to the other unit owners in the Condominium Regime, Lessee shall be deemed responsible for all duties, obligations and liabilities of the Lessor under the Condominium Regime for the term of this Lease.

(f) The Lease and the rights and privileges of Lessee thereunder shall be subject to the terms and conditions of the IDP Loan and the IDP Mortgage.

(g) Lessee shall have the right to cancel this Lease during the Interim Term if after two (2) years from the commencement of the Interim Term, the construction of the Improvements is not commenced. Either party may cancel this Lease during the Interim Term if the Improvements are not completed within ten (10) years after the commencement of the Interim Term.

(h) Lessor reserves to itself during the Interim Term all rights required for construction of the Improvements for Lessee as set forth in this Lease.

(i) Notwithstanding anything contained herein, Lessor has granted a purchase option to LCCCA during the Initial Term and that portion of the Interim Term until the construction of the foundation has commenced for both the Hotel and the Convention Center. Upon the purchase option to being exercised by LCCCA, this Lease shall terminate and be of no further force and effect and Lessor and Lessee hereby release each other from all liability and responsibility to one another pursuant to this Lease. The Agreement to Transfer and Reimbursement Agreement between Lessor and Lessee confers additional option rights and rights of first refusal upon Lessee in the event this Lease is terminated which in no way shall be affected by the termination of this Lease.

### **ARTICLE III RENT**

#### **Section 3.1. Initial Rent; Interim Rent; Base Rent; IDP Debt Service.**

Lessee shall pay to Lessor Initial Rent during the Initial Term commencing on the first day of such term; Interim Rent during the Interim Term commencing on the first day of such term; and Base Rent during the Base Term commencing on the Commencement Date of the Base Term. With respect to the Interim Term and the Base Term, payments shall be made ten (10) days prior to the periodic payment date required for payment of debt service and other payments to be made pursuant to the Bond Financing and the Bond Financing Documents. During the Initial Term the Interim Term and the Base Term, Lessee shall pay the IDP Debt Service in accordance with the provisions of the IDP Loan until the IDP Loan is fully paid.

#### **Section 3.2. Additional Rent.**

Lessee shall pay to Lessor, or to such other Person as shall be entitled thereto Additional Rent in the manner contemplated herein or as otherwise required by Lessor as the same shall become due and payable. Unless the due date for a particular item of Additional Rent is specified elsewhere in this Lease, Additional Rent payable to Lessor shall be due and payable by Lessee on the due date of such particular item of Additional Rent provided Lessor has given Lessee notice of the due date of such item if Lessee does not otherwise have notice thereof, or if no such date is specified, ten (10) Business Days after written notice from Lessor. In the event of Lessee's failure to pay when due and payable any Additional Rent after the expiration of any



applicable notice and cure periods, Lessor shall have all rights, powers and remedies provided for herein or by law or in equity or otherwise as in the case of nonpayment of Base Rent.

Section 3.3. Minimum Participation Rent.

Commencing on the Commencement Date of the Base Term, Lessee shall pay to Lessor the Minimum Participation Rent or, if directed by Lessor, shall make the payment directly to the City of Lancaster. Lessee shall provide a guarantee with credit acceptable to the Lessor who will guarantee the payment of the Minimum Participation Rent for the term of the Lease.

Section 3.4. Participation Percentage Rental Payment; Audit.

(a) Commencing on the Commencement Date of the Base Term, Lessee shall pay to Lessor or to the City of Lancaster if directed by Lessor, the Participation Percentage Rental Payment. Payment shall be made by April 1 of each year for the preceding calendar year and, simultaneously therewith, Lessee shall deliver to Lessor and to said City a certification executed by the Lessee certifying the following: (i) Net Cash Flow from the operation of the Hotel and Condominium Unit for the previous calendar year, and (ii) the Preferred Return for the calendar year taking into account and showing the cumulative cash-on-cash Preferred Return on Lessee's Equity up to and including the period from the opening of the Hotel to the end of the previous year.

(b) Lessee shall provide Lessor reasonable access to books and records concerning the operations of the Hotel upon reasonable notice for purposes of verifying amounts set forth in its certification filed pursuant to this Article. Lessee shall, at its own expense, cause to be undertaken by an independent certified public accountant an audit of such books and records for the purposes stated in the preceding sentence. In the event that the accountant, as a result of the audit, determines that Lessee has made payments to Lessor for the applicable calendar year which are in excess of the amounts due pursuant to this Section 3.4, Lessor shall return the amount of such excess to Lessee within thirty (30) days of receipt of such determination. In the event that the accountant, as a result of the audit, determines that Lessee has made payments to the Lessor for the applicable calendar year which are less than the amounts due pursuant to this Section 3.4, Lessee shall pay to Lessor the amount of such deficiency within thirty (30) days of receipt of such determination.

Section 3.5. Method of Payment.

Base Rent, Additional Rent and Minimum Participation Rent payable to Lessor, shall be paid to Lessor or its designee to such account as Lessor shall (at least ten (10) Business Days prior to the due date therefor) specify in writing to Lessee; provided, however, that notwithstanding anything to the contrary contained herein, until such time as Lessor and Lender shall irrevocably instruct Lessee in writing, Lessor hereby irrevocably directs and Lessee agrees, that all Base Rent and all Additional Rent not payable by Lessee to third parties or Governmental Authorities or to Lessor by virtue of Articles XVIII and all late payments with respect thereto, shall be paid in immediately available funds to the parties designated by the Bond Financing Documents. Lessee shall pay all Additional Rent to the parties specified in the Condominium Documents. Lessee shall pay all Impositions to the appropriate taxing authority. The Minimum

Participation Rent shall be paid in accordance with Section 3.3 above. The Participation Percentage Rental Payment shall be made in accordance with Section 3.4 above. To the extent Lessor Administrative Costs are not payable to a third party in connection with the Bond Financing Documents, the IDP Loan or the IFIP Grant and the IFIP Grant Agreement and any financing in connection therewith, such costs shall be paid by Lessee directly to the Lessor.

Section 3.6. Late Payment.

If any payment of any Base Rent, Additional Rent or Minimum Participation Rent payable to Lessor shall be delinquent, Lessee shall pay interest thereon from the date such payment became due and payable to the date of receipt thereof by Lessor at a rate per annum equal to the Default Rate. If any Excepted Payments or payment of Base Rent or Additional Rent (payable to anyone other than Lessor) shall be delinquent, Lessee shall pay to the Person entitled thereto, as Additional Rent, an amount equal to the late charges (if any) actually due and payable thereon, including any amounts due as late charges under any of the Bond Financing Documents. Lessee acknowledges its responsibility to pay late charges and penalties owed to any third party by reason of Lessee's failure to pay when due Base Rent, or Additional Rent owed to such Person.

Section 3.7. Net Lease, No Setoff, Etc.

This Lease is a net lease, exclusive of any real estate taxes imposed despite Lessor's status as a Redevelopment Authority immune from local taxation or any other tax, and it is agreed and intended that Base Rent, Additional Rent, Minimum Participation Rent, and any other amounts payable hereunder by Lessee shall be paid without notice, except to the extent otherwise expressly specified in this Lease, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction and that Lessee's obligation to pay all such amounts, throughout the Base Term and all applicable Renewal Terms is absolute and unconditional. Except to the extent otherwise expressly specified in this Lease, the obligations and liabilities of Lessee hereunder shall in no way be released, discharged or otherwise affected for any reason, including without limitation: (a) any defect in the condition, merchantability, design, quality or fitness for use of the Condominium Unit or any part thereof, or the failure of the Condominium Unit to comply with all Applicable Laws, including any inability to occupy or use the Condominium Unit by reason of such noncompliance; (b) any damage to, removal, abandonment, salvage, loss, condemnation, theft, scrapping or destruction of or any requisition or taking of the Condominium Unit or any part thereof, or any environmental conditions on the Condominium Unit or any property in the vicinity of the Condominium Unit; (c) any restriction, prevention or curtailment of or interference with any use of the Condominium Unit or any part thereof including eviction; (d) any defect in title to or rights to the Condominium Unit or any Lien on such title or rights to the Condominium Unit; (e) any change, waiver, extension, indulgence or other action or omission or breach in respect of any obligation or liability of or by any Person; (f) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceedings relating to Lessee or any other Person, or any action taken with respect to this Lease by any trustee or receiver of Lessee or any other Person, or by any court, in any such proceeding; (g) any right or claim that Lessee has or might have against any Person, including without limitation Lessor, Lender, or any vendor, manufacturer, contractor of or for the Condominium Unit; (h) any invalidity,

unenforceability, rejection or disaffirmance of this Lease by operation of law or otherwise against or by Lessee or Lessor or any provision hereof or any of the other Operative Documents or any provision of any thereof; (i) the impossibility of performance by Lessee or Lessor, or both; (j) any action by any court, administrative agency or other Governmental Authority; (k) any interference, interruption or cessation in the use, possession or quiet enjoyment of the Condominium Unit pursuant to Section 24.2 or otherwise; or (l) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether foreseeable or unforeseeable, and whether or not Lessee shall have notice or knowledge of any of the foregoing.

EXCEPT AS SPECIFICALLY SET FORTH IN THIS LEASE, THIS LEASE SHALL BE NONCANCELLABLE BY LESSEE FOR ANY REASON WHATSOEVER AND, EXCEPT AS EXPRESSLY PROVIDED IN THIS LEASE, LESSEE, TO THE EXTENT NOW OR HEREAFTER PERMITTED BY APPLICABLE LAWS, WAIVES ALL RIGHTS NOW OR HEREAFTER CONFERRED BY STATUTE OR OTHERWISE TO QUIT, TERMINATE OR SURRENDER THIS LEASE OR TO ANY DIMINUTION, ABATEMENT OR REDUCTION OF RENT PAYABLE HEREUNDER. UNDER NO CIRCUMSTANCES OR CONDITIONS SHALL LESSOR BE EXPECTED OR REQUIRED TO MAKE ANY PAYMENT OF ANY KIND HEREUNDER OR HAVE ANY OBLIGATIONS WITH RESPECT TO THE USE, POSSESSION, CONTROL, MAINTENANCE, ALTERATION, REBUILDING, REPLACING, REPAIR, RESTORATION OR OPERATION OF ALL OR ANY PART OF THE PROPERTY, SO LONG AS THE PROPERTY OR ANY PART THEREOF IS SUBJECT TO THIS LEASE, AND LESSEE EXPRESSLY WAIVES THE RIGHT TO PERFORM ANY SUCH ACTION AT THE EXPENSE OF LESSOR PURSUANT TO ANY LAW.

Section 3.8. Initial Rent and Interim Rent Payment.

Initial Rent and Interim Rent payments shall be paid upon execution of this Lease; provided, however, that the portion or portions of Initial Rent and Interim Rent constituting Additional Rent shall be paid in accordance with Section 3.2 and the portion or portions representing Lessor Administrative Costs shall be paid on the due dates therefor specified in the Bond Financing Documents or, if not specified therein, (a) as to amounts due and payable to third parties by or on behalf of Lessor of which such amounts are due and payable to said third parties and (b) as to other amounts, on the date or dates specified by Lessor to Lessee.

Section 3.9. Cost of Credit Enhancement.

To the extent Lessee, in its sole discretion, determines that a form of credit enhancement for the Bond Financing including, without limitation, a letter of credit or bond insurance, is necessary or desirable, Lessee shall procure such credit enhancement which shall be a cost of the project. Lessee shall be permitted to secure the payment of the credit enhancement by creating a lien on Lessee's interest in Unit 2. To the extent any provider of any credit enhancement determines, in its sole discretion, that it is necessary for Lessor to join in the security instrument for the purpose of subjecting Lessor's fee simple interest in Unit 2 so as to permit the credit enhancer, in the event of a default, to own a fee simple interest, Lessor agrees to join in the security instrument provided that Lessor shall have no additional liability beyond its fee simple interest in Unit 2.

## ARTICLE IV CONSTRUCTION OF IMPROVEMENTS

### Section 4.1. Construction.

Lessee acknowledges that the Condominium Unit is to be improved with an approximately 300 room first-class hotel, a restaurant, front desk, administrative offices, and ancillary improvements, all as more specifically defined on the plans and specifications ("Plans") listed on Schedule 4.1 attached hereto and incorporated herein by reference. Lessor agrees to complete the Improvements in accordance with the Plans pursuant to a construction management agreement (including, without limitation, M/W/BE goals, non-discrimination requirements and prevailing wage requirements of the City of Lancaster, Commonwealth of Pennsylvania and the United States of America) with a qualified construction manager and sub-construction manager with guaranteed maximum prices from each initial prime sub-contractor performing the work for each trade ("Prime Sub-Contracts"), all as selected by Lessee and approved by Lessor, which approval shall not be unreasonably withheld (the "Construction Contract").

### Section 4.2. Payment of Cost Overages; Return of Cost Savings.

Lessee acknowledges and agrees that it will pay the cost of all change orders to the Prime Sub-Contracts and Construction Contract which result from a change required or requested by Lessee and the costs in excess of allowances specified in the Prime Sub-Contracts pursuant to the Construction Contract; provided, such costs result in an increase to the price to any Prime Sub-Contract or the Construction Contract as a whole. All other change orders to the Prime Sub-contracts and Construction Contract shall be paid by the Lessor. The utilization of cost savings with respect to the Hotel shall be determined by Lessee in its sole discretion and shall be used by Lessee to construction finance maintain and operate the Hotel. Lessor shall not be entitled to use cost savings for any other purpose.

### Section 4.3. Payment and Performance Bonds.

The Construction Contract shall comply with all requirements of the Urban Redevelopment Act, 35 P.S. § 1711, with respect to payment and performance bonds.

### Section 4.4. Non-Discrimination Covenants.

No person shall be deprived of any use, sale or lease of the Improvements, the Hotel or any other part of the facilities and property subject to this Lease by reason of race, creed, color or national origin, nor shall any person be denied employment at the Hotel or any other part of said facilities or property by reason of race, creed, color or national origin.

### Section 4.5. IFIP Non-Discrimination Covenants.

During the term of this Lease, the Lessee agrees, as to itself and as to each occupant of the facilities acquired or constructed in whole or in part with proceeds of the IFIP Grants and controlling, controlled by or under common control with the Lessee (each, for purposes of this Section, being referred to as a "Contractor") as follows:

(a) Contractor shall not discriminate against any employee, applicant for employment, independent contractor or any other Person because of race, color, religious creed, handicap, ancestry, national origin, age or sex. Contractor shall take affirmative action to insure that applicants are employed, and that employees or agents are treated during employment, without regard to their race, color, religious creed, handicap, ancestry, national origin, age or sex. Such affirmative action shall include, but is not limited to: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training. Contractor shall post in conspicuous places, available to employees, agents, applicants for employment and other persons, a notice to be provided by the contracting agency setting forth the provisions of this Section.

(b) Contractor shall in advertisements or requests for employment placed by it or on its behalf, state that all qualified applicants will receive consideration for employment without regard to race, color, religious creed, handicap, ancestry, national origin, age or sex.

(c) Contractor shall send each labor union or workers' representative with which it has a collective bargaining agreement or other contract or understanding, a notice advising said labor union or workers' representative of its commitment to this nondiscrimination clause. Similar notice shall be sent to every other source of recruitment regularly utilized by Contractor.

(d) It shall be no defense to a finding of noncompliance with this Section that Contractor had delegated some of its employment practices to any union, training program or other source of recruitment which prevents it from meeting its obligations. However, if the evidence indicates that Contractor was not on notice of the third-party discrimination or made a good faith effort to correct it, such factor shall be considered in mitigation in determining appropriate sanctions.

(e) Where the practices of a union or of any training program or other source of recruitment will result in the exclusion of minority group persons, so that Contractor will be unable to meet its obligations under this Section, Contractor shall then employ and fill vacancies through other nondiscriminatory employment procedures.

(f) Contractor shall comply with all state and federal laws prohibiting discrimination in hiring or employment opportunities. Noncompliance with this Section will constitute an Event of Default under this Lease.

(g) Contractor shall furnish all necessary employment documents and records to, and permit access to its books, records and accounts by, the Lessor for purposes of investigation to ascertain compliance with the provisions of this Section. If Contractor does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the Lessor.

(h) Contractor shall actively recruit minority subcontractors and women subcontractors or subcontractors with substantial minority or women representation among their employees.

(i) Contractor shall include the provisions of this Section in every subcontract, so that such provisions will be binding upon each subcontractor.

(j) Contractor obligations under this Section are limited to Contractor's facilities within Pennsylvania or, where the contract is for purchase of goods manufactured outside of Pennsylvania, the facilities at which such goods are actually produced.

(k) Contractor shall cooperate with Lessor in making appropriate certification of compliance with these covenants to DCED in connection with the IFIP Grants.

**Section 4.6. Project Cost Certification.**

Lessor and Lessee shall cooperate with one another to cause the construction manager and sub-construction manager and each prime sub-contractor performing work on the Improvements, to provide or submit to Lessor a project cost certification performed by one or more independent, third-party certified public accountants establishing the actual total construction costs incurred and paid by Lessor, Lessee, and each prime contractor in connection with the Improvements. Lessor and Lessee agree that the receipt of such construction cost certification shall be a condition for receiving a certificate of completion of the Improvements to the extent required by Section 11 of the Urban Redevelopment Law of the Commonwealth of Pennsylvania, as amended, 35 P.S. §1711

**ARTICLE V  
INTENTIONALLY OMITTED**

**ARTICLE VI  
LESSEE'S ACCEPTANCE OF PROPERTY; ENFORCEMENT OF WARRANTIES**

**Section 6.1. Waivers.**

The Condominium Unit is demised and let by Lessor "AS IS" in its present condition, subject to (a) the rights of any parties in possession thereof (other than rights, if any, granted by Lessor), (b) the state of the title thereto existing at the time of the commencement of the Lease Term (other than defects in, or exceptions to, title, if any, created by Lessor), (c) any state of facts which an accurate survey or physical inspection might show, (d) all Applicable Laws and Operative Documents, (e) any violations of Applicable Laws which may exist at the commencement of the Lease Term and (f) the presence of any Hazardous Materials at or under the Condominium Unit or at or under any property in the vicinity of the Condominium Unit.

LESSOR HAS NOT MADE OR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OR SHALL BE DEEMED TO HAVE ANY LIABILITY WHATSOEVER AS TO THE VALUE, HABITABILITY, CONDITION, DESIGN, OPERATION, LOCATION, USE, DURABILITY, MERCHANTABILITY, CONDITION OF TITLE, OR FITNESS FOR USE OF THE PROPERTY (OR ANY PART THEREOF) FOR ANY PARTICULAR PURPOSE, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED,

WITH RESPECT TO THE PROPERTY (OR ANY PART THEREOF) AND NONE OF LESSOR, ANY AFFILIATE THEREOF OR LENDER OR ANY DESIGNEE THEREOF SHALL BE LIABLE FOR ANY LATENT, HIDDEN, OR PATENT DEFECT THEREIN OR FOR THE FAILURE OF THE PROPERTY, OR ANY PART THEREOF, TO OTHERWISE COMPLY WITH ANY APPLICABLE LAWS; PROVIDED, HOWEVER, NOTHING HEREIN SHALL NEGATE THE RIGHT OF LESSEE TO ENFORCE ANY WARRANTY RECEIVED FROM THE CONSTRUCTION MANAGER OR ANY OF THE PRIME SUBCONTRACTORS OR OTHER PARTIES CONSTRUCTING THE CONDOMINIUM UNIT IN ACCORDANCE WITH THE PROVISIONS OF THIS LEASE.

It is agreed that Lessee has inspected the Condominium Unit, is satisfied with the results of its inspections of the Condominium Unit and is entering into this Lease solely on the basis of the results of its own inspections and all risks incident to the matters discussed in the preceding sentence. The provisions of this Article VI have been negotiated, and the foregoing provisions are intended to be a complete exclusion and negation of any representations or warranties by Lessor, any Affiliate thereof or Lender, express or implied, with respect to the Condominium Unit, that may arise pursuant to any law now or hereafter in effect, or otherwise and specifically negating any warranties under the Uniform Commercial Code.

Section 6.2. Lessee's Right to Enforce Warranties.

(a) Subject to paragraph (b) below, Lessor hereby assigns and sets over to, and Lessee hereby accepts the assignment of all of Lessor's right, title and interest, and estate in, to and under, any and all warranties and other claims against dealers, manufacturers, vendors, architects, contractors and subcontractors relating to the construction, use and maintenance of the Condominium Unit or any portion thereof now existing or hereafter acquired (excluding from such assignment any such warranties and claims which by their terms are not assignable by Lessor without loss by reason of such assignment, of some or all of the benefits of such warranties or claims); provided, however, that Lessor shall have no obligations under, or liabilities with respect to, any such warranties and claims.

(b) Unless a Lease Event of Default shall have occurred and be continuing, Lessor authorizes Lessee (directly or through agents) at Lessee's expense to, and Lessee, to the extent consistent with customary business practices, shall, assert diligently for Lessor's account, during the Lease Term, all of Lessor's rights (if any) under any applicable warranty and any other claim that Lessee or Lessor may have against any architect, dealer, vendor, manufacturer, contractor or subcontractor with respect to the Condominium Unit or any portion thereof. Any amount recovered by Lessor during a Lease Event of Default shall be applied to Lessee's obligations.

(c) Unless a Lease Event of Default shall have occurred and be continuing, Lessor agrees, at Lessee's expense, to cooperate with Lessee and take all other action necessary as specifically requested by Lessee to enable Lessee to enforce all of Lessee's rights (if any) under this Section 6.2, such rights of enforcement to be exclusive to Lessee, and Lessor will not, during the Lease Term, amend, modify or waive, or take any action under, any applicable warranty and any other claim that Lessee may have under this Section 6.2 without Lessee's prior written consent. Lessee agrees at its expense, to the extent consistent with customary business

practices, to diligently assert all of its rights under such warranties and any other claims that Lessee may have against such vendor, manufacturer, contractor or subcontractor with respect to the Condominium Unit or any portion thereof. If Lessee fails to assert such rights and claims and to pursue the same diligently after written demand to do so from Lessor, Lessor may assert the same.

Section 6.3. Waiver of Landlord's Lien.

Twenty (20) days after receipt of written request from time to time therefor, Lessor shall execute and deliver to Lessee the form of Landlord's Waiver annexed hereto as Schedule 6.3 in connection with any financing or leasing by Lessee of Lessee's Furniture, Fixtures, Equipment and Personalty.

Section 6.4. Voting Rights under the Condominium Documents.

Lessor agrees that Lessee, during the term of this Lease and any Renewal Terms thereof, shall have all rights of Lessor as a "Unit Owner" under the Condominium Declaration, including, but not limited to, the right to (i) exercise all voting rights of Lessor as a "Unit Owner" under the Condominium Declaration, and (ii) elect a member to serve on the executive board of the Condominium Association. Lessee shall have only those obligations of Lessor as a Condominium Owner as are set forth in this Lease. Lessee agrees to defend, save and hold Lessor harmless against any costs, expenses, suits, judgments, or claims incurred by Lessor as a result of Lessee's acts with respect to the designation of voting rights. Lessee may not do or fail to do anything by which Lessor's ownership rights under the Condominium Documents may be materially adversely affected, without Lessor's prior written consent.

**ARTICLE VII**  
**LIENS**

Section 7.1. Liens.

(a) Lessee shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Condominium Unit, title thereto or any interest therein, to this Lease or the leasehold interest created hereby, or to the Rent, title thereto or interest therein, or the rentals payable with respect to the subletting of the Condominium Unit, except Permitted Liens. Lessee shall promptly, but not later than thirty (30) days after Lessee has Actual Knowledge of the filing thereof, at its own expense, take such action as may be necessary duly to discharge or eliminate or bond in a manner reasonably satisfactory to Lessor any such Lien (other than Permitted Liens). Lessee shall nevertheless discharge any lien on Lessee's Furniture, Fixtures, Equipment and Personalty before any loss or forfeiture of Lessee's Furniture, Fixtures, Equipment and Personalty that would materially and adversely affect operation of the Hotel, even though such lien is a Permitted Lien.

(b) NOTHING CONTAINED IN THIS LEASE SHALL BE CONSTRUED AS CONSTITUTING THE CONSENT OR REQUEST OF LESSOR, EXPRESS OR IMPLIED, TO OR FOR THE PERFORMANCE BY ANY CONTRACTOR, LABORER, MATERIALMAN, OR VENDOR OF ANY LABOR OR SERVICES OR FOR THE



FURNISHING OF ANY MATERIALS FOR ANY CONSTRUCTION, ALTERATION, ADDITION, REPAIR OR DEMOLITION OF OR TO THE PROPERTY OR ANY PART THEREOF, WHICH WOULD RESULT IN ANY LIABILITY OF LESSOR FOR PAYMENT THEREFOR. NOTICE IS HEREBY GIVEN THAT LESSOR WILL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO LESSEE, OR TO ANYONE HOLDING AN INTEREST IN THE PROPERTY OR ANY PART THEREOF THROUGH OR UNDER LESSEE, AND THAT NO MECHANICS OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LESSOR IN AND TO THE PROPERTY.

## **ARTICLE VIII USE AND REPAIR**

### **Section 8.1. Use.**

The Condominium Unit shall be used only for hotel, convention center and related purposes, but in no event shall the Condominium Unit be used for (i) the operation of a public nuisance or any use that would materially increase the risk of Lessor incurring environmental liability, (ii) any use that would make it impossible to obtain or would invalidate any insurance policy of the Condominium Unit in question, provided such policy is required to be maintained hereunder, (iii) any use that would violate Applicable Laws or the Operative Documents, (iv) any use that would involve the mining for, or removal of, any oil, gas or minerals, or (v) any use that involves the manufacture, generation, use, storage, handling or processing of Hazardous Materials unless incidental to a use permitted under this Section 8.1 (a "Permitted Use"), and then only in compliance with Environmental Laws).

Lessee shall use the Improvements for only for their intended purposes for the whole period of time over which the Lessor is receiving IFIP Grants, and shall hold harmless and indemnify the Lessor for any amounts required to be repaid to the Commonwealth in respect of IFIP Grants by reason of Lessee's failure to use the Improvements for the period of time the Lessor is receiving IFIP Grants

Lessee shall not use the Improvements for any purpose other than for use as a Hotel with meeting and conference facilities during the term of this Lease and the period over which the Lessor is receiving IFIP Grants without the written consent of Lessor and, if required by the IFIP Grant Agreement, the written consent of DCED of the Commonwealth of Pennsylvania.

### **Section 8.2. Maintenance.**

Lessee, at its own expense, shall at all times, (i) maintain the Condominium Unit in first-class condition and repair, (ii) maintain the Condominium Unit in accordance with the requirements of all insurance policies relating to the Condominium Unit required to be maintained hereunder and in compliance with Applicable Laws and the Operative Documents, and (iii) make repairs and Alterations of the Condominium Unit necessary to keep the same in the condition required by the preceding clauses (i) and (ii), whether interior or exterior, structural or nonstructural, ordinary or extraordinary, foreseen or unforeseen and regardless of whether

such expenditures would constitute expenses under GAAP if made by the owner of the Condominium Unit.

Section 8.3. Alterations.

(a) Provided that no Lease Event of Default has occurred and is continuing, at any time and from time to time, Lessee, at its sole cost and expense, may make (1) any Non-Structural Alterations, (2) Structural Alterations to the Condominium Unit costing \$1,000,000 or less on any one occasion during the Term after giving ten (10) days' prior written notice to Lessor and Lender, but without obtaining Lessor's or Lender's prior consent; and (3) Structural Alterations to the Condominium Unit costing in excess of \$1,000,000 on any one occasion during the Term after giving prior notice to Lessor and Lender, and obtaining Lessor's and Lender's prior written consent, which consent may not be unreasonably withheld or delayed; provided that no Alteration shall (i) impair in any material respect the utility, remaining useful life or current or residual fair market value of the Condominium Unit, in each case assuming that the Improvements are then being operated and maintained in accordance with this Article VIII, (ii) cause the Condominium Unit to be characterized as "limited use property" (as described in Section 4.09 of Revenue Procedure 75-28 or Revenue Procedure 76-30), or (iii) include the installation of any underground storage tank or otherwise increase in any material respect the risk of liability to Lessor or Lender, under any Environmental Laws; provided, however, any Alteration required to comply with the Marriott license agreement for the hotel shall be permitted after notice to the Lessor without Lessor's consent. Any Alterations not expressly permitted hereunder shall require Lender's consent, not to be unreasonably withheld or delayed. The amount stated in subclauses (1), (2), and (3) of this Section 8.3(a) (that is, \$1,000,000) shall be adjusted upward (but not downward) each year by the CPI Increase.

(b) Every Alteration shall comply with the following terms (which compliance shall be at Lessee's sole cost and expense): (1) the Alteration shall be built under the supervision of a certified architect who shall be licensed in the appropriate jurisdiction to the extent required for the filing of any plans in connection with such Alteration (which architect may be an employee of Lessee or its Affiliates), except when such Alterations are not, or do not include, Structural Alterations and the cost of such Alterations is, in the aggregate, less than \$1,000,000, (2) in the written opinion of a certified architect, duly licensed in the appropriate jurisdiction, the structural integrity of the existing Improvements will not be impaired upon completion of such work, (3) Lessee shall comply with all Applicable Laws and the Operative Documents, (4) Lessee shall obtain any licenses or permits required, copies of which shall be delivered to Lessor upon written request, and (5) such Alterations will not encroach upon any adjacent premises unless appropriate easements and consents shall have been obtained, and such encroachment shall be de minimis in nature. In connection with any Alteration, Lessee shall perform and complete all work in a good and workmanlike manner in compliance with Applicable Laws without the imposition of any Liens or assessments other than Permitted Liens. Lessee shall maintain or cause to be maintained at all times during construction all builder's risks insurance and comprehensive general liability insurance required under this Lease naming Lessor, Lender and such other Persons as may be required by Lessor as additional insureds.

(c) With respect to such Structural Alterations for which Lessee must obtain the consent of Lender pursuant to the terms of this Lease, Lender shall each have thirty (30) days

after Lessee's delivery of its request for consent, together with preliminary drawings and specifications for such Alterations. Lender shall have the right, within ten (10) days of receipt of such request for consent, to request in writing reasonable additional information as shall be reasonably necessary to provide an informed response with respect to the Alterations and any delay beyond five (5) Business Days in Lessee supplying Lender with such information shall extend the thirty (30) day period by a period equal to the delay occasioned in supplying the requested information to Lender for the consent of Lender. If Lender shall have not within such thirty (30) day period notified Lessee that such consent will not be granted (which notice, to be effective, must be accompanied with a reasonably detailed explanation for Lender's denial of consent), Lessee may give a second notice which clearly shall state that the failure to respond within seven (7) days shall be a deemed consent. If Lender shall not, within seven (7) days after such second notice (and such second notice specified therein that the failure to respond within seven (7) days shall constitute deemed consent), notify Lessee that such consent will not be granted (which notice, to be effective, must be accompanied with a reasonably detailed explanation for Lender's denial of consent), such consent shall be deemed to have been granted. All reasonable costs of review by persons not employees of Lessor incurred by Lessor or Lender (whether or not the Alteration is approved) shall be paid by Lessee within thirty (30) days of receipt of an invoice therefor.

(d) Lessee agrees that all Alterations shall at all times comply with all Applicable Laws and the Operative Documents. Lessee, at its expense, shall (i) obtain all necessary governmental permits, authorizations, approvals and certificates for the commencement and prosecution of such Alterations, (ii) obtain all necessary approvals, if any, under the Operative Documents and (iii) cause all improvements to be performed in a first class and good and workmanlike manner, using new materials and equipment equal in quality to the original installations in Unit 2.

(e) Notwithstanding anything contained herein, if the Bond Financing Documents contained a different standard for Alterations, the Bond Financing Documents shall control.

#### Section 8.4. Title to Alterations.

Title to Alterations (not including Lessee's Furniture, Fixtures, Equipment and Personalty) shall without further act vest in Lessor and shall be deemed to constitute a part of the Condominium Unit and be subject to this Lease in the following cases:

(a) such Alteration shall be in replacement of or in substitution for a portion of the Improvements in existence as of the date hereof.

(b) such Alteration shall be required to be made pursuant to the terms of Section 8.2;

(c) such Alteration shall be nonseverable; or

(d) such Alteration shall be financed or paid for by Lessor.

Lessee shall, at Lessor's request and at Lessee's sole cost and expense, execute and deliver any deeds or assignments reasonably requested by Lessor to evidence the vesting of title in and to such Alterations in Lessor. If an Alteration is not within any of the categories set forth in clauses (a) through (d) of this Section 8.4, then title to such Alteration shall vest in Lessee and shall be removed by Lessee to the extent required in accordance with Article X hereof. All Alterations to which title shall vest in Lessee as aforesaid, so long as removal thereof shall not result in the violation of any Applicable Laws or this Lease, may be removed at any time by Lessee, provided that Lessee shall, at its expense, repair any damage to the Condominium Unit caused by the removal of such Alteration and shall restore the Condominium Unit to substantially the same condition as existed prior to such Alteration (assuming the Condominium Unit was in the condition required by Article VIII immediately before the existence of such Alteration) being made. Lessee shall provide Lessor and Lender with "AS-BUILT" plans for any Alterations costing in excess of \$1,000,000, as well as any Structural Alterations.

**Section 8.5. Limitation on Compliance.**

If, to the extent and for so long as compliance with an Applicable Law shall have been excused or exempted by a nonconforming use permit, variance, waiver, extension or forbearance issued by the Person otherwise entitled to enforce such Applicable Law, then Lessee shall not be required hereunder to comply with such Applicable Law. Lessor shall, at Lessee's expense, cooperate fully with Lessee in connection with seeking any such exemption. Lessor will not be required to join in any proceedings pursuant to this Section 8.5 unless a provision of any Applicable Laws requires, or in the good faith opinion of Lessee it is helpful to Lessee, that such proceedings be brought by or in the name of Lessor; in that event Lessor will join in the proceedings or permit the proceedings to be brought in its name if Lessee pays all reasonable expenses incurred by Lessor in connection with such proceedings, and indemnifies Lessor for all such expenses. Lessee may not assert Lessor's status as a governmental entity in seeking any such exemption, except with respect to ad valorem real estate taxes or any tax adopted as a substitute in whole or in part therefor, without Lessor's prior written consent, which may be withheld for any reason.

**Section 8.6. Compliance with Law; Environmental Compliance.**

Lessee, at Lessee's expense, shall comply or cause compliance at all times with all Applicable Laws and shall comply or cause compliance at all times and perform the obligations required to be performed by Lessee and Lessor under the Operative Documents, in all material respects. Lessee shall secure the issuance of any permits under all Applicable Laws required with respect to Lessee's use and occupancy of the Condominium Unit. Lessee shall notify Lessor and Lender immediately if (i) Lessee becomes aware of the presence of any Hazardous Material (in addition to that which is expressly disclosed and set forth in the Environmental Reports) at, on, under, emanating from, or migrating to, the Condominium Unit in any quantity or manner, which could reasonably be expected to violate any Environmental Law or give rise to any liability or to remediation or other obligations under any Environmental Law, or (ii) Lessee receives any notice, claim, demand or other communication from a Governmental Authority or a third party regarding the presence of any Hazardous Material at, on, under, within, emanating from, or migrating to the Condominium Unit or regarding the

violation of, or noncompliance with, any Applicable Laws or the Operative Documents. Such compliance includes, without limitation, Lessee's obligation, at its expense, to remediate (in accordance with Applicable Law, and this Lease) or cause to be remediated any violation of any Applicable Law, now or hereafter existing, currently known or unknown to Lessee and/or Lessor, as and when such violations are made known to Lessee. In the event that Lessee is required or elects to enter into any remediation plan with respect to any Environment Laws, such remediation plan shall be subject to the prior written approval of Lessor and Lender. Lessee shall have the right to contest any Applicable Law, subject to the following: (i) such contest shall be at its sole cost and expense, (ii) Lessee shall provide prompt notice to Lessor and Lender of the Applicable Law contested and the grounds thereof and shall provide not less than twenty (20) days' prior written notice to Lessor and Lender before instituting any legal proceedings contesting such Applicable Law, (iii) such contest shall be by appropriate legal proceedings conducted in good faith and with due diligence, (iv) such contest will operate (A) to suspend the enforcement of such Applicable Law and suspend the imposition of penalties or fees on account of noncompliance with such Applicable Law, and (B) to suspend the collection of or realization upon any fees, penalties or other costs arising from such noncompliance with any such Applicable Law from the Condominium Unit or other interest of Lessor or Lender, or from any Rent (or otherwise affect Lessee's obligation to pay, and Lessor's right to receive, Rent), (v) such contest will not adversely affect Lender's lien on the Condominium Unit, or Lessor's right to the Condominium Unit, (vi) such contest will not materially and adversely interfere with the possession, use or occupancy or sale of the Condominium Unit and (vii) such contest will not subject Lessor or Lender to any such civil or criminal liability. Lessee shall comply with any Applicable Law and pay any and all fees, penalties and costs associated with any such Applicable Law promptly after forgoing any contest or after receipt of a final adverse judgment, or after notice from Lessor or Lender if such contest is not being performed in accordance with the terms hereof. Lessee may not assert Lessor's status as a governmental entity in seeking any such exemption from Applicable Laws, except with respect to ad valorem real estate taxes or any tax adopted as a substitute in whole or in part therefor, without Lessor's prior written consent, which may be withheld for any reason.

#### Section 8.7. Payment of Impositions.

Lessee shall pay or cause to be paid all Impositions before any fine, penalty, premium, further interest (except as provided in the immediately succeeding sentence with respect to installments) or cost may be assessed or added for nonpayment, such payments to be made directly to the taxing authorities where feasible, and Lessee shall deliver, within ten (10) days before the due date of each Imposition, to Lessor and Lender's copies of receipts, canceled checks or other documentation reasonably satisfactory to Lessor and Lender evidencing payment of Impositions. If any such Imposition may, at the option of Lessee, lawfully be paid in installments (regardless whether interest shall accrue on the unpaid balance of such Imposition), Lessee may exercise the option to pay the same in installments, and in such event Lessee shall pay only those installments that become due and payable during the Lease Term or relate to the Lease Term, as the same become due and before any fine, penalty, premium, further interest or cost may be assessed or added thereto. If a Lease Event of Default shall occur and be continuing, Lessee shall pay to Lessor (or Lender), as Additional Rent in monthly installments amounts equal to the Impositions to be held and applied by Lessor (or Lender) including on such initial payment date such additional amount as shall be necessary to assure that together with the

upcoming months' installment, the full amount of each Imposition shall have been received by Lessor prior to the due date of such Imposition. Lessee shall have the right to contest any Imposition, subject to the following: (i) such contest shall be at its sole cost and expense, (ii) Lessee shall provide prompt notice to Lessor and Lender of the Imposition contested and the grounds thereof, and shall provide not less than twenty (20) days' prior written notice to Lessor and Lender before instituting any legal proceedings contesting such Imposition, (iii) such contest shall be by appropriate legal proceedings conducted in good faith and with due diligence, (iv) if Lessee shall defer payment of such Imposition, such contest will operate to suspend the collection of, or other realization upon such Imposition from the Condominium Unit or other interest of Lessor or Lender, or from any Rent (or otherwise affect Lessee's obligation to pay, and Lessor's right to receive, Rent), (v) such contest will not adversely affect Lender's Lien on the Condominium Unit, or Lessor's right to the Condominium Unit, (vi) such contest will not materially and adversely interfere with the possession, use or occupancy or sale of the Condominium Unit and (vii) such contest will not subject Lessor or Lender to any civil or criminal liability. Lessee shall pay any Imposition (and related costs) promptly after foregoing any contest or after receipt of a final adverse judgment, or after notice from Lessor or Lender that such contest is not being performed in accordance with the terms hereof. RACL reserves the right to contest imposition of any taxes or Impositions that Lessee has not agreed to pay.

#### Section 8.8. Adjustment of Impositions.

Impositions with respect to the Condominium Unit for a billing period during which Lessee's obligation to indemnify Lessor pursuant to this Lease expires or terminates as to the Condominium Unit shall be adjusted and prorated on a daily basis between Lessor and Lessee, whether or not such Imposition is imposed before or after such expiration or termination, and Lessee's obligation to pay its pro rata share thereof shall survive such expiration or termination. In the event that an Imposition in the nature of an assessment that is not payable in installments is imposed with respect to any Improvements affecting the Condominium Unit, Lessee shall pay such assessment completely.

#### Section 8.9. Utility Charges.

Lessee shall pay or cause to be paid all charges for electricity, power, gas, oil, water, telephone, sanitary sewer services and all other utilities used in or on the Condominium Unit during the Lease Term, and such obligation on the part of Lessee shall survive the expiration or earlier termination of this Lease until all such outstanding balances have been paid. Lessee shall be entitled to receive any credit or refund with respect to any utility charge paid by Lessee and the amount of any credit or refund received by Lessor on account of any utility charges paid by Lessee, whether before or after the Closing Date, shall be promptly paid over to Lessee, which obligation shall survive the expiration or earlier termination of this Lease

## **ARTICLE IX INSURANCE**

### **Section 9.1. Coverage.**

(a) Subject to Section 9.1(b), Lessee shall maintain insurance of the types and in the amounts set forth on Schedule 9.1 attached hereto and made a part hereof, which insurance shall be updated annually for coverages and amounts required to adequately insure the Improvements and the risks and liabilities associated therewith. Lessee shall name Lessor as an additional insured on all such policies.

(b) Nothing in this Article IX shall prohibit Lessee from maintaining at its expense insurance on or with respect to the Condominium Unit, naming Lessee as insured and/or loss payee for an amount greater than the insurance required to be maintained under this Section 9.1, unless such insurance would conflict with or otherwise limit the availability of or coverage afforded by insurance required to be maintained under Section 9.1. Nothing in this Section 9.1 shall prohibit Lessor from maintaining at its expense other insurance on or with respect to the Condominium Unit or the operation, use and occupancy of the Condominium Unit, naming Lessor as insured and/or payee, unless such insurance would conflict with or otherwise limit the insurance required to be maintained under Section 9.1.

(c) Irrespective of the cause thereof, Lessor shall not be liable for any loss or damage to any buildings or other portion of the Condominium Unit resulting from fire, explosion or any other casualty. In the event of Lessee's failure to obtain or maintain the insurance called for under this Lease, Lessor and Lender shall have the right, together with Lessor's remedies set forth herein, to obtain the policies of insurance required under this Lease (but not duplicative policies of such insurance) and to bill Lessee for the premium payments therefor, together with interest at the Default Rate. Neither Lessor nor Lender shall have any obligation to maintain insurance of any nature or type whatsoever.

(d) Lessee shall be relieved under any obligation to provide insurance which is otherwise provided by the Condominium.

## **ARTICLE X RETURN OF PROPERTY TO LESSOR**

### **Section 10.1. Return of Condominium Unit.**

Lessee shall, upon the expiration or termination of this Lease, and at its own expense, return the Condominium Unit to Lessor by surrendering the same into the possession of Lessor:

(a) free and clear of all Liens, except that Lessee shall have no responsibility or liability in respect of (i) Lessor Liens, (ii) any Lien created by the Bond Financing Documents, and (iii) Liens described in clause (f) of the definition of "Permitted Liens"; and

(b) unless such return is after an Event of Loss, in compliance with all Applicable Laws and in compliance with the maintenance conditions required by this Lease. All Alterations and Lessee's Furniture, Fixtures, Equipment and Personalty not removed by Lessee on the last day of the Lease Term (but in the event of a termination other than upon the expiration of the Base Term or any Renewal Term, within thirty (30) days after said termination of this Lease), other than those Alterations as to which title shall vest in Lessor pursuant to Section 8.4, shall be deemed abandoned in place by Lessee and shall become the property of Lessor. Lessee shall pay or reimburse Lessor for any reasonable, actual, out-of-pocket costs incurred by Lessor (i) in connection with the removal or disposal of such Alterations and Lessee's Furniture, Fixtures, Equipment and Personalty (not including those Alterations as to which title shall vest in Lessor pursuant to Section 8.4) not removed by Lessee and to repair any damage to the Condominium Unit caused by such removal.

(c) Upon the return of the Condominium Unit, Lessee shall deliver therewith:

(i) all transferable licenses, permits and the like by general assignment, without warranty as to the transferability or otherwise and without recourse;

(ii) as-built drawings including plans for HVAC, mechanical and electrical systems, to the extent in Lessee's possession or control;

(iii) keys to the Condominium Unit; and

(iv) an assignment of all maintenance contracts and existing warranties by general assignment, without warranty as to assignability or otherwise and without recourse.

## **ARTICLE XI ASSIGNMENT BY LESSEE**

### **Section 11.1. Assignment of Lease.**

(a) So long as no Lease Event of Default has occurred and is continuing, Lessee may, not assign this Lease to any Person except subject to the terms and conditions herein provided. No assignment shall be made by Lessee during the Interim Term and prior to the end of the second full year of the Base Term. Thereafter, Lessee may assign this Lease with the prior written consent of Lessor, which consent shall not be unreasonably withheld, delayed or denied. Lessee shall be deemed to have satisfied Lessor's requirements for approval of an assignment if the following conditions are met by Lessee and/or its Assignee: (a) any assignee shall assume in writing any obligations of Lessee arising from and after the effective date of the assignment, provided, however, that no such assignment shall become effective until (i) a fully executed copy of such assignment and assumption, reasonably satisfactory in form and substance to Lessor and Lender, shall have been delivered to Lessor and Lender, (ii) such assignee shall have executed such instruments and other documents and provided such further assurances as Lender shall reasonably request to ensure that such assignment is subject to the Assignment of Lease, and (iii) Lessee or such assignee shall have delivered to Lessor and Lender an opinion of counsel, in form and substance reasonably satisfactory to Lessor and Lender, that (x) the assignee has satisfied the



foregoing condition, (y) the assignee is in good standing in its state of formation and duly qualified to do business in the Commonwealth of Pennsylvania, and (z) all documents executed and delivered by such assignee pursuant to this Section 11.1 have been duly authorized, executed and delivered by such assignee and constitute the valid, legal, and binding obligations of such assignee; (b) , Lessee assigns this Lease to an Assignee whose net worth is equivalent or more than that of Lessee at the time of substantial completion of the Hotel; (c) Lessee assigns this Lease to an Assignee which, in the reasonable judgment of Lessor, has sufficient experience in owning and operating full service hotels or, in lieu thereof has contracted with a hotel manager which meets this requirement; and (d) the Assignee or any Affiliate thereof is not a debtor or debtor-in-possession in a voluntary or involuntary bankruptcy proceeding or the subject of any insolvency proceeding at the commencement of the assignment. At such time as Lessee satisfies the requirements of Lessor as set forth herein, Lessee shall be released from liability hereunder.

(b) Lessee shall be without power to sell, lease or otherwise transfer its interest in the property and facilities leased pursuant to this Lease, or any part thereof, without the prior written consent of the Lessor, until the Lessor shall have certified that the redevelopment project of which the Building and the Hotel are a part has been completed.

(c) Nothing in this Article shall be construed to prohibit Lessee from assigning its interest in the Lease in connection with any financing permitted hereunder.

## **ARTICLE XII LOSS, DESTRUCTION, DAMAGE OR CONDEMNATION**

### **Section 12.1. Event of Loss.**

(a) If there shall occur an Event of Loss with respect to the Condominium Unit, Lessee shall give Lessor and Lender prompt written notice thereof and elect, within thirty (30) days following a preliminary adjustment to the insurance claim by the applicable insurance company as agreed to by Lessee and thirty (30) days after a determination by the applicable parties to the Bond Financing that they will permit rebuilding to occur, one of the following options (provided that upon an Event of Loss described in clause (y) or (z) of the definition of "Event of Loss", Lessee may not elect the following clause (ii)):

(i) Purchase Lessor's interest in the Condominium Unit from Lessor, as of the Termination Value Date (as defined in Section 12.1(b) below), for a purchase price equal to the sum of (A) the Termination Value for the Condominium Unit, determined as of such Termination Value Date, plus (B) all unpaid Rent with respect to the Condominium Unit due and (without duplication) all Rent with respect to the Condominium Unit accruing, but unpaid through such Termination Value Date, plus (C) an amount equal to the reasonable out-of-pocket expenses of Lessor and Lender relating to the purchase by Lessee as a result of such Event of Loss including reasonable attorneys' fees and costs actually incurred including any transfer taxes plus (D) all amounts then due and payable under the Operative Documents, or

(ii) Restore and rebuild the Improvements damaged as a result of such Event of Loss, at Lessee's cost and expense, so as to have a value, utility and remaining

useful life at least equal to the value, utility and remaining useful life of the Condominium Unit immediately prior to such Event of Loss, and in all events as required by Section 8.2, such restoration to be completed, subject to force majeure, by the earlier to occur of (x) the second anniversary of the Event of Loss, or (y) the expiration of the Lease Term (and Lessee shall remain liable for the completion of such restoration beyond the expiration of the Lease Term to the extent not completed prior to such expiration and shall pay Base Rent and Additional Rent with respect to the Condominium Unit from the date of expiration to the date of completion).

(b) If Lessee makes an offer to purchase pursuant to Section 12.1(a)(i), and Lessor accepts such offer or is deemed to have accepted such offer within the time periods referred to in the last sentence of clause (i) above (and if Lessor fails to respond within such period Lessor shall be deemed to have accepted such offer), Lessee shall pay to Lessor the Termination Value, unpaid Rent and other amounts described in Section 12.1(a)(i) on the Termination Value Date. The term "Termination Value Date" shall mean the first day of the month of any month commencing after the month in which Lessor has accepted, or is deemed to have accepted, Lessee's offer to purchase, such date to be designated in writing by Lessee to Lessor and Lender (provided, if Lessee fails to so designate such date, the Termination Value Date shall be the first day of the second month after the month in which Lessor has accepted, is deemed to have accepted, or has rejected, the offer to purchase). In the event of acceptance, any Net Proceeds related to the Condominium Unit then held by Lessor or Lender shall be credited against the portion of such purchase price payable to Lessor. Upon payment of such amounts by Lessee, the balance of Net Proceeds, if any, shall be paid to or retained by Lessee.

(c) In the event Lessee has made the election described in Section 12.1(a)(ii) above and Lessee, due in whole or in substantial part to Lessee's failure to proceed with diligent efforts in good faith, has failed to comply with the terms thereof within the period described, then Lessee shall be deemed to have made the offer to purchase described in Section 12.1(a)(i) above and the Termination Value Date occurring thirty (30) days after the expiration of the period described in Section 12.1(a)(ii).

**Section 12.2. Application of Payments Relating to an Event of Loss When Lease Continues.**

Subject to Section 12.4, payments received at any time by Lessor or Lessee as compensation for or toward an Event of Loss from any Governmental Authority or other Person with respect to any Condominium Unit as to which an Event of Loss shall have occurred, in a case in which this Lease will not terminate because Lessee has elected to proceed under Section 12.1(a)(ii), shall be paid to Lessee, subject, however, to Section 12.4, to be applied, as necessary, for the repair or restoration of the Improvements and any excess remaining thereafter shall be retained by Lessee, in the event of a Casualty, and divided as set forth in Section 12.3, in the event of a Condemnation. All such repair and restoration shall be effected by Lessee in compliance with Applicable Laws and in compliance with the standards contained in Section 8.3. If the cost of restoration exceeds the Net Proceeds, any shortfall will be paid by Lessee. From and after the Event of Loss, and during or prior to any period of repair or rebuilding pursuant to this Article XII, this Lease will remain in full force and effect, and Rent shall continue to accrue and be payable without abatement or reduction.

Section 12.3. Application of Payments Not Relating to an Event of Loss.

In case of a Condemnation or Casualty which is not an Event of Loss or which does not result in a termination of this Lease in accordance with the above provisions of Article XII, this Lease shall remain in full force and effect, without any abatement or reduction of Rent. Subject to Section 12.4, all Net Casualty Proceeds shall be paid to Lessee to repair or replace the Condominium Unit. All Net Condemnation Proceeds shall, to the extent related to the taking of use during the Lease Term, be paid to Lessee, and to the extent awarded with respect to use of the Condominium Unit for any time period after the expiration or termination of the Lease Term shall be paid to Lessor and any Net Condemnation Proceeds that were awarded for the taking of title to a portion of the Condominium Unit shall be paid equitably to Lessee. If the cost of restoration exceeds the Net Proceeds, any shortfall will be paid by Lessee.

Section 12.4. Other Dispositions.

(a) Net Casualty Proceeds or Net Condemnation Proceeds, as the case may be, in excess of \$1,000,000 (the "Restoration Fund") in respect of such Casualty or Condemnation, as the case may be, shall be paid to the Proceeds Trustee for release to Lessee as restoration progresses, subject to and in accordance with Section 12.4(b). Lessor and Lessee hereby authorize and direct any insurer to make payment under policies of casualty insurance required to be maintained by Lessee pursuant to Section 9.1(a) directly to the Proceeds Trustee instead of to Lessor and Lessee jointly; and Lessee and Lessor each hereby appoints the Proceeds Trustee as its attorney-in-fact to endorse any draft therefor for the purposes set forth in this Lease after approval by Lessee of the Proceeds Trustee, if the Proceeds Trustee is other than Lender. In the event that a casualty shall occur at such time as Lessee shall not have maintained property or casualty insurance to the extent required by said Section 9.1(a), and to the extent of deductibles on existing insurance policies, Lessee shall, within thirty (30) days of the casualty, pay to the Proceeds Trustee the amount of the proceeds that would have been payable had such insurance been in effect or if no deductibles had been applicable and such amount shall constitute a part of the Restoration Fund for all purposes hereof. Notwithstanding the foregoing provisions of this Article XII, so long as a Lease Event of Default shall be continuing, any amount that would otherwise be payable to or for the account of Lessee pursuant to this Article XII shall be paid to Lender (or to Lessor when the Bond Financing Documents shall not be in effect) as security for the obligations of Lessee under this Lease and, at such time thereafter as the Lease Event of Default shall have been waived or no longer be continuing, unless Lessor shall be exercising its remedies under Section 17.1, such amount shall be paid promptly to Lessee or the Proceeds Trustee in accordance with this Lease (subject to other terms hereof).

(b) The Restoration Fund, if any, shall be disbursed by the Proceeds Trustee in accordance with the following conditions:

(i) At the time of any disbursement, no Lease Event of Default shall exist and no mechanics' or materialmen's liens shall have been filed and remain undischarged, unbonded or not insured over.

(ii) Disbursements (subject to the holdback in Section 12.4(b)(iv) below) shall be made from time to time in an amount not exceeding the hard and soft cost

of the work and costs incurred since the last disbursement upon receipt of (1) satisfactory evidence, including architects' certificates, of the stage of completion, of the estimated cost of completion and of performance of the work to date in a good and workmanlike manner in accordance with the contracts, plans and specifications, (2) partial releases of liens from all Persons, and (3) other reasonable evidence of cost and payment so that the Proceeds Trustee is able to verify that the amounts disbursed from time to time are represented by work that is completed in place or delivered to the site and free and clear of (or such claims have been bonded or insured over), mechanics' and materialmen's lien claims.

(iii) Each request for disbursement shall be accompanied by a certificate of Lessee describing the work, materials or other costs or expenses for which payment is requested, stating the cost incurred in connection therewith and stating that Lessee has not previously received payment for such work or expense and the certificate to be delivered by Lessee upon completion of the work shall, in addition, state that the work has been substantially completed and complies with the applicable requirements of this Lease.

(iv) The Proceeds Trustee may retain ten percent (10%) of the costs otherwise disburseable until the restoration is at least fifty percent (50%) complete, and thereafter five percent (5%) of costs until the restoration is substantially complete.

(v) The Restoration Fund shall be kept in a separate interest-bearing federally insured account by the Proceeds Trustee with interest accruing to the benefit of the Lessee.

(vi) At all times the undisbursed balance of the Restoration Fund held by the Proceeds Trustee plus any funds already contributed thereto by Lessee shall be not less than the cost of completing the restoration, free and clear of all liens (other than Permitted Liens, which term for purposes hereof shall exclude Liens of the type described in clause (d) of the definition of Permitted Liens other than Liens for amounts not yet due or that are bonded over or insured over).

(vii) In addition, prior to commencement of restoration and at any time during restoration, if the estimated cost of restoration, as reasonably determined by the Proceeds Trustee, exceeds the then amount of the Restoration Fund, the amount of such excess shall be paid by Lessee to the Proceeds Trustee promptly after Lessee's receipt of written notice and be added to the Restoration Fund; provided, however, if Lessee can demonstrate that there will be proceeds in an amount sufficient to restore the Hotel, the payment hereunder will not be required. Any sum in the Restoration Fund which remains in the Restoration Fund upon the completion of restoration shall be paid in accordance with Section 12.3.

#### Section 12.5. Negotiations.

In the event the Condominium Unit becomes subject to condemnation or requisition proceedings, Lessee shall control the negotiations with the relevant Governmental

Authority, unless a Lease Event of Default shall be continuing, in which case Lessor (or if the Bond Financing Documents are in effect, Lender or Lessor) at Lessee's expense may elect in writing to control such negotiations; provided that in any event Lessor may elect to participate at Lessee's expense in such negotiations. Lessee shall give to Lessor and Lender such information, and copies of such documents, which relate to such proceedings and are in the possession of Lessee, as are reasonably requested by Lessor or Lender. Lessor shall use good faith efforts to be reasonable when incurring expenses payable by Lessee hereunder.

### **ARTICLE XIII LESSOR COVENANTS**

#### **Section 13.1. Payment of Real Estate Taxes.**

In the event it is determined that the tax immunity of Lessor does not extend to the Condominium Unit, Lessor covenants to pay or cause to be paid when due all real property taxes, ad valorem on real property, or any other tax adopted as a total or partial substitute in lieu thereof payable to any taxing authority without reimbursement of any kind whatsoever from the Lessee.

#### **Section 13.2. Construction of the Condominium Unit and the Hotel.**

Lessor covenants to construct the Condominium Unit, the Common Elements, the Limited Common Elements, if any, and those portions of the Hotel for which it is responsible in accordance with the terms and conditions of the Hotel Development Agreement, the Joint Development Agreement, the Marriott Franchise Agreement and the Plans.

#### **Section 13.3. Application of Funds in Lessor's Control.**

Lessor covenants to apply funds delivered to it through various grants from the Commonwealth of Pennsylvania and other sources (including, without limitation, the purchase price paid by Lessor to Lessee to acquire the existing building known as the Watt and Shand Building on which the Condominium Unit will be partially located), but only such as are specifically granted for the Hotel, to the construction of the Condominium Unit, Hotel and the Convention Center and to reimburse Lessee for pre-development costs, including, without limitation, carrying costs, paid by Lessee in order to facilitate development, which costs shall be in an amount and for items reasonably agreed to by Lessor and Lessee.

### **ARTICLE XIV SUBLEASE**

#### **Section 14.1. Subleasing Permitted; Lessee Remains Obligated.**

Provided that no Lease Event of Default shall have occurred and be continuing at the time the sublease is entered into, upon ten (10) days' prior written notice to Lessor and Lender, Lessee may at any time and from time to time sublease the Condominium Unit or any portion or portions thereof to any Person or permit the occupancy of the Condominium Unit or

any portion or portions thereof by any Person who is not a debtor or debtor-in-possession in a voluntary or involuntary bankruptcy proceeding at the execution and delivery of the Sublease. Any such sublease, sub-sublease, license, occupancy agreement or similar agreement (each, a "Sublease") shall not release Lessee from its primary liability for the performance of its duties and obligations hereunder, and Lessee shall continue to be obligated for all obligations of "Lessee" in this Lease, which obligations shall continue in full effect as obligations of a principal and not of a guarantor or surety, as though no Sublease had been made. Lessee shall furnish to Lessor and Lender within thirty (30) days after the execution of each Sublease (i) an executed copy of such Sublease and (ii) such other instruments and documents as Lender shall reasonably request to ensure that such Sublease is subject to the Assignment of Lease.

Section 14.2. Provisions of Subleases.

Each Sublease shall provide that:

- (a) such Sublease is expressly subject and subordinate to this Lease and to the Bond Financing Documents or any mortgage encumbering the Condominium Unit;
- (b) such Sublease does not extend beyond the Lease Term minus one day;
- (c) upon any termination of this Lease, the Sublessee shall be obligated, at Lessor's written election (which election must be consented to by Lender), to attorn to and recognize Lessor as lessor under such Sublease, whereupon such Sublease shall continue as a direct lease between the Sublessee and Lessor upon all the terms and conditions of such Sublease; and
- (d) the Sublessee shall be bound by all covenants contained in Sections 8.1, 8.2 and 8.6 hereof with respect to subleased premises to the same extent as if the Sublessee were Lessee.

**ARTICLE XV  
INSPECTION**

Section 15.1. Inspection Rights.

Upon two (2) Business Days' prior written notice to Lessee (or immediately in an emergency or if a Lease Event of Default shall be continuing), Lessor and/or Lender, and their respective representatives (collectively, "Inspecting Party"), may inspect the Condominium Unit, including, without limitation, the right to cause consultants to make structural, environmental and/or other inspections or tests, but subject to the rights under any Subleases of any sublessees and occupants in the Condominium Unit (it being understood, however, that such Subleases shall provide for such inspection by the Inspecting Parties subject to commercially reasonable limitations). Where practical, Lessee shall have the right to accompany the Inspecting Party on any such inspection provided Lessee does not interfere or hinder such inspection. All such inspections and tests shall be at Lessor's or Lender's expense, unless (i) a Lease Event of Default occurs and is continuing or (ii) such inspection and/or test requires Lessee to take any action in

order to comply with the Lease. In either such case, the cost of such inspection and/or test shall be promptly paid by Lessee.

Section 15.2. Additional Rights.

In addition, the Inspecting Party shall have the right upon the same notice set forth above to enter the Condominium Unit at all reasonable times, accompanied by a representative of Lessee (a) to perform any obligation of Lessor or to exercise any right reserved to Lessor in the Lease and (b) to exhibit the Condominium Unit to prospective purchasers or mortgagees, and during the last fifteen (15) months of the Lease Term to prospective tenants.

Section 15.3. Environmental Audits.

At any time that a Lease Event of Default shall have occurred and be continuing, or a notice, complaint, or order or finding of violation or non-compliance with Environmental Laws that relates to a Release or threatened Release with respect to the Condominium Unit shall have been issued by a Governmental Authority, Lessor and Lender may after prior reasonable notice to Lessee, cause to be performed an environmental audit or risk assessment of the Condominium Unit and the then uses thereof (which right shall include, and not be limited to, a phase I environmental audit report or the equivalent, and a phase II or full environmental report or the equivalent).

LESSEE HEREBY AGREES TO INDEMNIFY LENDER AND LESSOR FOR ALL REASONABLE COSTS AND EXPENSES INCURRED IN CONNECTION WITH SUCH ENVIRONMENTAL AUDIT OR RISK ASSESSMENT. SUCH AN ENVIRONMENTAL AUDIT OR ASSESSMENT SHALL BE PERFORMED BY AN ENVIRONMENTAL CONSULTANT SELECTED BY LESSOR OR LENDER (SUBJECT TO THE REASONABLE AND PROMPT APPROVAL OF LESSEE PROVIDED NO LEASE EVENT OF DEFAULT SHALL HAVE OCCURRED AND BE CONTINUING) AND SHALL INCLUDE A REVIEW OF THE USES OF THE PROPERTY AND AN ASSESSMENT OF THE POSSIBILITY OF VIOLATION OR NON-COMPLIANCE OF THE SAME WITH ENVIRONMENTAL LAWS. ALL REASONABLE COSTS AND EXPENSES ACTUALLY INCURRED BY LENDER AND LESSOR IN CONNECTION WITH SUCH ENVIRONMENTAL AUDIT OR ASSESSMENT SHALL BE PAID BY LESSEE WITHIN TWENTY (20) DAYS AFTER WRITTEN DEMAND BY LESSOR OR LENDER.

Section 15.4. Lessee's Rights Regarding Inspections.

In exercising its rights under Article XV, Lessor, if reasonably practicable under the circumstances, shall not materially interfere with or disrupt the normal operation of Lessee's business. Lessor, and any third parties entering the Condominium Unit at Lessor's invitation or request, shall observe Lessee's reasonable rules relating to security at the Condominium Unit. Notwithstanding the foregoing to the contrary, in the event of an emergency (which, for the purposes of this Section 15.4, shall mean an event, condition or occurrence that threatens human life or safety or the structural integrity of the Building or building systems), Lessor shall use all reasonable efforts under the circumstances to contact Lessee's building manager (provided Lessee's building manager has been identified to Lessor and telephone numbers at which the

building manager may be reached have been provided to Lessor) prior to making entry to the Condominium Unit.

## **ARTICLE XVI LEASE EVENTS OF DEFAULT**

### **Section 16.1. Lease Events of Default.**

The following events shall constitute "Lease Events of Default":

- (a) Lessee shall fail to make any payment of Base Rent or Minimum Participation Rent within ten (10) days after they are due;
- (b) Lessee shall fail to make any payment of Additional Rent and Participation Percentage Rental Payment when due and such failure shall continue for a period of ten (10) days after written notice by Lessor or Lender to Lessee of such failure; provided, however, Lessee shall not be entitled to more than two (2) written notices for default in paying Additional Rent or Participation Percentage Rental Payment during any twelve (12) month period, and if after Lessee receives such two (2) written notices, any other payment of Additional Rent or Participation Percentage Rental Payment is not paid when due, a Lease Event of Default will be deemed to have occurred without the requirement of any further notice by Lessor;
- (c) Lessee shall fail to make any payment required under the Operative Documents, other than any amount described in clause (a) or clause (b) of this Article XVI, and such failure shall continue for a period of ten (10) days after notice of such failure to Lessee from Lessor or Lender or any other Person;
- (d) Lessee shall fail to timely perform or observe any covenant or agreement (not otherwise specified in this Article XVI) to be performed or observed by it hereunder or under any other Operative Document or under any Bond Financing Document to which it is a party and such failure shall continue for a period of twenty (20) days after written notice thereof from Lessor or Lender; provided that the continuation of such a failure for twenty (20) days or longer after such notice shall not constitute a Lease Event of Default if such failure cannot reasonably be cured within such twenty (20) day period, and Lessee shall be diligently and continuously prosecuting the cure of such failure; provided, that such failure must be cured within one hundred and twenty (120) days after written notice;
- (e) Lessee shall fail to carry or maintain in full force any insurance required hereunder;
- (f) Any representation or warranty made by Lessee herein or in any Operative Document or Bond Financing Document to which Lessee is a party shall prove to have been incorrect in any material respect when such representation or warranty was made and shall remain materially incorrect for a period of twenty (20) days after written notice from Lessor or Lender;



(g) Lessee makes any general arrangement or assignment for the benefit of creditors; (ii) Lessee becomes a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Condominium Unit or of Lessee's interest in this Lease, where possession is not restored to Lessee within sixty (60) days; (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Condominium Unit or of Lessee's interest in this Lease where such seizure is not discharged within sixty (60) days; or (v) Lessee is adjudicated to be insolvent or Lessee shall acknowledge that it is generally not able to pay its debts as they become due; provided, that in the event that any provision of this subsection (g) is contrary to any Applicable Law, such provision shall be of no force or effect; or

(h) Lessee shall have assigned or otherwise transferred its right, title and interest in and to this Lease, or subleased the Condominium Unit, in violation of Article XI or Section 14.1, as the case may be.

## **ARTICLE XVII ENFORCEMENT**

### **Section 17.1. Remedies.**

Upon the occurrence of any Lease Event of Default and at any time thereafter so long as the same shall be continuing, Lessor may, at its option, by notice to Lessee do one or more of the following as Lessor in its sole discretion shall determine:

(a) Lessor may, by notice to Lessee, terminate this Lease as of the date specified in such notice; however, (A) no reletting, reentry or taking of possession of any or all of the Condominium Unit by Lessor will be construed as an election on Lessor's part to terminate this Lease unless a written notice of such intention is given to Lessee, (B) notwithstanding any reletting, reentry or taking of possession, Lessor may at any time thereafter elect to terminate this Lease with respect to the Condominium Unit, and (C) no act or thing done by Lessor or any of its agents, representatives or employees and no agreement accepting a surrender of any or all of the Condominium Unit shall be valid unless the same be made in writing and executed by Lessor; provided, however, prior to any termination hereunder becoming effective, Lessee shall have sixty (60) days to notify Lender that it wishes to exercise the purchase option as set forth in Article XXI, with a closing date as set forth therein.

(b) Lessor may (i) demand that Lessee, and Lessee shall upon the written demand of Lessor, return the Condominium Unit promptly to Lessor in the manner and condition required by, and otherwise in accordance with all of the provisions of, Article X as if the Condominium Unit were being returned at the end of the Lease Term, and Lessor shall not be liable for the reimbursement of Lessee for any costs and expenses incurred by Lessee in connection therewith, and (ii) without prejudice to any other remedy which Lessor may have for possession of the Condominium Unit, enter upon the Condominium Unit and take immediate possession of (to the exclusion of Lessee) the Condominium Unit and expel or remove Lessee and any other person who may be occupying the same, by summary proceedings or otherwise, all

without liability to Lessee for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise. The provisions of this Section 17.1(b) shall operate as a notice to quit and shall be deemed to satisfy any other requirement or provisions of Applicable Laws which may require Lessor to provide a notice to quit or of Lessor's intention to re-enter any or all of the Condominium Unit and any such requirements or provisions are hereby waived by Lessee;

(c) Lessor may sell the Condominium Unit at public or private sale, as Lessor may determine, free and clear of any rights of Lessee in which event Lessee's obligation to pay Base Rent hereunder for periods commencing after the Sale next succeeding the date of such sale shall be terminated or proportionately reduced, as the case may be.

(d) Except as Lessor may otherwise be required by Applicable Laws, Lessor may hold, keep idle or lease to others the Condominium Unit as Lessor may determine, free and clear of any rights of Lessee, except that Lessee's obligation to pay Base Rent from and after the occurrence of a Lease Event of Default shall be reduced by the net proceeds, if any, received by Lessor from leasing the Condominium Unit to any Person, or allowing any Person to use the Condominium Unit, other than Lessee for the same periods or any portion thereof;

(e) Lessor may retain and apply against Lessor's damages all sums which Lessor would, absent such Lease Event of Default, be required to pay to, or turn over to, Lessee pursuant to the terms of this Lease; or

(f) Lessor may exercise any other right or remedy that may be available to it under Applicable Laws or in equity, or proceed by appropriate court action (legal or equitable) to enforce the terms hereof or to recover damages for the breach hereof including, without limitation, (but only if Lessor has not recovered the full amount due under Subsection 17.1(c) or 17.1(e)) the right to sue for and collect the unamortized amount of the outstanding bonds plus all interest accruing to and due and payable with respect to the Bond Financing to the earliest practicable date on which the bonds may be redeemed (allowing sufficient time for the issuance of redemption instructions, preparation and mailing a proper redemption notice and the required number of days' notice to be given to holders and owners of the bonds) and the redemption fees and expenses of the trustee and any registrar or paying agent for the bonds pursuant to the Bond Financing. Separate suits may be brought to collect any such damages for any period or periods with respect to which Rent shall have accrued, and such suits shall not in any manner prejudice Lessor's right to collect any such damages for any subsequent period, or Lessor may defer any such suit until after the expiration of the Base Term or the then current Renewal Term, in which event such suit shall be deemed not to have accrued until the expiration of the Base Term, or the then current Renewal Term.

#### Section 17.2. Survival of Lessee's Obligations.

No repossession of any or all of the Condominium Unit or exercise of any remedy under this Lease, including termination of this Lease, shall, except as specifically provided herein, relieve Lessee of any of its liabilities and obligations hereunder, including the obligation to pay Rent. In addition, except as specifically provided herein, Lessee shall be liable for any and all unpaid Rent due hereunder before, after or during the exercise of any of the foregoing

remedies, including all reasonable legal fees and other costs and expenses incurred by Lessor and Lender by reason of the occurrence of any Lease Event of Default or the exercise of Lessor's remedies with respect thereto, and including all costs and expenses incurred in connection with the return of the Condominium Unit in the manner and condition required by, and otherwise in accordance with the provisions of, Article X as if the Condominium Unit were being returned at the end of the Lease Term.

Section 17.3. Remedies Cumulative; No Waiver; Consents; Mitigation of Damages.

To the extent permitted by, and subject to the requirements of, Applicable Laws, each and every right, power and remedy herein specifically given to Lessor or otherwise in this Lease shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by Lessor, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any right, power or remedy. No delay or omission by Lessor in the exercise of any right, power or remedy or in the pursuit of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of Lessee or to be an acquiescence therein. Lessor's consent to any request made by Lessee shall not be deemed to constitute or preclude the necessity for obtaining Lessor's consent, in the future, to all similar requests. No express or implied waiver by Lessor of any Lease Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Lease Event of Default. To the extent required by Applicable Laws, and only to such extent, Lessor shall use reasonable efforts to mitigate any damages suffered by Lessor that result from a Lease Event of Default.

**ARTICLE XVIII  
INDEMNITIES**

Section 18.1. General Indemnification.

LESSEE AGREES TO ASSUME LIABILITY FOR, AND TO INDEMNIFY, PROTECT, DEFEND, SAVE AND KEEP HARMLESS EACH INDEMNITEE FROM AND AGAINST ANY AND ALL CLAIMS THAT MAY BE SUFFERED, IMPOSED ON OR ASSERTED AGAINST ANY INDEMNITEE, ARISING OUT OF (I) THE OWNERSHIP OR LEASING (OR SUBLEASING OR SUB-SUBLEASING) OF THE PROPERTY, THE ASSIGNMENT OR MODIFICATION OF THE LEASE, THE RETURN, OPERATION, POSSESSION, USE, NON-USE, MAINTENANCE, MODIFICATION, OR ALTERATION OF THE PROPERTY BY LESSEE OR THE RECONSTRUCTION, RESTORATION, SUBSTITUTION, OR REPLACEMENT OF THE IMPROVEMENTS BY LESSEE, THE GRANTING BY LESSOR AT LESSEE'S REQUEST OF EASEMENTS, LICENSES OR ANY SIMILAR RIGHTS WITH RESPECT TO ALL OR ANY PART OF THE PROPERTY, OR THE CONSTRUCTION, DESIGN, PURCHASE OR CONDITION OF THE PROPERTY (INCLUDING IN ANY OF THE FOREGOING MATTERS CONTAINED IN THIS SECTION 18.1(A)(I) ANY CLAIMS ARISING, DIRECTLY OR INDIRECTLY, OUT OF THE

ACTUAL OR ALLEGED PRESENCE, USE, STORAGE, GENERATION, RELEASE OR THREAT OF RELEASE OF ANY HAZARDOUS MATERIALS, AND ANY CLAIMS FOR PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT AND LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, ANY LIABILITY UNDER APPLICABLE LAWS (INCLUDING, WITHOUT LIMITATION, ANY CLAIMS ARISING DIRECTLY OR INDIRECTLY OUT OF ANY ACTUAL OR ALLEGED VIOLATION, NOW OR HEREAFTER EXISTING, OF ANY ENVIRONMENTAL LAWS) AND ANY CLAIMS RESULTING FROM LESSEE'S EXERCISE OF ITS RIGHTS UNDER SECTION 8.5 HEREOF), (II) THE OPERATIVE DOCUMENTS OR ANY MODIFICATION, AMENDMENT OR SUPPLEMENT THERETO REQUIRED BY THE TERMS OF ANY SUCH OPERATIVE DOCUMENTS OR REQUESTED IN WRITING BY LESSEE, (III) THE ENFORCEMENT BY ANY INDEMNITEE OF ANY OF ITS RIGHTS UNDER THE OPERATIVE DOCUMENTS AGAINST LESSEE, (IV) THE NON-COMPLIANCE OF THE PROPERTY WITH APPLICABLE LAWS (INCLUDING BECAUSE OF THE EXISTENCE OF THE PERMITTED LIENS) (WHETHER OR NOT THE CLAIM IS MATERIAL), (V) ANY MATTER RELATING TO THE PROPERTY OR ANY OPERATIONS THEREON, INCLUDING MATTERS RELATING TO ENVIRONMENTAL LAWS, APPLICABLE LAWS OR HAZARDOUS MATERIALS, THE BREACH BY LESSEE OF ITS REPRESENTATIONS, WARRANTIES, COVENANTS AND OBLIGATIONS IN THIS LEASE OR ANY OTHER OPERATIVE DOCUMENTS OR ANY OF THE BOND FINANCING DOCUMENTS WHETHER OR NOT SUCH CLAIM ARISES OR ACCRUES PRIOR TO THE DATE OF THIS LEASE AND WHETHER OR NOT SUCH CLAIM IS MATERIAL, (VI) ANY SUMS PAYABLE BY LESSOR UNDER THE OPERATIVE DOCUMENTS (OTHER THAN PRINCIPAL AND INTEREST ON THE NOTE OR BONDS ISSUED PURSUANT TO THE BOND FINANCING DOCUMENTS), AS A RESULT OF A LESSEE EVENT OF DEFAULT OR LATE PAYMENT BY LESSEE, (VII) THE BUSINESS AND ACTIVITIES OF LESSEE, (IX) THE FEES AND EXPENSES, PURSUANT TO THE BOND FINANCING DOCUMENTS, OF LENDER AND THE TRUSTEE UNDER THE BOND FINANCING DOCUMENTS AND (X) THE COST OF ASSESSMENT, CONTAINMENT, REMEDIATION UNDER THE OPERATIVE DOCUMENTS AND/OR REMOVAL OF ANY AND ALL HAZARDOUS MATERIALS FROM ALL OR ANY PORTION OF THE PROPERTY OR ANY SURROUNDING AREAS OVER WHICH IN EITHER CASE LESSEE HAS OR MAY HAVE RESPONSIBILITY, THE COST OF ANY ACTIONS TAKEN IN RESPONSE TO A RELEASE OR THREAT OF RELEASE OF ANY HAZARDOUS MATERIALS ON, IN, UNDER OR AFFECTING ANY PORTION OF THE PROPERTY OR ANY SURROUNDING AREAS OVER IN EITHER CASE LESSEE HAS OR MAY HAVE RESPONSIBILITY TO PREVENT OR MINIMIZE SUCH RELEASE OR THREAT OF RELEASE SO THAT IT DOES NOT MIGRATE OR OTHERWISE CAUSE OR THREATEN DANGER TO PRESENT OR FUTURE PUBLIC HEALTH, SAFETY, WELFARE OR THE ENVIRONMENT, AND COSTS INCURRED TO COMPLY WITH ENVIRONMENTAL LAWS IN CONNECTION WITH ALL OR ANY PORTION OF THE PROPERTY OR ANY SURROUNDING AREAS OVER WHICH IN EITHER CASE LESSEE HAS OR MAY HAVE RESPONSIBILITY; PROVIDED, HOWEVER, LESSEE SHALL NOT INDEMNIFY LESSOR AGAINST THE COST OF THE PROJECT IN EXCESS OF THE PRICE IN THE PRIME SUB-CONTRACTS OR THE CONSTRUCTION CONTRACT EXCEPT TO THE EXTENT PROVIDED IN SECTION 4.2 OF THIS LEASE.

Lessee acknowledges that the foregoing includes any costs incurred by Lessor or Lender in performing any inspections of any Condominium Unit if such inspection reveals the presence of Hazardous Materials in violation of the terms of this Lease or Applicable Laws or Environmental Laws or other problems for which Lessee is responsible under the terms of this Lease (collectively, "Expenses"). Notwithstanding any or all of the foregoing, Lessee shall not be required to indemnify any Indemnitee under this Section 18.1 for any of the following:

(a) any Claim to the extent attributable to acts or events which occur after the expiration or termination of the Lease Term unless the Condominium Unit was returned to Lessor upon the exercise of remedies as a result of a Lease Event of Default, in which case, , such indemnity shall continue as long as such Lease Event of Default is continuing and Lessor has not ousted Lessee from possession, the Claim expressly survives as a result of the terms and conditions of the Lease, or the Claim arises out of personal injury, property damage or environmental contamination;

(b) any Claim to the extent resulting from the willful misconduct or gross negligence, of the Indemnitee;

(c) any Claim to the extent resulting from a breach or violation by any Indemnitee of any representations, warranties or covenants in any of the Operative Documents or the Bond Financing Documents or from a violation of Applicable Laws by any Indemnitee, unless such breach, misrepresentation or violation is the result of a misrepresentation or breach by Lessee of any of its obligations under any Operative Document, or any Bond Financing Documents, or a violation of Applicable Laws attributable to the business or activities of Lessee or the nature, design, engineering, use, repair, construction or location of the Condominium Unit;;

(d) any Claim arising from (i) Lessor making any general arrangement or assignment for the benefit of creditors, (ii) Lessor becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto, (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessor's assets located at the Condominium Unit or of Lessor's interest in this Lease, (iv) the attachment, execution or other judicial seizure of substantially all of Lessor's assets located at the Condominium Unit or of Lessor's interest in this Lease, or (v) Lessor being adjudicated to be insolvent or Lessor acknowledging that it is generally not able to pay its debts as they become due; or,

(e) the matters covered by final proviso contained in the first paragraph (fully capitalized of this Section.

Lessee shall be entitled to credit against any payments due under this Section 19.1 any insurance recoveries or other reimbursements received by the Indemnitee to be indemnified in respect of the related Claim under or from insurance paid for, directly or indirectly, by Lessee or assigned to Lessor by Lessee and required to be maintained by Lessee pursuant to Schedule 9.1, to the extent such insurance recoveries exceed such Indemnitee's costs and expenses incurred in recouping such insurance recovery.

Section 18.2. Indemnification Procedure.

(a) In case any Claim shall be made or brought against any Indemnatee, such Indemnatee shall give prompt notice thereof to Lessee, provided that failure to so notify Lessee shall not reduce Lessee's obligations to indemnify hereunder except to the extent of any resultant harm suffered by Lessee. Lessee shall be entitled, at its expense, acting through counsel selected by Lessee (and reasonably satisfactory to such Indemnatee), to participate in, and, to the extent that Lessee desires to, assume and control, in consultation with Indemnatee, the negotiation, litigation and/or settlement of any such Claim (subject to the provisions of the last sentence of subparagraph (b) of this Section). Such Indemnatee may (but shall not be obligated to) participate in a reasonable manner at its own expense (unless Lessee is not properly performing its obligations hereunder) and with its own counsel in any proceeding conducted by Lessee in accordance with the foregoing. If Lessee shall defend the Indemnatee in any such suit or proceeding, then, unless such Indemnatee shall determine (in its good faith discretion) that a conflict of interest exists between Lessee and such Indemnatee, Lessee shall not be obligated to reimburse the Indemnatee for the cost of such Indemnatee's attorneys' fees or expenses incurred in connection with such suit or proceeding.

(b) At Lessee's expense, each Indemnatee shall supply Lessee with such information and documents reasonably requested by Lessee and shall furnish such other cooperation reasonably requested by Lessee, in connection with any Claim for which Lessee may be required to indemnify any Indemnatee under Section 18.1. No Indemnatee shall enter into any settlement or other compromise with respect to any Claim for which indemnification is required under Section 18.1 without the prior written consent of Lessee. Lessee shall have the sole authority to settle or compromise any Claim against an Indemnatee hereunder, provided that no admission of wrongdoing shall be required of such Indemnatee and such Indemnatee shall be released of all liability in connection with any such Claim.

(c) Upon payment in full of any Claim by Lessee pursuant to Section 18.1 to or on behalf of an Indemnatee, Lessee, without any further action, shall be subrogated to any and all claims that such Indemnatee may have relating thereto (other than claims in respect of insurance policies maintained by such Indemnatee at its own expense), and such Indemnatee shall execute such instruments of assignment and conveyance, evidence of claims and payment and such other documents, instruments and agreements as may be necessary to preserve any such claims and otherwise reasonably cooperate with Lessee to enable Lessee to pursue such claims.

(d) Prior to paying any amount otherwise payable to an Indemnatee pursuant to Section 18.1, Lessee shall be entitled to receive from such Indemnatee a written statement describing the amount so payable and such additional information as Lessee may reasonably request and which is reasonably available to such Indemnatee to properly substantiate the requested payment.

Section 18.3. Additional Indemnification.

Lessee hereby agrees to pay the following expenses and obligations:

(a) Lessee shall pay or cause to be paid all reasonable out-of-pocket fees and expenses of the Lender under the Bond Financing Documents, including all recording, registration and filing fees, taxes and expenses associated with the maintenance (but not the creation) of the lien and security interest of the Bond Financing Documents, provided that Lessee shall not be liable for any fees and expenses of the Lender which are the result of any Event of Default under the Bond Financing Documents which was not caused by a Lease Event of Default.

(b) Following the occurrence and during the continuance of any Event of Default under the Bond Financing Documents or in connection with any potential, actual or proposed workout, restructuring or similar negotiations relating to Lessor, if such Event of Default or such workout or restructuring is the result of a Lease Event of Default, Lessee agrees to pay or cause to be paid all reasonable out-of-pocket expenses incurred by Lessor (including special and local counsel fees and the fees, expenses and disbursements of an investment bank or other firm acting as financial advisor to third parties to whom Lessor is liable) in connection with such Event of Default or such workout or restructuring.

(c) All indemnifications contained in the loan documents with respect to any loan made by Lessor to Lessee prior to the date hereof, and which loans remain in full force and effect as of the date hereof shall survive.

**ARTICLE XIX**  
**LESSEE REPRESENTATIONS AND WARRANTIES**

Section 19.1. Representations and Warranties.

Lessee represents and warrants to Lessor that the following are true and correct as of the date hereof:

(a) Due Organization. Lessee is a limited partnership duly organized, validly existing and subsisting under the laws of the Commonwealth of Pennsylvania. Lessee has the power and authority to conduct its business as now conducted and as the same is contemplated to be conducted by the Overall Transaction, to own or hold under lease its property, to lease the Condominium Unit and to enter into and perform its obligations under the Operative Documents to which it is or is to become a party. Lessee is duly qualified to do business and is in good standing as a foreign limited partnership in any jurisdiction where the failure to so qualify would have a material adverse effect on its ability to perform its obligations under the Operative Documents to which it is a party.

(b) Due Authorization; No Conflict. Each of the Operative Documents to which Lessee is a party has been duly authorized by all necessary partnership or corporate action on the part of Lessee and has been duly executed and delivered by Lessee, and the execution, delivery and performance thereof by Lessee will not, (i) require any approval of the partners or

stockholders of Lessee or any approval or consent of any trustee or holder of any indebtedness or obligation of Lessee, other than such consents and approvals as have been obtained, (ii) contravene any Applicable Law binding on Lessee or the charter or by-laws or other organizational documents of Lessee or (iii) contravene or result in any breach of or constitute any default under Lessee's charter or by-laws or other organizational documents, or any indenture, mortgage, loan agreement, contract, partnership or joint venture agreement, lease or other agreement or instrument to which Lessee is a party or by which Lessee is bound, or result in the creation of any Lien (other than pursuant to the Operative Documents) upon any of the property of Lessee, to the extent that such breach, default or creation of Lien would (x) have a material adverse effect on the ability of Lessee to perform its obligations under the Operative Documents to which it is a party, or (y) be a material breach or default, or result in a Lien arising, under a material indenture, mortgage, loan agreement, lease or other agreement.

(c) Governmental Actions. All Governmental Action required in connection with the execution, delivery and performance by Lessee of the Operative Documents to which it is a party, has been obtained, given or made.

(d) Enforceability. Each of the Operative Documents to which Lessee is or is to become a party constitutes the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with the terms thereof, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors', mortgagees' or lessors' rights in general and by Applicable Laws relating to Lessor's rights or remedies.

(e) No Event of Loss. No Event of Loss has occurred, and to the Actual Knowledge of Lessee no event or condition has occurred which would, with the passage of time or the giving of notice, or both, constitute an Event of Loss.

(f) Financial Advisors. Lessee has not retained any broker, finder or financial advisor in connection with the transactions contemplated by this Lease and the Operative Documents.

(g) Investment Company. Lessee is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(h) Securities Act. Lessee has not offered any interest in the Condominium Unit or the Lease, or any similar securities of Lessee to, or solicited any offer to acquire any of the same from, any Person, in violation of Section 5 of the Securities Act, nor has it authorized any Person to take any such action, and Lessee has not taken any action that would subject any interest in the Condominium Unit, the Bond Financing Documents, or the Lease to the registration requirements of Section 5 of the Securities Act. Nothing herein is intended to imply or shall be construed to suggest that the interests in Lessor constitute securities.

(i) Environmental Matters. Except as set forth in the Environmental Reports and to Lessee's Actual knowledge based on the Environmental Reports, (i) Lessee has complied with all Environmental Laws; (ii) there are no circumstances that may prevent or interfere in any



material respect with Lessee's ability to operate and maintain the Condominium Unit as contemplated by the Operative Documents in full compliance with applicable Environmental Laws or that may give rise to any material liability under applicable Environmental Laws; (iii) there are no pending or threatened Claims against Lessee with respect to Environmental Laws; (iv) the Condominium Unit is free from all contamination in violation of Environmental Laws arising from, relative to, or resulting from any Hazardous Materials except as may be set forth in the Environmental Reports; and (v) there are not now any underground storage tanks, incinerators or surface impoundments located at, on or under the Condominium Unit except as may be set forth in the Environmental Reports.

(j) Bankruptcy. No bankruptcy, reorganization, arrangement or insolvency proceedings are pending, threatened or contemplated by Lessee, and Lessee has not made a general assignment for the benefit of creditors.

(k) Rents. Lessee has not paid Rent to Lessor (or any Affiliate of Lessor) more than thirty (30) days in advance, and no Rent payable hereunder has been waived, released, or otherwise discharged or compromised by Lessor (or any of its Affiliates).

(l) Liens. Lessee has no right to create a Lien or encumbrance upon the Condominium Unit superior to the Lien of the Bond Financing Documents.

(m) Financial Condition. There has been no material adverse change in the financial condition of Lessee since April 30, 2005.

(n) Tax Returns. All tax returns and reports of Lessee required by law to be filed have been duly filed, and all taxes, assessments and other charges of any Governmental Authority upon Lessee and/or upon any property, assets or income of Lessee, which are due and payable, have been paid.

(o) Condominium Unit Related Representations and Warranties. With respect to the Condominium Unit, Lessee represents and warrants to Lessor as follows:

(i) To Lessee's Actual Knowledge, (i) the Condominium Unit and the Improvements and the intended use thereof by Lessee under this Lease will comply in all material respects with the Operative Documents and, except as set forth in the Environmental Reports, all applicable restrictive covenants, zoning ordinances, subdivision and building codes, flood disaster laws, applicable health and environmental laws and regulations and all other ordinances, order or requirements issued by any state, federal or municipal authorities having or claiming jurisdiction over the Condominium Unit.

(ii) All utility services necessary and sufficient for the use, occupancy, and operation of the Condominium Unit for their intended purposes (after completion of the Improvements) are or will be available to the Condominium Unit, including water, storm sewer, sanitary sewer, gas or propane, electric and telephone facilities, through public rights-of-way or perpetual private easements approved by Lessor.

(iii) All streets, roads, highways, bridges and waterways necessary for access to and full use, occupancy, and operation of the Condominium Unit for their intended use and purposes will be completed, will be dedicated to and accepted by the appropriate municipal authority and will be open and available to the Condominium Unit and the Improvements without further condition or cost to Lessor.

(iv) There are no judicial, administrative, mediation or arbitration actions, suits or proceedings pending, against or affecting Lessee (or, if Lessee is a partnership or a limited liability company, any of its general partners or members) or, known to Lessor, the Condominium Unit, which, if adversely determined, would materially impair either the Condominium Unit or Lessee's ability to perform the covenants or obligations required to be performed under the Operative Documents except for those set forth in Schedule 19.1.

(v) Lessee will possess prior to the commencement of construction of the Condominium Unit all franchises, patents, copyrights, trademarks, trade names, licenses and permitted material for the conduct of its business substantially as now conducted or as the same is contemplated by the Overall Transaction to be conducted, except to the extent that the failure to possess any of the foregoing could not reasonably be expected to have a material adverse effect upon Lessee's business.

(vi) No Lease Event of Default, or condition which with the passing of time or the giving of notice or both would constitute a Lease Event of Default, exists.

(vii) No part of the Condominium Unit has been taken in Condemnation, eminent domain or like proceeding nor is any such proceeding pending or, to Lessee's Actual Knowledge and belief, threatened in writing or contemplated.

(viii) Lessee is not entitled to any period(s) of free Rent or any offset, credits or rights of abatement against Lessee's obligation to pay Rent hereunder.

#### Section 19.2. Defense of Title.

(a) Lessee will, on behalf of Lessor, forever warrant and defend Lessor's title to the Condominium Unit against any and all claims whatsoever, subject to the Permitted Liens and Lessor Liens. The foregoing warranty of title shall survive the foreclosure of the Bond Financing Documents and shall inure to the benefit of and be enforceable by Lender in the event Lender acquires title to the Condominium Unit.

(b) If, within the scope of the above warranty, the title to the Condominium Unit or the interest of Lender or Lessor shall be the subject of any adverse claim, any action at law or in equity, or be attacked, or endangered, clouded or adversely affected in any manner (collectively, a "Title Claim"), Lessee, at Lessee's expense, shall take all necessary and proper steps for the defense of said title or interest, including the employment of counsel approved by Lessor and Lender (such approval not to be unreasonably withheld or delayed), the prosecution or defense of litigation, and the compromise or discharge of any Title Claims made against said title or interest; provided, however, that Lessee shall not be required to defend such title or interest if the Title Claim against such title or interest was caused by or any act or acts of Lender

or Lessor or any Affiliate of either. Notwithstanding the foregoing, in the event that Lessor or Lender determines that Lessee is not adequately performing its obligations under this Section, Lessor or Lender may, without limiting or waiving any other rights or remedies, after giving fifteen (15) Business Days' notice to Lessee, take such steps with respect thereto as Lessor or Lender shall deem necessary or proper and any out-of-pocket costs and expenses incurred by Lender and Lessor in connection therewith, together with interest thereon at the Default Rate from the date incurred by Lessor or Lender until actually paid by Lessee, shall be immediately paid by Lessee to the party entitled thereto on demand and shall be an obligation under this Lease. Nothing contained in this Section shall relieve Lessee of its obligations under Section 7.1.

## **ARTICLE XX**

### **SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE**

#### **Section 20.1. Subordination.**

This Lease and Lessee's rights hereunder are, subject to Section 21.5, subordinate to: (i) the Bond Financing Documents; and (ii) all renewals, modifications, replacements, substitutions and extensions of the Bond Financing Documents.

(a) Lessee shall, within twenty (20) days after demand, execute and deliver an instrument, in recordable form if requested, that Lessor, or any holder of the Bond Financing Documents may request, to confirm such subordination.

(b) Notwithstanding the provisions of Section 20.1(a), the holder of the Bond Financing Documents to which this Lease is subject and subordinate shall have the right, at its sole option, at any time, to subordinate and subject the Bond Financing Documents, in whole or in part, to this Lease by recording a unilateral declaration to such effect.

#### **Section 20.2. Attornment to Successor Lessors.**

(a) If at any time any holder of the Bond Financing Documents or any other person or the successors or assigns of any of the foregoing (such holders and any such other person or successor or assign being herein collectively referred to as "Successor Lessor") shall succeed to the rights of Lessor under this Lease, Lessee shall attorn to and recognize any such Successor Lessor as Lessee's landlord under this Lease upon the terms of this Lease. The provisions of this Section shall inure to the benefit of any such Successor Lessor, shall be self-operative upon any such request, and no further instrument shall be required to give effect to these provisions.

(b) Upon the request of any such Successor Lessor, Lessee shall execute and deliver, from time to time, instruments satisfactory to any such Successor Lessor, in recordable form if requested, to evidence and confirm the foregoing provisions of this Section, acknowledging such attornment and setting forth the terms and conditions of Lessee's tenancy.

(c) Upon such attornment as provided in the foregoing provisions of this Section, this Lease shall continue in full force and effect as a direct lease between such

Successor Lessor and Lessee upon all of the terms of this Lease except that such Successor Lessor shall not be: (i) liable for any act or omission or negligence of any prior Lessor; (ii) subject to any counterclaim, defense or offset which theretofore shall have accrued to Lessee against any prior Lessor; (iii) bound by the payment of any Additional Rent for more than one month in advance; or (iv) bound by any previous modification or amendment of this Lease unless such modification or amendment shall have been approved in writing by the holder of any of the Bond Financing Documents through which the Successor Lessor shall have succeeded to the rights of Lessor under this Lease.

Section 20.3. Notice of Default to Superior Interest.

Lessee shall not exercise any right or remedy provided in this Lease or under Applicable Law on account of any act or omission by Lessor until (a) it shall have given written notice of such act or omission to the person entitled to notice pursuant to the Bond Financing Documents whose name and address shall have been previously furnished to Lessee, and (b) a period of thirty (30) days shall have elapsed following such notice without such act or omission having been cured, except that if such person cannot cure such act or omission within such thirty (30) day period, such person shall have an additional period, not to exceed one hundred eighty (180) days, provided it commences to cure such act or omission within the thirty (30) day period and proceeds diligently thereafter to effect such cure.

Section 20.4. Non-Disturbance Agreement

Lessee's agreement to subordinate to any of the Bond Financing Documents is subject to the condition that so long as this Lease is in full force and effect and no Lease Event of Default has occurred and is continuing (a) notwithstanding anything to the contrary contained in Section 21.1, Lessee's possession of the Condominium Unit, and all its rights and privileges under this Lease, shall not be disturbed or diminished or in any way adversely affected as a result of the foreclosure of the Bond Financing Documents, including without limitation any rights of renewal or rights of first opportunity to purchase, which Lessee may enjoy under this Lease, (b) except for, and to the limited extent of any, compulsory claims or counterclaims, Lessee shall not be joined in any action or proceeding to foreclose the Bond Financing Documents, and (c) notwithstanding anything to the contrary contained in Section 21.1, this Lease shall continue as a direct lease between the person entitled to act on behalf of the holders or beneficiaries of the bonds pursuant to the Bond Financing Documents, or such other Successor Lessor and Lessee, upon all of the terms of this Lease, except such as are not then applicable or pertinent to the remainder of the Base Term or Renewal Term, as applicable.

**ARTICLE XXI**  
**PURCHASE PROCEDURE**

Section 21.1. Purchase Option.

Lessor and Lessee agree that Lessee shall have an option to purchase the Condominium Unit at any time after the commencement of the Interim Term of the Lease and after construction of foundations for the Hotel and Convention Center has commenced under the following terms and conditions:

(a) Lessee shall pay the unamortized amount of the Bond Financing plus all interest accruing to and due and payable with respect to the Bond Financing to the earliest practicable date on which the Bonds may be redeemed (allowing sufficient time for the issuance of redemption instructions, preparation and mailing of a proper redemption notice and the required number of days' notice to be given to holders and owners of the Bonds) and the redemption fees and expenses of the trustee and any registrar or paying agent for the Bonds, plus all unpaid interest on the Bond Financing and unpaid Base Rent and Additional Rent;

(b) In the event Lessee has received an Internal Rate of Return, based on the Lessee's Equity starting with investments from the inception of the Interim Term and terminating with the expiration of the Base Term of at least 20%, then Lessee shall pay Lessor a Purchase Price the unpaid principal balance and accrued interest of the IDP Loan, if any.. In the event the Lessee's return, as calculated above is less than 20%, then, if Lessee exercises the purchase option contained herein, Lessor shall lend to Lessee (subject to any required approval of the Commonwealth of Pennsylvania), an amount equal to the unpaid principal balance and accrued interest due under the IDP Loan, if any, which loan shall be for a ten (10) year term at the same interest rate as the IDP Loan and which shall fully amortize during the ten (10) year term. Lessee may elect to repay in full the amount due under the IDP Loan in lieu of the loan described in this sub-section (b). In order to calculate the Internal Rate of Return, Lessor and Lessee agree to cause an appraisal to be done by an appraiser bearing the MAI designation who is generally familiar with the value of similar properties, which appraiser shall appraise the residual value (the value at the end of the 20<sup>th</sup> year) of the Hotel and Condominium Unit on a net basis after deduction of costs normally associated with the sale of a similar property, including, without limitation, transfer taxes and transaction costs. In the event Lessor and Lessee are unable to agree on single appraiser, each shall select an appraiser meeting the criteria set forth herein who shall perform the appraisal. If the appraisals are within five (5%) per cent of each other in residual value, the parties shall use the average of the appraisals in determining residual value. If the appraisals vary by more than five (5%) per cent the two appraisers shall select a third appraiser who shall review the two appraisals and select one of the two appraisals as the appraisal to be utilized in determining residual value. In the event the Commonwealth of Pennsylvania does not consent to the making of the loan set forth above, then Lessee shall pay to Lessor an amount equal to the outstanding principal balance of the IDP Loan together with accrued interest which, together with (c) below shall constitute the purchase price. Lessor shall use its commercially reasonable best efforts to obtain the necessary approvals from the Commonwealth of Pennsylvania. In the event there is the unpaid principal balance is zero (0), the purchase price shall be as determined in (c) below;

(c) In the event the Lessee has received an Internal Rate of Return, based on Lessee's Equity, starting with investments from the inception of the Interim Term and terminating with the expiration of the Base Term, of at least 25%, then in addition to the Purchase Price paid in Section 21.1 (b), Lessee shall pay Lessor an additional price of thirty (30%) of the amount of the residual value (the value at the end of the 20<sup>th</sup> year) in excess of the residual value required to achieve an Internal Rate of Return equal to 25%. In order to calculate the Internal Rate of Return, Lessor and Lessee agree to cause an appraisal to be done by an appraiser bearing the MAI designation who is generally familiar with the value of similar properties, which appraiser shall appraise the residual value (the value at the end of the 20<sup>th</sup> year) of the Hotel and Condominium Unit on a net basis after deduction of costs normally associated

with the sale of a similar property, including, without limitation, transfer taxes and transaction costs. The appraiser shall also calculate the residual value in excess of that required to produce an Internal Rate of Return equal to 25 % in order to determine the payment (if any) required to be made in accordance with this Section 21.1 (c). In the event Lessor and Lessee are unable to agree on a single appraiser, the parties shall follow the procedure set forth in Section 21.1 (b) above for determining residual value;

(d) In no event shall the purchase price be less than One Thousand (\$1000.00) Dollars;

(e) If Lessee accepts a bona fide third party offer (not from an Affiliate) to sell the Condominium Unit and Hotel within twelve (12) months after the closing occurs on the purchase option granted herein and closing occurs thereafter with the offeree (or its designee), the Internal Rate of Return shall be recalculated utilizing the purchase price after deduction of all of the costs of sale associated therewith. In the event the Internal Rate of Return produces a result which increases the amount which would have been payable to Lessor pursuant to (b) and (c) above, Lessee shall make a lump sum payment to Lessor at Closing on the sale equal to the difference between the amounts actually paid pursuant to (b) or (c) above and the recalculated amount that would have been due and payable under such (b) or (c) if such actual net sale price were the residual value.

(f) The Condominium Unit shall be transferred by Special Warranty deed with covenants of further assurances and otherwise shall be "as is;" and

(g) Closing shall occur one hundred eighty (180) days after a notice is sent by certified mail, return receipt requested, from Lessee to Lessor. Lessee shall pay all Closing costs, transfer taxes, recording costs and other costs due and payable in connection with this transaction.

(h) If Lessee fails to notify Lessor of the exercise of the purchase option hereunder before the end of the Term of this Lease, the right of Lessor to exercise shall not be forfeited unless or until Lessor has given Lessee notice giving Lessee an additional sixty (60) days within which to exercise the purchase option it being the intent of the parties to avoid a forfeiture of the purchase option as a result of Lessee's inadvertent failure to notify Lessor. During such period and the period given to close on the transaction, the term shall be extended and Lessee shall be deemed to be a tenant in accordance with Section 24.22 hereof except that Lessor shall not be permitted to oust Lessee from possession or otherwise exercise its remedies under this Lease until either the sixty (60) day notice period has expired with an exercise of the purchase option by Lessee or the one hundred eighty (180) period has expired and closing has not occurred (unless these time periods are extended by Lessor).

(i) It shall be a condition of the exercise and closing of the purchase option hereunder, that Lessee and Lessor have made satisfactory arrangement to repay or refinance any loan (or portion thereof) obtained or bonds (or any portion thereof) issued by Lessor in connection with and to be paid from proceeds of the IFIP Grant which is attributable to the Hotel and the Condominium Unit..

**ARTICLE XXII**  
**TRANSFER OF LESSOR'S INTEREST**

Section 22.1. No Permitted Transfer.

Lessor shall not;

(i) transfer any portion of its right, title and interest in and to the Condominium Unit and its rights under this Lease except pursuant to the Bond Financing Documents without the prior written consent of the Lessee which may be withheld in Lessee's sole discretion;

(ii) finance its interest in the Condominium Unit except for the Bond Financing Documents without the prior written consent of the Lessee which may be withheld in Lessee's sole discretion, and

(iii) grant any easement license, lease or otherwise encumber its fee interest or the leasehold interest granted in this Lease without the prior written consent of the Lessee which may be withheld in Lessee's sole discretion.

Section 22.2 Façade Easement

To the extent Lessee, in its sole discretion, deems it necessary or desirable in order to finance the Hotel, Lessor, upon Lessee's request, shall transfer to Lessee a facade easement which Lessee shall be permitted to further transfer to an investor. The easement shall contain such terms and conditions to which Lessor and Lessee shall mutually agree provided such terms and conditions shall further the object of preserving the historic characteristics of the façade of the building located on the Original Premises. All funds received by Lessee from the transfer of a façade easement shall be used by Lessee in connection with Lessee's obligations pursuant to this Lease.

**ARTICLE XXIII**  
**PERMITTED FINANCING; ASSUMPTION; REFINANCING**

Section 23.1. Financing During Term.

Lessee hereby expressly consents to the Lien imposed in favor of the Indebtedness pursuant to the Bond Financing as such Indebtedness is in effect on the date hereof. Lessor shall not alter, change, extend, reduce or modify the Bond Financing or the Bond Financing Documents in any manner which adversely affects the obligations of the Lessee without the written consent of Lessee which may be withheld at its sole discretion without any duty on Lessee to be reasonable.

Section 23.2. Lessee's Consent to Assignment for Indebtedness.

Lessee acknowledges that in order to secure Lessor's obligations under the Bond Financing Documents, Lessor may agree to an Assignment of Lease and in the Bond Financing Documents, among other things, to the assignment (to the extent provided therein) to Lender of Lessor's right, title and interest to this Lease and to the undertakings of Lessee in this Section. While the Assignment of Lease and the Bond Financing, are in effect, Lessee hereby:

- (a) consents to such assignment;
- (b) covenants to make in full to Lender, in Lender's name, when due (without offset, deduction, defense, deferment, abatement or diminution, except as provided in this Lease), by wire transfer of immediately available funds in accordance with the terms of this Lease:
  - (i) each payment of Base Rent and, to the extent not directly payable by Lessee to third parties or Governmental Authorities, or payable to Lessor under Articles XVIII or XIX hereof, all Additional Rent; and
  - (ii) the Termination Value;
- (c) agrees:
  - (i) to deliver to Lender all notices and other communications which Lessee is required to deliver to Lender pursuant to this Lease;
  - (ii) that all consents to be delivered by Lessor pursuant to this Lease shall not be effective unless consent is also given by Lender, to the extent Lender consent is required by the Bond Financing Documents;
  - (iii) to deliver to Lender duplicate originals of all written notices and other communications delivered to Lessor pursuant to this Lease, in accordance with this Lease, of (A) the occurrence of any Lease Event of Default, (B) the making of any election, (C) the exercise of any right to terminate all or any portion of this Lease, and (D) the exercise of any option;
  - (iv) to deliver to Lender, at its address for notices set forth herein or at such other address as Lender shall designate, all such payments and sums and all such notices and other communications;
  - (v) that it shall not, except as provided in this Lease or under applicable law, seek to recover from Lender any moneys paid to Lender by virtue of the Assignment of Lease and the foregoing provisions; provided, however, that neither the Assignment of Lease nor the foregoing provisions shall limit Lessee's right to recover (A) any duplicate payment made to Lender, whether due to computational or administrative error or otherwise, if Lender has received such payment, (B) all or any portion of a payment in excess of the amount then due under this Lease or otherwise owed by Lessor to Lessee under this Lease, and (C) any amounts that have been paid to



or are actually held by Lender that are required to be refunded to, repaid, or otherwise released to or for the benefit of Lessee under this Lease;

(vi) that no payment of Rents (other than Excepted Payments and payments required by this Lease to be paid to third parties) or delivery of such notices or other communications by Lessee shall be of any force or effect unless paid to Lender or delivered to Lender as provided above;

(vii) that Lessee shall not pay any Rent more than thirty 30 days prior to such payment's scheduled due date except as provided in this Lease;

(viii) that Lessee shall not enter into any agreement subordinating or (except as expressly permitted by the terms of this Lease as in effect on the date hereof) terminating this Lease without the prior written consent of Lender, and any such attempted subordination or termination without such consent shall be void;

(ix) that except with respect to Excepted Payments, Lessee shall not enter into any amendment or modification of this Lease without the prior written consent of Lender, and any such attempted amendment or modification without such consent shall be void;

(x) that if this Lease shall be amended, it shall continue to constitute collateral under the Bond Financing Documents without the necessity of any further act by Lessor, Lessee or Lender;

(xi) that except as expressly provided in this Lease, Lessee shall not take any action to terminate, rescind, reject or avoid this Lease, notwithstanding, to the fullest extent permitted by law, the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution or other proceeding affecting Lessor or any assignee of Lessor and notwithstanding any action with respect to the Lease which may be taken by an assignee, trustee or receiver of Lessor or of any such assignee or by any court in any such proceedings; and

(xii) that Lender is entitled to all of the rights and benefits, including, without limitation, rights to indemnification, set forth in this Agreement, notwithstanding the fact that Lender is not a party to this Agreement.

Nothing herein shall be construed as Lessee's agreement to be bound and perform the obligations of Lessor under the Bond Financing Documents (except as expressly stated herein). If Lessee receives conflicting direction from Lessor and Lender, or is in good faith uncertain as to whether it should comply with a direction from either Lessor or Lender, Lessee shall be permitted to seek written confirmation from Lessor and Lender, or if the matter in dispute regards the payment of money by Lessee, pay the same into a court and provide Lessor and Lender with reasonably prompt notice of such payment. The parties acknowledge and agree that Lender shall be a third party beneficiary of the provisions contained in this Article XXIII.

### Section 23.3. Refinancing

Lessee shall have the right to require Lessor to refinance the Bond Financing on terms and conditions acceptable to Lessee, in which event the Base Rent shall utilize the debt service and other periodic charges set forth in the new financing documents (which shall for the purpose of this Lease be deemed to be the Bond Financing and the documents in connection therewith shall be deemed to be Bond Financing Documents). Lessor shall cooperate fully with Lessee to achieve a refinancing if Lessee determines to proceed. Lessee shall pay all transaction costs of Lessor in connection with the refinancing. Lessee agrees that the payment of transaction costs in connection with the refinancing shall not be included as Equity for any purpose under this Lease unless the refinancing results in an interest rate reduction in which event the payment of transaction costs shall be included as Equity. Lessor and Lessee agree that the replacement of one form of Credit Enhancement for another shall not be deemed to be a refinancing for the purposes hereunder and transaction costs in connection therewith expended by Lessee shall be included as Equity.

## **ARTICLE XXIV MISCELLANEOUS**

### Section 24.1. Binding Effect; Successors and Assigns Survival.

The terms and provisions of this Lease, and the respective rights and obligations hereunder of Lessor and Lessee, shall be binding upon their respective successors, legal representatives and assigns (including, in the case of Lessor, any Person to whom Lessor may transfer the Condominium Unit) and inure to the benefit of their respective permitted successors and assigns, and the rights hereunder of Lender shall inure (subject to such conditions as are contained herein) to the benefit of its permitted successors and assigns.

### Section 24.2. Quiet Enjoyment.

Lessee shall have the right to peaceably and quietly hold, possess and use any and all of the Condominium Unit hereunder during the Lease Term, subject to the Permitted Liens, the Operative Documents and all matters of record affecting the Condominium Unit as of the Closing Date, so long as no Lease Event of Default has occurred and is continuing.

### Section 24.3. Notices.

Unless otherwise specifically provided herein, all notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof to be given to any Person shall be in writing sent to either (i) that Person's Address, and a copy thereof shall be sent to each Person to receive a copy pursuant to the definition of "Address", by (A) a nationally recognized overnight courier service, and any such notice shall be deemed received one (1) Business Day after delivery to a nationally recognized courier service specifying overnight delivery, or (B) or (ii) that Person's fax number, and a second copy thereof shall be sent to each Person required to receive a copy pursuant to the definition of "Address", by a nationally recognized overnight courier service, specifying overnight delivery, prepaid, and any such notice shall be deemed received after the earlier of (x) the confirmation of receipt of such

fax, or (y) when received, if by courier. From time to time any party may designate a new Address or fax number for purposes of notice hereunder by notice to each of the other parties hereto. All notices given hereunder shall be irrevocable unless expressly specified otherwise. Lessee shall provide Lender with a copy of all notices from Lessee to Lessor under this Agreement. Said copies of notices from Lessee to Lessor that are sent by Lessee to Lender shall be sent in accordance with the requirements set forth in this Section.

Section 24.4. Severability.

Any provision of this Lease that shall be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, and each party hereto shall remain liable to perform its obligations hereunder except to the extent of such unenforceability. To the extent permitted by applicable law, Lessee hereby waives any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

Section 24.5. Amendment, Complete Agreements.

Neither this Lease nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but may be terminated, amended, supplemented, waived or modified only by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver or modification shall be sought. This Lease is intended by the parties as a final expression of their lease agreement and as a complete and exclusive statement of the terms thereof, all negotiations, considerations and representations between the parties having been incorporated herein. No representations, undertakings, or agreements have been made or relied upon in the making of this Lease other than those specifically set forth in the Operative Documents.

Section 24.6. Headings.

The Table of Contents and headings of the various Articles and Sections of this Lease are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

Section 24.7. Counterparts.

This Lease may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 24.8. Governing Law.

This Lease shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania.

#### Section 24.9. Estoppel Certificates.

Each party hereto agrees that at any time and from time to time during the Lease Term, it will promptly, but in no event later than ten (10) business days after request by the other party hereto, execute, acknowledge and deliver to such other party a certificate stating (a) that this Lease is unmodified and in force and effect (or if there have been modifications, that this Lease is in force and effect as modified, and identifying the modification agreements); (b) the date to which Base Rent has been paid; (c) whether or not there is any existing default by Lessee in the payment of Base Rent or any other Rent payable to Lessor hereunder, and whether or not there is any other existing default by either party with respect to which a notice of default has been served, and, if there is any such default, specifying the nature and extent thereof, (d) whether or not, to the knowledge of the signer, there are any setoffs, defenses or counterclaims against enforcement of the obligations to be performed hereunder existing in favor of the party executing such certificate and (e) other items that may be reasonably requested. Such certificate may be relied upon by any bona fide, permitted purchaser of, or mortgagee with respect to, Lessor's or Lessee's interest in the Condominium Unit (direct or indirect), or any prospective sublessee of Lessee in respect of any one or more of the Condominium Unit or any purchaser of an interest in Lessee or Lessor or any Person with whom Lessee intends to consolidate.

#### Section 24.10. Easements.

So long as no Lease Event of Default has occurred and is then continuing, and provided that no such action could reasonably be expected to have a material adverse effect upon Lessee's ability to perform its obligations under the Operative Documents, Lessor will join with Lessee (and will request Lender to join in, or subordinate the lien on real estate granted pursuant to the Bond Financing Documents, to any easement granted in accordance with this Section) from time to time at the request of Lessee (and at Lessee's sole cost and expense including all reasonable costs incurred by Lender) to:

(a) subject to the terms of Article XII, sell, assign, convey or otherwise transfer an interest in any or all of the Condominium Unit to any Person legally empowered to take such interest under the power of eminent domain, and, without such activity being subject to the terms of Article XII, dedicate or transfer de minimis unimproved portions of the Condominium Unit for road, highway or other public purposes;

(b) upon approval by Lessor, which approval may not be unreasonably withheld: (i) grant new (or release existing) easements, licenses, rights of way and other rights and privileges in the nature of easements, with respect to the Condominium Unit, and (ii) execute amendments to any covenants and restrictions affecting the Condominium Unit. Lessor's approval shall be deemed given if Lessor shall not have notified Lessee of its withholding of such approval within twenty (20) days after Lessee's request, provided Lessee shall have given a second notice (stating that failure to respond within seven (7) days shall be deemed approval) at least seven (7) days prior to the expiration of said twenty-day period; and

(c) execute and deliver any instrument, in form and substance reasonably acceptable to Lessor, necessary or appropriate to make or confirm the grants, releases or other actions described above in clauses (a) and (b) of this Section.

Section 24.11. No Joint Venture.

Any intention to create a joint venture or partnership relation between Lessor and Lessee is hereby expressly disclaimed.

Section 24.12. No Accord and Satisfaction.

The acceptance by Lessor of any sums from Lessee (whether as Rent or otherwise) in amounts which are less than the amounts due and payable by Lessee hereunder is not intended, nor shall be construed, to constitute an accord and satisfaction of any dispute between such parties regarding sums due and payable by Lessee hereunder, unless Lessor specifically deems it as such in writing.

Section 24.13. No Merger.

In no event shall the leasehold interests, estates or rights of Lessee hereunder, or of Lender merge with any interests, estates or rights of Lessor in or to any and all of the Condominium Unit, it being understood that such leasehold interests, estates and rights of Lessee hereunder, and of Lender shall be deemed to be separate and distinct from Lessor's interests, estates and rights in or to the Condominium Unit, notwithstanding that any such interests, estates or rights shall at any time or times be held by or vested in the same person, corporation or other entity. Without limitation of the foregoing, if Lessee purchases the Condominium Unit pursuant to Article XXI or otherwise at a time when the Bond Financing Documents remain in effect, this Lease will remain in full force and effect..

Section 24.14. Naming and Signage of the Condominium Unit.

Subject to the Operative Documents, all matters of record affecting the Condominium Unit as of the Closing Date and Applicable Laws, Lessee shall have the sole and exclusive right, at any time and from time to time, to select the name or names of the Condominium Unit and the Improvements, and the sole and exclusive right to determine not to use any name in connection with the Condominium Unit, as well as all rights in respect of signage for or in connection with the Condominium Unit. Lessor shall not have or acquire any right or interest with respect to any such name or names used at any time by Lessee, or any trade name, trademark service mark or other intellectual property of any type of Lessee.

Section 24.15. Expenses.

Whenever this Lease provides for the reimbursement by Lessee of costs and expenses of Lessor or any other party, then such reimbursement obligation shall be limited to actual, out-of pocket, reasonable costs and expenses.

#### Section 24.16. Investments.

Any moneys held by Lessor (or by Lender) as security under this Lease for future payments by Lessee (including Condemnation or proceeds of any insurance) at any time shall, until paid to Lessee, be invested by Lessor in a manner mutually acceptable to Lessee and Lessor, or, if the Bond Financing Documents are in effect, by Lender in investments permitted pursuant to the Bond Financing Documents. Any gain (including interest received) realized as a result of any such investment (net of any fees, commissions, Taxes and other expenses, if any, incurred in connection with such investment) shall be retained with, and distributed and re-invested in the same manner, as the original principal amount. Lessor (and Lender) shall have no liability for any losses arising from any such investments or reinvestments.

#### Section 24.17. Further Assurances.

Lessor and Lessee, at the cost and expense of the requesting party, will cause to be promptly and duly taken, executed, acknowledged and delivered all such further acts, documents and assurances as any of the others reasonably may request from time to time in order to carry out more effectively the intent and purposes of this Lease. Nothing herein shall obligate Lessee to provide to Lessor or Lender any proprietary or confidential information relating to the manner, method and procedures of Lessee's business operations, or relating to Lessee's business plan except such information as is reasonably necessary to the calculation of the Participation Percentage Rental Payment and the Purchase Price. Lessee acknowledges that the information required to be provided in Section 3.4 (b) above is not covered by this exclusion.

#### Section 24.18. Conveyance Expenses.

All transfer taxes, title insurance premiums, and other costs, fees and expenses (including reasonable attorneys fees and expenses) incurred in connection with the transfer of any or all of Lessor's interest in the Condominium Unit to Lessee under Articles XII or XXI shall be paid by Lessee.

#### Section 24.19. Independent Covenants.

The covenants of Lessor and Lessee herein are independent and several covenants and not dependent on the performance of any other covenant in this Lease.

#### Section 24.20. Lessor Exculpation.

Anything to the contrary in this Lease notwithstanding, the covenants contained in this Lease to be performed by Lessor shall not be binding on any trust company or owner of interests in Lessor in its individual capacity, but instead said covenants are made for the purpose of binding only all of Lessor's right, title and interest in and to the Condominium Unit, and none of Lessor, any owner of interests in Lessor or any Affiliate of Lessor or any of their successors and assigns shall have any liability under this Lease in excess of, and Lessee shall have no recourse under this Lease against Lessor, any owner of interests in Lessor, or any Affiliate of Lessor except with respect to, Lessor's interest in the Condominium Unit, Net Proceeds and Rent.

#### Section 24.21. Remedies Cumulative.

To the extent permitted by, and subject to the requirements of, Applicable Laws, each and every right, power and remedy herein specifically given to Lessor or otherwise in this Lease shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by Lessor. No delay or omission by Lessor in the exercise of any right, power or remedy or in the pursuit of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of Lessee or to be an acquiescence therein. Lessor's consent to any request made by Lessee shall not be deemed to constitute or preclude the necessity for obtaining Lessor's consent, in the future, to all similar requests. No waiver by Lessor of any default shall in any way be, or be construed to be, a waiver of any future or subsequent default.

#### Section 24.22. Holding Over.

Lessee covenants that if for any reason Lessee or any subtenant of Lessee, without written consent of Lessor, shall fail to vacate and surrender possession of the Condominium Unit or any part thereof on or before the expiration or earlier termination of this Lease and Base Term or Renewal Term, as the case may be, then Lessee's continued possession of the Condominium Unit shall be as a tenant at sufferance, during which time, without prejudice and in addition to any other rights and remedies Lessor may have hereunder or at law, Lessee shall pay to Lessor an amount equal to the Additional Rent, the Minimum Participation Rent, and the Participation Percentage Rental Payment (and in the case of any Renewal Fees paid or payable under Section 5.1(b)(iii), the Renewal Fee) pro-rated for the number of days such property is held over. The provisions of this Section shall not in any way be deemed to (i) permit Lessee to remain in possession of the Condominium Unit after the expiration date or sooner termination of this Lease, or (ii) imply any right of Lessee to use or occupy the Condominium Unit upon expiration or termination of this Lease and the Base Term or Renewal Term, as the case may be, and, unless Lessor has consented in writing to Lessee or its subtenant remaining in possession, no acceptance by Lessor of payments from Lessee after the expiration date or sooner termination of the Base Term or Renewal Term, as the case may be, shall be deemed to be other than on account of the amount to be paid by Lessee in accordance with the provisions of this Section. Lessee's obligations under this Section shall survive the expiration or earlier termination of this Lease. Lessor's rights to terminate this Lease or otherwise oust Lessee from possession pursuant to this Section 24.22 is fully subject to Lessee's rights to exercise the purchase option and remain in possession pursuant to Section 21.1(g) hereof so long as Lessee pays the rents provided to be paid in this Section 24.22.

#### Section 24.23. Survival.

The following provisions shall survive the termination of this Lease: (i) Sections 3.5, 6.1, 8.4, 8.6, 8.8, 8.9, 17.2, and Articles VII, X, XVIII, and XXI; and (ii) any other provision of this Lease pursuant to which Lessor or Lessee had an existing obligation which was unsatisfied at the time of termination of this Lease and remains unsatisfied, including, without limitation, to the extent there was any unsatisfied obligation under Section 12.1 or Article III;

provided, however, that nothing in this Section 24.23 shall be deemed to extend any applicable statute of limitations.

Section 24.24. Memorandum.

Lessee and Lessor agree that a memorandum or short form of this Lease (and any amendment hereof) may be executed and recorded, at Lessee's expense, in the land records of the jurisdiction in which the Condominium Unit is situate.

Section 24.25. Restrictions on Lessor.

Lessor shall not, without the consent of Lessee: (i) undertake Alterations of the Condominium Unit, (ii) contest any Impositions that are to be paid by Lessee or (iii) incur mechanics or materialmen's liens on the Condominium Unit that would interfere with Lessee's possession and quiet enjoyment of the Condominium Unit. Such consent shall not be unreasonably withheld, delayed or conditioned as to clause (ii) and otherwise may be withheld in Lessee's discretion. Nothing in this Section shall limit the rights of Lessor to exercise any of its rights or remedies under this Lease, whether following a default by Lessee or otherwise specifically granted in this Lease.

Section 24.26 IFIP Grant Covenants.

(a) Lessee shall cooperate with Lessor in all matters necessary or appropriate to obtain and receive IFIP Grants for the Improvements during the term of this Lease or, if less, the term over which the Improvements are eligible to receive IFIP Grants, and shall cooperate with Lessor in having a certified public accountant undertake and submit to DCED a final audit listing all costs of the Improvements and certifying that grant funds were disbursed in accordance with the IFIP Grant the Improvements and certifying that grant funds were disbursed in accordance with the IFIP Grant Agreement, such audit and certificate to be submitted within 90 days following expiration of the IFIP Grants, or at such other time as shall be required by the IFIP Grant Agreement. Lessee shall cooperate with the Lessor in compiling, preparing and presenting such financial information and operating data as shall be required to make application for, to renew, and to receive, IFIP Grants for each year during the term of the Lease or, if less, for the maximum term over which such grants may be received in accordance with law. This covenant shall survive termination or assignment of this Lease.

(b) If, during the period in which the Lessor is receiving IFIP Grants, the Lessee receives from any party other than the Lessor or the Commonwealth of Pennsylvania any payments in respect of the cost of infrastructure improvements which are a part of the Improvements for which the IFIP Grants have been awarded, the Lessee shall pay to the Lessor a sum equal to such payments and the Lessor shall, in accordance with the IFIP Grant Agreement, apply the sum so paid to the payment of the debt service on the Bonds or other debt service for the Improvements.

(c) Lessee shall maintain full accurate records with respect to the construction, operation and maintenance of the Improvements, and shall cooperate with the Lessor in providing DCED with access to such records, and such similar records as may be maintained by Lessor, and to afford DCED and its authorized employees or agents access to and



the ability to inspect all work, invoices, materials and other relevant records at reasonable times and places in connection with DCED's administration of the IFIP Grants. Lessee shall furnish to the Lessor and DCED, upon request, all data, reports, contracts, documents and other information relevant to the Improvements and the IFIP Grants.

*{Remainder of page intentionally blank.}*

IN WITNESS WHEREOF, Lessor and Lessee have duly authorized, executed and delivered this Lease as of the date first hereinabove set forth.

**LESSOR:**

Redevelopment Authority of the City of  
Lancaster, a body politic and corporate  
existing under the laws of the  
Commonwealth of Pennsylvania

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**LESSEE:**

Penn Square Partners, a Pennsylvania  
limited partnership

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## APPENDIX A

In this Lease, unless the context otherwise requires:

- (a) any term defined below by reference to another instrument or document shall continue to have the meaning ascribed thereto whether or not such other instrument or document remains in effect;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing a gender include any gender;
- (d) a reference to a part, clause, party, section, article, exhibit or schedule is a reference to a part and clause of, and a party, section, article, exhibit and schedule to, this Lease;
- (e) a reference to any statute, regulation, proclamation, ordinance or law includes all statutes, regulations, proclamations, ordinances or laws varying, consolidating or replacing them, and a reference to a statute includes all regulations, proclamations and ordinances issued or otherwise applicable under that statute;
- (f) a reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (g) a reference to a party to a document includes that party's successors and permitted assigns;
- (h) the words "including" and "includes," and words of similar import, shall be deemed to be followed by the phrase "without limitation";
- (i) the words "hereof" and "hereunder," and words of similar import, shall be deemed to refer to this Lease as a whole and not to the specific section or provision where such word appears; and
- (j) unless the context shall otherwise require, a reference to the "Condominium Unit" or "Building" shall be deemed to be followed by the phrase "or a portion thereof".
- (k) a reference to "material" or "materially" when used in determining the existence of a Lease Event of Default shall be deemed to be followed by the phrase "(determined by using a commercially reasonable standard)".

"Actual Knowledge" with respect to any Person, shall mean the present, conscious, actual knowledge of the officers of such Person charged with the oversight on its behalf of the Overall Transaction without duty of inquiry, provided that such Person will also be deemed to have knowledge of any matter of which notice shall have been given in accordance with the provisions hereof or by any Governmental Authority, and provided further that with

respect to Liens or maintenance items it shall include the knowledge of senior officers of the Person.

"Additional Rent" shall mean all operating costs (including, without limitation, Lessor's share of the costs of operating the Original Premises or the Condominium Unit, as the case may be) which are incurred by Lessor in connection with the ownership of the Original Premises or the Condominium Unit, as the case may be and any other payments due under this Lease exclusive of Impositions, Minimum Participation Rent and Participation Percentage Rental Payment.

"Address" shall mean, subject to the rights of the party in question to change its Address in accordance with the terms of the Operative Documents:

(a) with respect to Lessor, The Redevelopment Authority of the City of Lancaster, 120 N. Duke Street, Lancaster, Pennsylvania 17603, Attention: Charles H. Simms, Jr., Chairman, with a copy to Frank P. Mincarelli, Esquire, Blakinger, Byler & Thomas, P.C., 28 Penn Square, Lancaster, Pennsylvania 17603 with a required copy to Lender at the address set forth in clause (c) below.

(b) with respect to Lessee, c/o High Real Estate Group, 1853 William Penn Way, P.O. Box 10008, Lancaster, Pennsylvania 17605-0008, Attention: Mark C. Fitzgerald CPM, CCIM, President and Chief Operating Officer, with a copy to: Richard R. Goldberg, Esquire, Ballard Spahr Andrews & Ingersoll, LLP, 1735 Market Street, 51<sup>st</sup> Floor, Philadelphia, Pennsylvania, 19105-7599.

(c) the address for Lender shall be determined as of the date the Bond Financing becomes effective.

"Affiliate" of any Person shall mean any other Person directly or indirectly controlling, controlled by or under common control with, such Person and shall include, if such Person is an individual, members of the Family of such Person and trusts for the benefit of such individual or Family members. For purposes of this definition, the term, "control" (including the correlative meanings of the terms "controlling" "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Alterations" shall mean alterations, improvements, installations, modifications, changes and additions to the Condominium Unit or any part thereof.

"Applicable Laws" shall mean all existing and future applicable laws (including common laws), rules, regulations, statutes, treaties, codes, ordinances, permits, certificates, orders and licenses of and interpretations by, any Governmental Authorities, and applicable judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction (including those pertaining to health, safety or the environment and those pertaining to the construction, use or occupancy of the Condominium Unit), development guide, declaration, restrictive use agreement and any reciprocal easement agreement, covenant, other agreement or deed restriction

or easement of record affecting the Condominium Unit as of the date hereof or, with Lessee's prior written consent, subsequent hereto (but excluding for purposes of this definition the Bond Financing Documents). Applicable Laws include Environmental Laws.

"Assignment of Lease" shall mean the assignment of lease dated as of the Closing Date, by and among Lessor, as assignor, and Lender, as assignee, with respect to this Lease, and consented to by Lessee, and any other assignment of the Lease hereinafter entered into by Lessor.

"Bankruptcy Code" shall mean the Bankruptcy Reform Act of 1978 as amended and as may be further amended.

"Base Rent" shall mean (i) the amount required on a periodic basis to be paid pursuant to the Bond Financing and the Bond Financing Documents as debt service and to pay all other periodic charges required to be paid by Lessor in connection with the Bond Financing and the Bond Financing Documents until the Bond Financing is repaid after which event the Base Rent shall be zero and (ii) any sums required to be paid by Lessor as Lessor Administrative Costs to the extent not provided for in the Bond Financing Documents, which, if the same constitute sums due and payable to third parties by or on behalf of Lessor of which Lessee has notice or knowledge, shall be paid by Lessee not later than the date or dates on which such sums are due and payable to said third parties or, as to other sums, shall be paid by Lessee on the date or dates specified by Lessor.

"Base Term" shall mean the period commencing on the Commencement Date of the Base Term and ending on [insert date 20 years from Commencement Date of the Base Term] or such shorter period as may result from earlier termination of the Lease as provided therein.

"Bond Financing" shall mean the bonds issued by the Lessor in order to construct the Improvements and secured by revenues from this Lease and any other Credit Enhancement provided by Lessee in connection therewith.

"Bond Financing Documents" shall mean all documents executed by Lessor to provide financing in connection with the Bond Financing and all documents executed by Lessee to provide Credit Enhancement in connection with the Bond Financing.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which banks are authorized to be closed in New York, New York.

"Casualty" shall mean any damage or destruction caused to the Condominium Unit by any reason, whether or not constituting an Event of Loss.

"Claims" shall mean liens (including, without limitation, lien removal and bonding costs) liabilities, obligations, damages, losses, demands, penalties, assessments, payments, fines, claims, actions, suits, judgments, settlements, costs, expenses and disbursements (including, without limitation, reasonable, actually-incurred legal fees and expenses and costs of investigation) of any kind and nature whatsoever.

"Closing Date for Unit 2" shall mean the date on which the Condominium is created and Lessor conveys the Original Premises to the Condominium Regime created by the Condominium Documents and the Condominium Regime conveys Unit 2 to the Lessor.

"Closing Date for the Original Premises" shall mean the date on which Lessee conveys to Lessor the land and improvements described in Exhibit A.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Complete", "Completed" or "Completion" shall mean, with respect to the Improvements as defined in Section 4.1, when each of the following conditions shall have been satisfied:

(a) The Improvements shall have been constructed in accordance with the Plans, the Operative Documents and all Applicable Laws as such may be amended and revised;

(b) A permanent or temporary certificate of occupancy (or local equivalent) or other written evidence that the legal occupancy of the Improvements for their intended use has been authorized by the appropriate Governmental Authority shall have been issued;

(c) The Qualified Architect with respect to the Improvements shall have issued a certificate certifying that substantial completion of such respective improvements has been achieved in accordance with the Plans and all Applicable Laws; and

(d) Lessee shall have delivered to Lessor and Lender an ALTA "as built" survey of the Condominium Unit showing the Improvements to be made to the Condominium Unit, having access to a public street, having sufficient parking to comply with applicable zoning ordinances and regulations, and being in compliance with any set-back or similar building restrictions.

"Commencement Date of the Base Term" shall mean the earlier of (i) substantial completion of Unit 2 so that the Hotel may be occupied by the general public as a hotel or (ii) the date hotel guest paying normal rates first occupy the Hotel for use as a hotel.

"Condemnation" shall mean any condemnation, requisition or other taking or sale of the use, occupancy or title to any or all of the Condominium Unit, by or on account of any eminent domain proceeding or other action by any Governmental Authority or other Person under the power of eminent domain or otherwise or any transfer in lieu of or in anticipation thereof.

"Condominium" shall mean the Condominium Regime created on \_\_\_\_\_, containing the Hotel, the Convention Center, and the common elements and limited common elements as such are defined in the Condominium Declaration.

"Condominium Documents" shall mean the Condominium Declaration and By-Laws attached as Exhibit B.

"Condominium Regime" shall have the meaning set forth in Section 2.1(c).

"Condominium Unit" shall mean the condominium unit described in the Condominium Declaration as shown on Exhibit B to this Lease; together with all buildings, structures, and other improvements of every kind (collectively, the "Improvements"); together with all easements, rights and appurtenances relating thereto; and together with all fixtures, including all components thereof, on and in respect to the Improvements, together with all replacements, modifications, alterations and additions thereto (collectively, the "Fixtures"), provided that in no event shall "Fixtures" include Lessee's Furniture, Fixtures, Equipment and Personalty and together with an interest in common with other units in the Condominium in the Common Elements and Limited Common Elements, if any.

"Construction Contract" should have the meaning set forth in Section 4.1 of this Lease.

"Contractor" shall have the meaning given in Section 4.4 hereof.

"Convention Center" shall mean the Improvements constructed in the Condominium Unit owned by the LCCCA.

"CPI Increase" shall mean the quotient derived by dividing the Consumer Price Index – All Cities Average published by the United States of America for the month in which the CPI Increase computation is to be made by the Consumer Price Index – All Cities Average in effect during the month in which the computation was previously made for the particular purpose. If the CPI Index – All Cities Average is no longer published, the parties shall select a comparable rate to determine the quotient.

"Credit Enhancement" shall mean a letter of credit secured by a mortgage on the Condominium Unit, bond insurance provided by a bond insurer acceptable to Lessor, Lessee and the purchasers of bonds pursuant to the Bond Financing Documents or any other similar form of credit support designed to improve the rating of the bonds by applicable rating agencies.

"DCED" shall mean the Pennsylvania Department of Community and Economic Development, or its successor.

"Default Rate" shall mean (i) with respect to Base Rent, any amount equal to any default rate and late charge specified in the Bond Financing Documents; (ii) with respect to Additional Rent, the amount specified in the Condominium Documents as the default rate plus late charges, and (iii) with respect to the Minimum Participation Rent, three percent (3%) of the prime rate published in the Wall Street Journal on the first day of the period in question.

"Development Agreement" shall mean that certain Development Agreement dated the date hereof by and among Lessor, Lessee, and High Associates, Ltd., a Pennsylvania limited liability company.

"Environmental Laws" shall mean and include the Resource Conservation and Recovery Act of 1976 (RCRA), 42 U.S.C. §§ 6901-6987, as amended by the Hazardous and Solid Waste Amendments of 1984, the Comprehensive Environmental Response, Compensation

and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601- 9657 (CERCLA), the Hazardous Materials Transportation Act of 1975, 49 U.S.C. §§ 1801-1812, the Toxic Substances Control Act, 15 U.S.C. §§ 2601-2671, the Clean Air Act, 42 U.S.C. §§ 7401 *et seq.*, the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 *et seq.* and all other federal, state, or local laws, ordinances, rules, orders, statutes, decrees, judgments, injunctions, codes and regulations (i) relating to the environment, human health or natural resources; (ii) regulating, controlling or imposing liability or standards of conduct concerning Hazardous Materials; or (iii) relating to the clean-up or other remediation of the Condominium Unit, as any of the foregoing may have been or may be amended, supplemented or supplanted from time to time.

"Environmental Reports" shall mean Report on Phase I Environmental Assessment prepared by \_\_\_\_\_ dated \_\_\_\_\_, and delivered to Lessee and Lessor prior to the date hereof.

"Equity" shall mean all cash invested by the Lessee from time to time in the Hotel and the Condominium Unit to include, without limitation, furniture, fixtures and equipment used in connection with the operation of the Hotel and the Condominium Unit, pre-opening expenses in connection with the Hotel, working capital, soft costs (including, without limitation, developer's fees, technical services fees and legal fees), any other personal property used in connection with the operation of the Hotel and the Condominium Unit, and any sums required to fund operating deficits of the Hotel, without deduction for non-cash charges including without limitation, depreciation, and without deduction for ownership distributions received by Lessee or its constituent general and limited partners which shall for all purposes of this Lease be deemed to be returns on equity and not returns of equity. Net refinancing proceeds distributed to the Lessee and its constituent, insurance proceeds distributed to the Lessee and its constituent partners not used to rebuild the Hotel or Condominium unit or purchase Personal Property to be used in connection with the Hotel and proceeds from the sale of Personal Property not used to buy other Personal Property shall reduce the amount of Lessee's investment for the purposes hereunder. The transaction costs specified in Section 23.3 shall be treated in accordance with that Section.

"Event of Loss" shall mean (x) the actual or constructive loss of all or substantially all of the Condominium Unit, or damage thereto which is uneconomical or impractical to repair and has the effect of such actual or constructive loss of all or substantially all of the Condominium Unit, (y) the taking by Condemnation of title to all or substantially all of the Condominium Unit, or such portion thereof that makes use of the balance uneconomic or impractical for Lessee's continued use, or (z) the prohibition of occupancy or use as a result of any Applicable Laws or the taking by Condemnation of the use of all or substantially all of the Condominium Unit, or such portion thereof that makes use of the balance uneconomic or impractical for Lessee's continued use, permanently or for a continuous period in excess of the remaining Lease Term or, at Lessee's option, for a period in excess of three (3) years. Any decision regarding whether the balance of the Condominium Unit is uneconomic or impractical shall be made by Lessee and evidenced by an Officer's Certificate of Lessee delivered to Lessor. Damage shall not be uneconomical or impractical to repair if the cost to repair is fully paid by insurance.



"Excepted Payments" shall mean any amounts, other than Base Rent, payable directly to Lessor under Article XVIII as set forth herein or in a notice from time-to-time from Lender.

"Expenses" shall have the meaning specified in Section 18.1 of the Lease.

"Family" shall mean, as to any Person, such Person's grandparents, all lineal descendants of such Person's grandparents, Persons adopted by, or stepchildren of, any such grandparent or descendant and Persons currently married to, or who are widows or widowers of, any such grandparent, descendant, adoptee or stepchild.

"Final Payment Date" shall have the meaning specified in Section 17.1(e) of the Lease.

"Fixtures" shall have the meaning specified in the term "Condominium Unit".

"GAAP" shall mean generally accepted accounting principles in the United States, as in effect from time to time, consistently applied.

"Governmental Action" shall mean all permits, authorizations, registrations, consents, approvals, waivers, exceptions, variances, orders, judgments, decrees, licenses, exemptions, publications, filings, notices to and declarations of or with, or required by, any Governmental Authority, or required by any Applicable Laws, and shall include, without limitation, all citings, environmental and operating permits and licenses that are required for the use, occupancy, zoning and operation of the Condominium Unit.

"Governmental Authority" shall mean any federal, state, county, municipal or other governmental or regulatory authority, agency, board, body, commission, instrumentality, court or quasi governmental authority (or private entity in lieu thereof including any community association, business park association or architectural review committee) .

"Hazardous Material" shall mean any substance, waste or material (including those that are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, including petroleum, its derivatives, by-products and other hydrocarbons and asbestos), in each case that is or becomes regulated by any Governmental Authority, including any agency, department, commission, board or instrumentality of the United States and/or the State in which the Condominium Unit is situated, or that may form the basis of liability under any Environmental Law.

"Hotel" shall mean the operation of the hotel and food and beverage services located at the Condominium Unit or located in facilities leased by the Lessee from the Condominium Unit owned by the LCCCA.

"Hotel Development Agreement" shall mean that agreement governing the development and construction of the Hotel entered into of even date between Lessor, Lessee and High Associates, Ltd, a Pennsylvania limited liability company.

“IDP Debt Service” shall mean the principal and interest payments, including any balloon payment, due pursuant to the terms and conditions of the IDP Loan.

“IDP Loan” shall mean that loan evidenced by a loan agreement dated November 4, 2002, between Lessor and Lessee, the Note dated November 4, 2002, in the principal amount of \$2,250,000.00 executed in connection with the aforesaid loan Agreement and the IDP Mortgage.

“IDP Mortgage” shall mean the open end leasehold mortgage entered into by Lessor and Lessee covering the Property which is the security for the IDP Loan as such may be amended from time to time including, without limitation, the change in security to Unit 2 when Lessor transfers the Property to the Condominium and receives a deed to Unit 2.

“IFIP Grant Agreement” shall mean any agreement between the Commonwealth of Pennsylvania, acting by and through DCED, and Lessor, pursuant to which Lessor is to receive grants under the Infrastructure and Facilities Improvement Program of the Commonwealth of Pennsylvania established pursuant to Pennsylvania Act 23 of 2004 to be used to construct the Hotel and the Convention Center.

“IFIP Grant” or IFIP Grants” shall mean the grant payment to be received pursuant to the IFIP Grant Agreement.

“Impositions” shall mean, collectively, all sales and use, single business, gross receipts, transaction privilege, rent or similar taxes levied or incurred with respect to the Condominium Unit, or the use, lease, ownership or operation thereof, personal property tax on any property covered by this Lease that is classified by government authorities as personal property, assessments (including all assessments for public improvements or benefits, whether or not commenced or completed within the Lease Term), water, sewer, utilities or other rents and charges, excises, levies, fees and all other governmental charges of any kind or nature whatsoever, general or special, foreseen or unforeseen, ordinary or extraordinary, with respect to the Condominium Unit or any part thereof and/or the Rent, including all interest and penalties thereon, which at any time prior to, during or with respect to the Lease Term may be assessed or imposed on or with respect to or be a Lien upon Lessor or the Condominium Unit or any part thereof or any rent therefrom or any estate, title or interest therein and any and all community association, and/or business park association charges, fees, dues and assessments, and interest and penalties thereon. Impositions shall exclude, however, and nothing contained in the Lease or any other Operative Document shall be construed to require Lessee to pay, (i) any tax imposed on Lessor or Lender based on the net income or capital gains of Lessor or Lender or any transfer tax imposed on Lessor or Lender or any other Person, except to the extent that any tax described in this clause (i) is levied, assessed or imposed entirely as a substitute for a tax, assessment, levy or charge upon the Condominium Unit, the Rent or any part thereof or interest therein which Lessee would otherwise be required to pay thereunder; (ii) any tax imposed with respect to the sale, exchange or other disposition by Lessor or Lender or the proceeds thereof; (iii) any gross receipts, transaction privilege, rent or similar tax, assessment, levy or charge upon Lessor, the Condominium Unit, the Rent or any part of any thereof or interest therein, but solely to the extent that the same is levied, assessed or imposed as a total or partial substitute for a tax, assessment, levy or charge described in clause (i) or clause (ii) which Lessee would otherwise

not be required to pay hereunder; or (iv) any real estate taxes or ad valorem taxes (other than the Development Investment District tax) on the Condominium Unit imposed by any taxing authority or any other tax that is levied, assessed or imposed as a total or partial substitution for any real estate taxes or ad valorem taxes.

"Improvements" shall have the meaning specified in the term "Condominium Unit."

"Indebtedness" shall mean the indebtedness evidenced by the bonds, any Credit Enhancement provided by Lessee, and the Bond Financing Documents, and any replacement, supplement and substituted indebtedness thereof.

"Indemnatee" shall mean Lessor or Lender, any trustee, and each of their Affiliates, and the respective officers, directors, employees, shareholders, members or partners of each of the foregoing.

"Initial Rent" the sum of \$100 plus Additional Rent and Lessor Administrative Costs.

"Initial Term" means the period commencing on and including the Closing Date for the Original Premises and ending on the day immediately preceding the Interim Term.

"Inspecting Parties" shall have the meaning specified in Section 15.1 of the Lease.

"Interim Rent" shall mean the sum of \$100, Additional Rent and, to the extent applicable, Lessor Administrative Costs to the extent such cost is not provided for in the Bond Financing Documents.

"Interim Term" shall mean the period commencing on and including the Closing Date for Unit 2 and ending on the Commencement Date of the Base Term.

"Internal Rate of Return" shall mean the interest rate calculated which is required to make the net present value of all cash inflows and expenditures (including a terminal residual value) equal 0.

"Joint Development Agreement" shall mean that agreement entered into by Lessor, Lessee and LCCCA of even date which sets forth the responsibilities for construction and other services to be performed in connection with the construction and development activities to take place throughout the Condominium Regime created to govern the Hotel and the Convention Center.

"LCCCA" shall mean the Lancaster County Convention Center Authority.

"Lease Event of Default" shall have the meaning specified in Article XVI of the Lease.

"Lease Term" shall mean the full term of the Lease, including the Base Term and any Renewal Terms as to which Lessee exercises a renewal option pursuant to Article V of the

Lease, or such shorter period as may result from earlier termination of the Lease as provided therein.

"Lender" shall mean, collectively, the lending institution or institutions and trustee or agent acting on behalf of any such lending institutions, holders of the bonds, and providers of Credit Enhancement that provide Lessor the funds necessary to acquire the Condominium Unit, and any other mortgage loans incurred by Lessor and secured by the Condominium Unit supported by the lease revenue derived from this Lease, and each of their respective successors and assigns.

"Lessee" shall mean Penn Square Partners, a Pennsylvania limited partnership, and its permitted successors and permitted assigns.

"Lessee's Furniture, Fixtures, Equipment and Personalty" shall mean certain furniture, equipment and personal property of Lessee, which includes, without limitation, business machinery, signs, desks, movable partitions, vending machines, computer software and hardware, and removable trade fixtures and equipment, as now or may hereafter exist in or on any of the Improvements. In no case shall Lessee's Furniture, Fixtures, Equipment and Personalty include any heating, ventilating and air-conditioning equipment and electrical supply equipment (including power panels) to be utilized in connection with the operation of the Condominium Unit as a building as distinguished from the particular business activities of Lessee.

"Lessor" shall mean the Redevelopment Authority of the City of Lancaster, a body politic and corporate existing under the laws of the Commonwealth of Pennsylvania, and its successors and permitted assigns.

"Lessor Administrative Costs" shall mean any sums expended by Lessor to pay third party service providers for the reasonable costs of administering this Lease, the Condominium Documents and the Bond Financing Documents not otherwise required to be paid by Lessee pursuant to those documents including, without limitation, Lessee's share of the costs associated with the provision of financing resulting from the IFIP Grant and the IFIP Grant Agreement

"Lessor Liens" shall mean Liens on or against the Condominium Unit or the Lease or any payment of Rent (a) which result from any act of, or any Claim against, Lessor, or which result from any violation by Lessor of any of the terms of the Operative Documents other than a violation due to a default by Lessee under the Lease, (b) which result from Liens in favor of any taxing authority by reason of any Tax owed and payable by Lessor, except that Lessor Liens shall not include any Lien resulting from any Tax for which Lessee is obligated to indemnify Lessor until such time as Lessee shall have already paid to or on behalf of Lessor the Tax or the required indemnity with respect to the same, or (c) which result from any Expenses owed, caused or occasioned by Lessor or any of its employees or agents which are not indemnified by Lessee pursuant to Section 18.1 of the Lease, but shall exclude Permitted Liens and any Liens created by the Bond Financing Documents, except to the extent any such Lien arises by Lender payment of any of the foregoing.

"Lien" shall mean any lien, mortgage, deed of trust, deed to secure debt, encumbrance, pledge, charge, servitude, security title or security interest of any kind, including any thereof arising under any conditional sale or other title retention agreement.

"Marriott Franchise Agreement" shall mean that License Agreement entered into by Lessee and Marriott International Inc. dated \_\_\_\_\_, or any other franchise or license agreement between the Lessee and any other hotel company which franchises or licenses its name for use in connection with hotels.

"Minimum Participation Rent" shall mean the sum of \$200,000 per annum, payable monthly to Lessor, prorated for any incomplete period.

"Net Cash Flow" shall mean gross receipts received by the Lessee in any manner from or in connection with the operation of the Hotel (including any income received by Lessee from leases or licenses granted in connection with the roof and air rights of the Hotel and Condominium Unit), but excluding any capital event and excluding any distributions received as a result after expenses and reserves and other charges are paid), from which are subtracted the following: (i) Hotel operating expenses, (ii) Base Rent, (iii) Additional Rent, (iv) debt service on any loan in which Lessee is indebted used for Hotel purposes, (v) payments, if any, to the LCCCA, (vi) taxes (to the extent payable by Lessee), (vii) furniture, fixtures and equipment reserves reasonably expended by the Lessee or required to be preserved pursuant to any agreement to which Lessee is subject, (viii) structural reserve reasonably expended by the Lessee or required to be reserved pursuant to any agreement to which Lessee is subject, (ix) any other reserves, and (x) any other items required to be paid by the Lessee in connection with the operation, maintenance and Improvement of the Hotel or Condominium Unit, but excluding Participation Percentage Rental Payments.

"Net Casualty Proceeds" shall mean the compensation and/or insurance payments net of the expenses of collecting such amounts incurred by Lessor, Lender, or Lessee and received by Lessor, Lender or Lessee in respect of the Condominium Unit by reason of and on account of an Event of Loss described in clause (x) of the definition thereof or a casualty.

"Net Condemnation Proceeds" shall mean any award or compensation net of the reasonable expenses of collecting such amounts including attorneys' fees incurred by Lessor, Lender or Lessee or Lender, and received by Lessor, Lessee or Lender in respect of the Condominium Unit by reason of and on account of a Condemnation.

"Net Proceeds" shall mean Net Casualty Proceeds and Net Condemnation Proceeds.

"Nonseverable" shall describe an Alteration or part of an Alteration (other than Lessee's Equipment or Personalty) which cannot be readily removed from the Condominium Unit without causing material damage to the Condominium Unit and alterations which cause no physical damage but adversely affects the operation of the Hotel.

"Non-Structural Alterations" shall mean all Alterations other than Structural Alterations.

"Officer's Certificate" of a Person means a certificate signed by any of the following: the Chairman or any Vice Chairman of the Board, the President, or any Executive Vice President, any Senior Vice President, or any other Vice President of such Person, the Treasurer, any Assistant Treasurer, the Controller, or the Secretary or Assistant Secretary of such Person or the general partner or managing member of such Person.

"Operative Documents" shall mean each of the following as the same may be amended, extended, renewed or modified: (i) the Lease, (ii) the Bond Financing Documents; (iii) the Condominium Declaration and By-Laws, and (iv) all recorded documents affecting the Condominium Unit as of the Closing Date.

"Original Premises" shall mean the land and improvements described in Exhibit A attached hereto and made a part hereof.

"Overall Transaction" shall mean (i) all the transactions and activities referred to in or contemplated by the Operative Documents, and (ii) all the transactions and activities relating to Lessor's purchase of its interest in the Condominium Unit.

"Participation Percentage Rental Payment" shall mean an annual payment of 30% of Net Cash Flow from Hotel operations (but never less than the Minimum Participation Rent) after Lessee has received a return on capital equal to a 12% cumulative cash-on-cash annual Preferred Return payable for each calendar year of the Base Term and prorated for any partial year.

"Permitted Liens" shall mean:

(a) the respective rights and interests of Lessee, Lessor and Lender under the Operative Documents and the Bond Financing Documents,

(b) Lessor Liens and any Liens on Lessee's Furniture, Fixtures, Equipment and Personalty,

(c) Liens for Taxes either not yet due or being contested in good faith and by appropriate proceedings, so long as such proceedings shall not involve any material danger of the sale, forfeiture or loss of any part of the Condominium Unit, title thereto or any interest therein and are undertaken in accordance with the terms of any documents securing the Indebtedness (including, without limitation, posting of any bonds or other collateral to the extent required by such documents),

(d) materialmen's, mechanics', workers', repairmen's, employees or other like Liens for amounts either not yet due or being contested in good faith and by appropriate proceedings so long as such proceedings shall not involve any material danger of the sale, forfeiture or loss of any part of the Condominium Unit, title thereto or any interest therein, provided Lessee agrees that it shall pay, discharge of record or bond over any such Lien within thirty (30) days after knowledge thereof,

(e) Liens arising out of judgments or awards with respect to which at the time an appeal or proceeding for review is being prosecuted in good faith and either which have been

bonded or for the payment of which adequate reserves shall have been provided to Lessor's reasonable satisfaction, provided that any such judgment or award in excess of One Million Dollars (\$1,000,000) (unless Lessee or its Affiliates are insured therefor), shall be bonded or discharged by Lessee within thirty (30) days after Lessee's knowledge thereof,

(f) A lien in favor of Marriott International or any of its Affiliates on Lessee's leasehold interest and the Lessee's Furniture, Fixtures, Equipment and Personalty securing unpaid franchise fees pursuant to the Marriott Franchise Agreement.

(g) a lien for \_\_\_\_\_ of \_\_\_\_\_ as the Lessee's Leasehold interest and the Lessee's Furniture, Fixtures, Equipment and Personalty,

(h) easements, rights of way, reservations, servitudes and rights of others against the Condominium Unit which (x) are listed on Schedule B to the Title Policy or (y) are granted pursuant to Section 24.10 of the Lease,

(i) assignments and subleases expressly permitted by the Lease, and

(j) all other easements, rights of way, reservations, and servitudes reasonably required in connection with the operation of a hotel or the Condominium Unit in connection with a publicly owned convention center.

"Permitted Use" shall have the meaning given to such term in Section 8.1 of the Lease.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, limited liability company, non-incorporated organization or government or any agency or political subdivision thereof or any other legal entity.

"Plans" shall have the meaning given to such term in Section 4.1 of the Lease.

"Preferred Return" shall mean an annual computation for each calendar year, prorated for partial years, commencing on the date of Completion of the Hotel in which the quotient is arrived at by dividing (i) Net Cash Flow for any period by (ii) the Equity invested by Lessee.

"Proceeds Trustee" shall mean Lender

"Project" shall mean the hotel and convention center to be constructed and which will be the subject of the Condominium Documents.

"Prime Sub-Contract(s)" shall have the meaning given to such term in Section 4.1 of the Lease.

"Purchase Option" shall mean the right of the Lessee to purchase the Condominium Unit at any time during the Base Term or during any Renewal Term or any holdover term under the terms and conditions described in Section 21.1.

"Purchase Price" shall mean the amount payable by Lessee upon exercise of the Purchase Option.

"Qualified Architect" means Cooper Carey Inc., 3520 Piedmont Road N.E., Atlanta, Georgia 30305-1595, or any other individual who is, or firm which has a principal who is, an architect duly registered or licensed under the laws of the Commonwealth of Pennsylvania and who is a member of The American Institute of Architects (or its successor organization) with not less than ten (10) years' experience providing architectural services in connection with the construction of commercial properties similar to the Condominium Unit in the market in which the Condominium Unit is located.

"Release" shall mean the release or threatened release of any Hazardous Material into or upon or under any land or water or air, or otherwise into the environment, including, without limitation, by means of burial, disposal, discharge, emission, injection, spillage, leakage, seepage, leaching, dumping, pumping, pouring, escaping, emptying, placement and the like.

"Rent" shall mean Base Rent and Additional Rent, collectively.

"Restoration Fund" shall have the meaning specified in Section 12.4(a) of the Lease.

"Structural Alterations" shall mean, with respect to the Improvements, any Alterations to structural elements of the roof, the foundation, load bearing walls, exterior curtain walls and supporting columns.

"Sublease" shall have the meaning given such term in Section 14.1.

"Sublessee" shall mean the sublessee or occupant under a Sublease.

"Taxes" shall mean any and all present or future liabilities, losses, expenses and costs of any kind whatsoever that are fees (including without limitation, license fees, documentation fees and registration fees), taxes (including without limitation, rental turnover, property, ad valorem, real estate, income, gross or net income, gross or net receipts, sales, use, value added, franchise, business, transfer, unemployment, capital property (tangible and intangible), municipal assessments, excise and stamp taxes and sewer and water rents), licenses, recording charges or fees, levies, imposts, duties, charges, assessments or withholdings, together with any penalties, fines, additions or interest thereon or addition thereto (any of the foregoing being referred to herein individually as a "Tax"), imposed by any taxing authority of the United States or any state, county, city or other political subdivision thereof.

"Term" shall mean the Initial Term, the Interim Term and Base Term.

"Termination Value" shall mean on the Termination Value Date, the unamortized principal balance together with unpaid interest, if any, and any other sums due and owing under the Bond Financing and any Base Rent, Additional Rent, Minimum Participation Rent, or Participation Percentage Rental Payment due and owing under this Lease. Termination Value shall also include all interest accruing to and due and payable with respect to the Bond Financing to the earliest practicable date on which the Bonds may be redeemed (allowing sufficient time



for the issuance of redemption instructions, preparation and mailing of a proper redemption notice and the required number of days' notice to be given to holders and owners of the Bonds) plus redemption fees and expenses payable to bond trustee, registrar or paying agent. In addition, Termination Value shall include the payment of any other monetary liens incurred by Lessee and the costs of recording deeds, lease terminations, and other recorded documents.

"Termination Value Date" shall mean the date of Closing pursuant to the Purchase Option or upon another date specified in the Lease where Lessee may purchase Lessor's interest in the Lease.

"Title Insurance Company" shall mean Fidelity Title Insurance Company or such other title insurance company selected by the Lessee.

"Title Policy" shall mean the title insurance policy issued by the Title Insurance Company to Lessor on the Closing Date.

"Unit 2" shall mean the Condominium Unit owned by the Lessor containing, without limitation, approximately 300 hotel rooms, a restaurant, front desk, and administrative offices together with all interests in the common elements, limited or otherwise, created by the Condominium Documents.

**SCHEDULE 4.1  
PLANS**

To Be Provided

**SCHEDULE 6.3  
LANDLORD'S WAIVER**

Dated: \_\_\_\_\_

**PREMISES:**

**DEBTOR:**

**SECURED PARTY:**

**LESSOR:**

**LEASE:**

WHEREAS, Lessor has an interest in the above Premises as owner or landlord, which Premises are rented to Debtor, and

WHEREAS, Debtor has granted or is granting to Secured Party a continuing lien on and security interest in (or is leasing from Secured Party), among other things, the following property of Debtors (collectively, the "Collateral"): \_\_\_\_\_

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NOW THEREFORE, Lessor, intending to be legally bound and for other good and valuable and sufficient consideration, the receipt of which is hereby acknowledged, hereby agrees as follows:

1. Any and all liens, claims, demands or rights, including without limitation, the right to levy or distraint for unpaid rent, which Lessor now has or hereafter acquires on or in any of the Collateral, shall be subordinate and inferior to the title and/or lien and security interest of Secured Party and as to Secured Party, Lessor hereby specifically waives and relinquishes all rights of levy, distraint or execution with respect to the Collateral.

2. Any collateral shall, at all times, be considered to be personal property and shall not become a part of the above-referenced Premises.

3. Secured party may, after reasonable written notice to Lessor, during normal business hours, enter upon the Premises, and may remove the Collateral and take possession of the Collateral, provided that Secured Party shall be responsible for and shall repair

promptly all physical injury to the Premises caused in the removal of the Collateral by Secured Party. It is understood and agreed that no auction may be held on the Premises.

4. Secured Party agrees to indemnify and hold harmless Lessor from and against any damage to the Premises, personal injury or death which may occur as a result of the negligent or willfully wrongful acts or omissions of Secured Party and/or its employees, agents or contractors in the exercise of the rights granted to Secured Party by Lessor under this Agreement.

LESSOR:

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**SCHEDULE 9.1**  
**INSURANCE REQUIREMENTS**

Shall be provided.

**SCHEDULE 19.1**  
**REPRESENTATIONS AND WARRANTIES**

None

**EXHIBIT A**  
**Land and Improvements**

EXHIBIT A

DESCRIPTION and RECITAL

TRACT NO. 1 (2-10 East King Street & 19-21 South Queen Street))

ALL THAT CERTAIN tract of land with the improvements thereon erected, being situated on the South side of East King Street, the West side of South Christian Street, and the East side of South Queen Street, in the City of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, as shown on a survey prepared by H. F. Huth Engineers, Inc., dated April 17, 1962, revised May 10, 1962, said tract being more fully bounded and described as follows:

BEGINNING at a point at the intersection of the South line of East King Street and the East line of "The Square"; thence along the South line of East King Street, North 81 degrees 35 minutes East, a distance of 111.61 feet to a point, a corner of land now or late of Simon A. Cantor, said point being the Eastern face of the East wall of the three-story brick store building hereon erected; thence along the East face of said wall and passing through the center line of said wall at the Southern extremity of said wall, South 08 degrees 32 minutes East, a distance of 131.67 feet to a point in the South side of a 10.0 foot wide private alley, said point being situated on the North face of the North wall of a four-story brick building hereon erected; thence along the same, North 81 degrees 46 minutes 30 seconds East, a distance of 69.21 feet to a point in the West line of South Christian Street; thence along the same, South 08 degrees 38 minutes 30 seconds East, a distance of 162.66 feet to a point, a corner of lands now or late of William G. Rinehart; thence along the same, passing along the North face of the North wall of the building erected on lands now or late of William G. Rinehart, South 81 degrees 42 minutes 30 seconds West, a distance of 246.74 feet to a point in the East line of South Queen Street; thence along the same, North 08 degrees 39 minutes 30 seconds West, a distance of 229.32 feet to a point in the South line of "The Square"; thence along the same, North 81 degrees 56 minutes East, a distance of 66.0 feet to a point in line of the East line of said "Square"; thence along the same, North 08 degrees 26 minutes West, a distance of 65.10 feet to the point or place of BEGINNING.

BEING composed of the following tracts of land:

1. Purparts No. 1, 3 and 4 of the same premises which James Shank and P. T. Watt and Laura G. Watt, his wife, and James Shand and P. T. Watt, partners trading as Watt and Shand, by Deed dated March 18, 1918, and recorded in the Recorder of Deeds Office for Lancaster County, Pennsylvania, in Deed Book I, Volume 23, Page 220, granted and conveyed unto Watt and Shand, a PA corporation, its successors and assigns.

2. The same premises which George R. Rohrer and Adelaide C. Rohrer, his wife, and Howard Fohrer, by their Deed dated April 2, 1920, and recorded in the Recorder of Deeds Office aforesaid in Deed Book C, Volume 24, Page 506, granted and conveyed unto Watt and Shand, a PA corporation, its successors and assigns.

3. The same premises which Drossos A. Skyllas, by Deed dated April



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der No. : D192447LA

15, 1925, and recorded in the Recorder of Deeds Office aforesaid in Deed Book I, Volume 27, Page 578, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

4. The same premises which Albert F. Witmer, Substituted Fiduciary of the Trust Mortgage Pool of The Lancaster Trust Company, by Deed dated May 22, 1936, and recorded in the Recorder of Deeds Office aforesaid in Deed Book P, Volume 32, Page 480, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

5. The same premises which John M. Ammon and Cora M. Ammon, his wife, by Deed dated July 2, 1937, and recorded in the Recorder of Deeds Office aforesaid in Deed Book E, Volume 33, Page 295, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

6. The same premises which Harry P. Wisegarver, Executor of Jennie H. May, by Deed dated March 30, 1940, and recorded in the Recorder of Deeds Office aforesaid in Deed Book N, Volume 34, Page 365, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

7. The same premises which Alpheaus S. Groff and Ella L. Groff, his wife, by Deed dated February 24, 1960, and recorded in the Recorder of Deeds Office aforesaid in Deed Book Y, Volume 48, Page 419, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

TOGETHER with and subject to the right to the use of the aforesaid 10 feet wide private alley.

TRACT NO. 2 (40 South Christian Street)

ALL THAT CERTAIN lot or piece of land situated on the West side of South Christian Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, having thereon erected a two-story brick building known as No. 40 South Christian Street, bounded and described according to a survey made by J. Haines Shertzer on November 7, 1949, as follows, to wit:

BEGINNING at an iron pin on the West line of South Christian Street, a corner of property now or late of Richard Oblender; thence extending along said property of Richard Oblender, North 88 degrees 29 minutes West, a distance of 125.00 feet to a "V" cut in the wall of the building adjoining to the South, a corner of other property now or late of R. S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife; thence extending along said other property of the said R. S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife, North 45 minutes East, a distance of 32.14 feet to a cross in a concrete walk on line of property now or late of Phares Reifsnyder; thence extending along said property of Phares Reifsnyder, South 88 degrees 44 minutes East, a distance of 125.00 feet to an iron pin on the aforesaid West line of South Christian Street; thence extending along said West line of South Christian Street, South 45 minutes West, a distance of 32.68 feet to an iron pin, the place of BEGINNING.

ATTACHED TO AND FORMING A PART OF TITLE INSURANCE COMMITMENT  
Order No.: D192447LA

BEING THE SAME PREMISES which R. S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife, by Deed dated November 30, 1949, and recorded December 1, 1949, in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Deed Book E, Volume 40, Page 501, granted and conveyed unto Watt & Shand, a PA corporation, its successors and assigns.

TRACT NO. 3 (27-29 South Queen Street)

ALL THAT CERTAIN lot or piece of ground situate on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, on which is erected a four-story brick store building, known as Nos. 27-29 South Queen Street, and other improvements.

CONTAINING in front on the East side of South Queen Street, 32 feet 2 1/4 inches, and extending in depth of that width Eastward 245 feet to Christian Street.

BOUNDED on the North by property of Watt & Shand; on the East by South Christian Street; on the South by property now or formerly of Farmers Bank & Trust Company of Lancaster; on the West by South Queen Street.

BEING THE SAME PREMISES which Ethel Judene Walker, by Deed dated October 29, 1986, and recorded November 10, 1986, in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Deed Book N, Volume 96, Page 231, granted and conveyed unto Watt & Shand, a Pennsylvania corporation, its successors and assigns.

AND Watt and Shand a/k/a Watt & Shand a/k/a Watt & Shand, Inc., by merger effective April 5, 1992, became known as Bon-Ton Stores of Lancaster, Inc.

TRACT NO. 4 (33-35 South Queen Street)

ALL THAT CERTAIN lot of ground situate on the East side of South Queen Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as 33-35 South Queen Street, bounded and described as follows, to wit:

CONTAINING in front on said South Queen Street, 32 feet 5 inches, more or less, and extending in depth of that width, more or less, 120 feet to property now or formerly of Watt & Shand Company.

BOUNDED on the North by property now or formerly of Julia G. Loeb; on the East by property now or formerly of Watt & Shand Company; on the South by property now or formerly of the Peoples Trust Company; on the West by South Queen Street.

ATTACHED TO AND FORMING A PART OF TITLE INSURANCE COMMITMENT  
Order.No.: D192447LA  
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BEING THE SAME PREMISES which Oblender's Furnishings, Inc., by Deed dated December 19, 1977, and recorded in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Deed Book U, Volume 72, Page 560, granted and conveyed unto Hager Realty Corporation, its successors and assigns.

AND Hager Realty Corporation, by merger, has become part of Bon-Ton Stores of Lancaster, Inc.

TRACT NO. 5 (31 South Queen Street)

ALL THAT CERTAIN half lot of piece of land, with the buildings and improvements thereon erected, situated on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as No. 31 South Queen Street.

CONTAINING in front on the East side of said South Queen Street, 32 feet  $3\frac{1}{4}$  inches, more or less, and extending in depth of that width Eastwardly, 245 feet, more or less, to South Christian Street, the Northern boundary line of the main buidng of the hereby granted premises being a party wall to the end of said main buidng.

BOUNDED on the North by property now or late of Walter A. Heinitsh; on the South by property now or late of Julius Loeb; on the East by said South Christian Street; on the West by said South Queen Street.

BEING THE SAME PREMISES which William D. Crabtree and Ruth L. Crabtree, husband and wife, by their Attorney-in-Fact, Richard G. Greiner, by Deed dated July 31, 1997, and recorded July 31, 1997, in the Recorder of Deeds Office in and for Lancaster County, Pennsylvania, in Record Book 5414, Page 7, granted and conveyed unto Bon-Ton Stores of Lancaster, Inc., a Pennsylvania corporation, its successors and assigns.

DISTRICT - 33-3; MAP - 13K1D; BLOCK - 7; PARCEL - 1 & 28 (Tract 1); 25 (Tract 2); 27 (Tract 3); 24 (Tract 4); 26 (Tract 5)