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CERTIFICATE OF CONVERSION

OF

GENERAL PARTNERSHIP

TO A LIMITED LIABILITY COMPANY

OF

330 WEST 85 VENTURE

(Under Section 1006 of the Limited Liability Company Law)

ICC

JCZ

STATE OF NEW YORK
DEPARTMENT OF STATE

FILED DEC 17 1996

TAX \$

BY: *JCZ*

BACHNER TALLY POLEVOY & MISHNER
380 MADISON AVENUE
NEW YORK, NY 10017-2590

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BILLED

AGREEMENT OF CONVERSION
OF
330 WEST 85 VENTURE
AND
OPERATING AGREEMENT
OF
330 WEST 85, LLC

* * * *

AGREEMENT made as of the ____ day of December, 1996, by and between JAMES S. BAUMANN ("Baumann") and HARVEY RUBIN ("Rubin").

WHEREAS:

A. The parties have heretofore been conducting business as general partners in a partnership entitled 330 West 85 Venture ("Partnership").

B. The parties hereto desire to convert the Partnership to a limited liability company ("Company") under the laws of the State of New York, and

C. The parties hereto desire to enter into this Agreement of Conversion and Operating Agreement to govern the operation of the Company on the terms and conditions hereinafter set forth,

NOW, THEREFORE, it is agreed as follows:

ARTICLE I

DEFINITIONS

1.1 As used in this Agreement, the following terms shall have the respective meanings indicated after each of them:

1.1.1 Agreement: This instrument and any amendment hereto from time to time entered into by the parties hereto or their successors or assigns.

1.1.2 Available Cash: Cash from Operations or Cash from Capital Items received by the Company at any time and not required for the business of the Company.

1.1.3 Capital Account: The Capital Contribution of each Member adjusted by debits and credits made pursuant to the provisions of this Agreement.

1.1.4 Capital Contribution: The contribution to the capital of the Company made by each Member pursuant to the provisions of this Agreement.

1.1.5 Capital Transaction: Any transaction of the type described in the definition of Cash from Capital Items.

1.1.6 Cash from Capital Items: Net cash proceeds from the sale, financing or refinancing of the Property or any portion thereof or other third party borrowings of the Company, including the proceeds of any promissory note received in connection with the sale of the Property.

1.1.7 Cash from Operations: Net cash flow generated from the operations of the Property.

1.1.8 Company: The New York limited liability company known as 330 West 85, LLC.

1.1.9 Event of Withdrawal: Death, insanity, incompetency, withdrawal, bankruptcy or insolvency.

1.1.10 Manager: Each of Baumann and Rubin or their successors as managers hereunder.

1.1.11 Member: Those persons executing this Agreement as members of the Company and any successors as members pursuant to the provisions of this Agreement.

1.1.12 Governmental Requirements: Requirements contained in any statute, ordinance, regulation, rule, order or direction promulgated by any federal, state, county or municipal body, whether legislative, executive or judicial, or by any quasi-governmental body, in either event having jurisdiction.

1.1.13 Percentage Interest or Percentage Interests: shall mean the percentage of ownership of all membership interests in the Company owned by a Member, initially as follows:

Baumann	50%.
Rubin	50%

1.1.14 Profit or Loss: The income or loss of the Company for any Company fiscal year determined by the accountants for the Company in accordance with principles consistently applied for the purpose of preparation of the federal income tax returns for the Company.

1.1.15 Property: The parcel of land and buildings thereon, together with any improvements now or hereafter constructed thereon and any easements, profits or other rights appurtenant thereto, known as 330 West 85 Street, New York, New York.

1.1.16 Required Approval: The consent, approval or determination of Members owning a majority of the Percentage Interests.

ARTICLE II

FORMATION OF THE COMPANY

2.1 Limited Liability Company - Name - Place of Business:

2.1.1 At or about the time hereof the Members are causing the Partnership Company to be converted to a Limited Liability Company under the Laws of New York by filing a Certificate of Conversion and Articles of Organization with the Secretary of State of the State of New York.

2.1.2 The Company shall conduct its business under the name of 330 West 85, LLC.

2.1.3 The Company shall maintain its principal place of business at c/o Sierra Realty Corp., 20 East 53rd Street, New York, New York, and maintain such other offices as may be determined from time to time by the Managers.

2.2 Business

2.2.1 The sole business of the Company shall be the ownership, development, leasing and operation of the Property and any other real property and any other lawful purpose incidental thereto.

ARTICLE III

RIGHTS AND DUTIES OF MEMBERS - MANAGERS

3.1 Members

3.1.1 The entities executing this Agreement as members shall be the Members of the Company, except as hereinafter provided.

3.1.2 The Members shall take no part in the management of the business of the Company.

3.1.3 Baumann and all successors in interest to him (collectively "Baumann

Group") shall vote together on all matters. Rubin and all successors in interest to him (collectively "Rubin Group") shall vote together on all matters. Unless otherwise agreed to by the members in each Group, a majority in interest of each Group shall determine the manner in which such Group shall vote.

3.2 Managers

3.2.1 The Company shall have two (2) Managers. The initial Managers shall be Baumann and Rubin. If Baumann shall at any time be unable or unwilling to serve as Manager, then he or his successors holding a majority in interest of his 50% interest in the Company shall designate a Successor Manager to him. If Rubin shall at any time be unable or unwilling to serve as Manager, then he or his successors holding a majority in interest of his 50% interest in the Company shall designate a Successor Manager to him. Managers need not be Members. Either Baumann or Rubin, or their successors, as Members, holding a majority in interest of their respective 50% interests in the Company, may remove and replace the Manager designated by him or his successor.

3.3 Management of Company Business

3.3.1 The business and affairs of the Company shall be conducted and managed solely by the Managers, except as hereinafter provided.

3.3.2 The following actions may only be taken with Required Approval:

- (i) Sale or net lease of the Property;
- (ii) Dissolution of the Company.
- (iii) Admission of a new Member except as provided in Article VIII.

3.3.3 The Managers shall have full power and authority, except as otherwise restricted by this Agreement, to execute, on behalf of the Company (a) deeds, leases, mortgages, security agreements, contracts and commitments of every kind and nature, (b) checks or other instruments for the payment of Company funds, and (c) notes, mortgages or other evidences of indebtedness of the Company.

3.3.4 Third parties may rely upon a certificate of either Manager as to the due authorization of any act performed or any instrument executed on behalf of the Company.

3.3.5 Either Manager may authorize the other Manager, acting singly, to execute instruments which shall bind the Company without the signature of the authorizing Manager.

3.4 Conflicts of Interest

3.4.1 The Managers shall devote such time as may be required for the proper conduct of the business of the Company.

3.4.2 Any Manager or Member shall be free to engage in any business or activity whatsoever and wheresoever located including businesses competitive with that of the Company, without being required to offer to any other Member the opportunity to participate in any such other activity.

3.5 Liability, Indemnification

3.5.1 The liability of the Members and of the Managers for the debts, obligations or liabilities of the Company shall be limited to the fullest extent permitted by the laws of the State of New York.

3.5.2 The Company shall indemnify the Managers against any loss, claim, damage, liability or expense incurred by them in the performance of their duties except as caused by breach of this Agreement or misconduct of a Manager.

ARTICLE IV

OPERATION OF THE COMPANY

4.1 Company Powers

4.1.1 In furtherance of its business, the Company shall have all powers that an individual would have, except as limited by the provisions of this Agreement, including the power to encumber and sell the Property.

4.2 Company Funds

4.2.1 Company funds may be invested in short-term interest-bearing investments including money market funds, or in such other manner as the Managers may determine.

ARTICLE V

CAPITAL CONTRIBUTIONS

5.1 Capital Contributions

5.1.1 The Capital Contribution of each Member shall be such Member's capital contribution heretofore made to the Partnership

5.2 Members' Loans

5.2.1 Any Member may, with the consent of the Managers, but no Member shall be required to, make loans to the Company from time to time as needed for the business of the Company. Any such loans shall bear interest at two points over the "base rate" announced from time to time by Citibank, N.A., New York, New York and interest and principal shall be repaid solely out of Available Cash prior to distributions to Members.

ARTICLE VI

COMPANY ALLOCATIONS

6.1 Adjustments to Capital Accounts

6.1.1 The Capital Account of each Member shall be adjusted from time to time by crediting to such account all (i) Capital Contributions and (ii) Profit, all as hereinafter allocated to such Member, and shall be debited with (a) distributions made to such Member, (b) Loss, and (c) expenditures described in Section 705(a)(2)(B) of the Internal Revenue Code of 1986, as amended, all as allocated to such Member. At the end of any Company fiscal year or shorter accounting period, adjustment shall first be made to each Capital Account for Profit or Loss not attributable to Capital Transactions, distributions to the Members and for Capital Contributions prior to any adjustment for Profit or Loss from a Capital Transaction as at the end of the same period. Capital Accounts shall in all events be maintained in accordance with the rules set forth in Treasury Regulation 1.704-1(b)(2)(iv) and, to the extent any provision of this Agreement is inconsistent with said Regulation, such Regulation shall control.

6.2 Allocations and Distributions

6.2.1 Allocations of available cash whether Cash from Operations or Cash from Capital Items, Profit or Loss and each item comprising the same shall be allocated to the Members pro rata to their Percentage Interests.

6.2.2 The Company shall make distributions to the Members from time to time as determined by the Managers after maintaining such reserves as the Managers deem appropriate.

ARTICLE VII

ACCOUNTING PROVISIONS

7.1 Fiscal Year

7.1.1 The fiscal year of the Company shall be the calendar year.

7.2 Books and Accounts

7.2.1 Complete and accurate books and accounts shall be maintained for the Company at the principal place of business of the Company. Each Member shall at all reasonable times have access to, and may inspect and make copies of, such books and accounts.

7.3 Financial Reports

7.3.1 The Managers shall cause to be prepared and timely filed all federal and state income tax returns of the Company for each fiscal year and shall take all action as may be necessary to permit the accountants for the Company to prepare and file such returns. A copy of Form K-1 shall be furnished to each Member annually.

7.4 Elections

7.4.1 The Company shall take appropriate steps to be taxed as a partnership for purposes of federal, state and local income taxation.

7.4.2 The Managers shall make such income tax elections from time to time as it shall deem in the best interests of the Company and the Members. The Company shall elect under IRC S.754.

ARTICLE VIII

ADMISSION OF MEMBERS:
ASSIGNMENT BY A MEMBER:
DISABILITY OF A MEMBER

8.1 Admission of Members

8.1.1 Those persons signatory hereto are hereby admitted to the Company as Members. The Members are also authorized to admit successor or additional Members to the Company for all or part of each Member's interest, pursuant to the provisions of and subject to the restrictions contained in this Agreement. A person acquiring all or a portion of a Member's interest in the Company, pursuant to the provisions of this Agreement, shall be admitted as a Member of the Company, if Required Approval of the other Members is obtained (i.e. disregarding the Percentage Interest of the transferor of such interest) by executing, acknowledging and delivering to the Managers an instrument, satisfactory to the Managers, adopting this Agreement and thereby agreeing to be bound by the terms and provisions hereof.

8.2 Assignment of Company Interests

8.2.1 Except as set forth in this Article VIII, a Member may not transfer, assign or otherwise dispose of all or any portion of his interest in the Company except with Required Approval of the remaining Members (i.e., disregarding the Percentage Interest of the transferring or assigning Member).

8.2.2 From January 1, 1997 on, any Member may assign all or a part of interest to another Member or a spouse or descendant of a Member or a trust for the benefit of any permitted transferee or an entity wholly owned by such persons or trusts, and any such transferee may become a Member.

8.3 Event of Withdrawal

8.3.1 In the event of the happening of an Event of Withdrawal to a Member, the executor, administrator, guardian, committee, conservator, trustee or other legal representative of such Member shall have the rights to allocations and distributions hereunder of his predecessor in interest but shall not have any of the other rights and liabilities of a Member, unless and until admitted as a substituted Member upon Required Approval of the remaining Members or of the other Member, if at the time there is only one other Member, and if the Company is not dissolved as provided in Sections 8.3.2 and 9.2.2 hereof.

8.3.2 The happening of an event described in Section 8.3.1 to a Member shall dissolve the Company unless two or more remaining Members, one or both of which may be a successor in interest to a Member to whom an Event of Withdrawal has occurred shall, with Required Approval elect in writing, within ninety (90) days after such disabling event, to continue the Company upon the same terms and conditions as are set forth in this Agreement. Any such election to continue the Company will not require the amendment of this Agreement or the execution of an amended agreement except by such successor Member, if any.

8.4 Withdrawal of Members

8.4.1 No Member may withdraw from the Company except upon the transfer of his entire Company interest permitted under the provisions of this Agreement, or upon his assigning to the remaining Members his entire interest in the Company including his Capital Account and his right to receive allocations and distributions under Article VI.

8.5 Sales of Company Interests

8.5.1. If Members holding no less than one-third (1/3) of all Percentage Interests wish to sell (the "Offering Members") all of their Interests, the Offering Members shall give the Managers written Notice of such desire (the "Sale Notice"), and the Managers shall have one hundred and twenty (120) days after receipt of the Sale Notice to agree to purchase the Interests that the Offering Members wish to sell at a price ("Offer Price") specified in the Sale Notice.

8.5.2. If the Managers elect not to purchase the Interest of the Offering Members as above described and if the Offering Members still desire to sell the Interest, the Offering Members shall give the other Members a Sale Notice, and the other Members shall have thirty (30) days after their receipt of the Sale Notice to agree to purchase the Interests that the Offering Members wish to sell at the Offer Price set forth in the Sale Notice, pro rata,

according to their respective Percentage Interests. A Member electing to purchase his share of the Interests of the Offering Members offered to him may include in his acceptance an agreement to purchase such additional Interests of the Offering Members offered to be sold (with or without limitation) not agreed to be purchased by the other Members to whom such offer is made and the other Members so electing shall purchase the Interests of the Offering Members not so accepted by the other Members, pro rata to the extent possible to their respective Percentage Interests.

8.5.3. If the other Members do not accept the offer described in Paragraph 8.5.2. herein, and if the Offering Members still desires to sell the Interest, the Offering Members may require the Company to offer the Property for sale at a price ("Target Price") which would be sufficient after payment of all customary costs and expenses of sale and costs and expenses of liquidation of the Partnership including, without limitation, prepayment penalties on any mortgage on the Property, to cause there to be distributed to the Offering Members under Article IX, a sum no less than the Offer Price. The Managers and the Members shall cooperate with the Offering Members in connection with offering the Property for sale. If the Company is unable to find a purchaser willing to purchase the Property for the Target Price or more, within six (6) months, then the Property shall be withdrawn from the market unless otherwise determined by the Managers. Neither the Offering Members nor any other members may thereafter give a Sale Notice prior to the expiration of two (2) years from the withdrawal of the Property from the market as provided above.

8.5.4. Upon any sale of a Company Interest by reason of the exercise of any option granted to the Managers or to other Members by this Agreement, and if the sale when accomplished represents the sale of all of the Interests of the selling Member, then either (i) the Company shall repay any outstanding Member's Loans owed to the selling Member or (ii) the party purchasing such selling Member's Interest shall also purchase any such outstanding Member's loans owed to the selling Member for the face amount of principal and interest then due thereon, and the selling Member shall repay to the Company any outstanding amounts owed by such Member to the Company.

8.5.5. A closing of a purchase of an Interest acquired pursuant to the provisions of the Agreement shall be held at the office of the Company on a date designated by the purchaser no less than fifteen (15) days nor more than sixty (60) days following acceptance of the offer to sell.

8.5.6. Payment for the Interest sold shall be made against the delivery of an instrument of assignment thereof, and any other such documents as may be reasonably required, in accordance with the terms of the proposal as accepted.

8.5.7. Unless otherwise agreed between the parties, payment of the purchase price shall be as follows:

- (a) no less than 20% at Closing by certified or bank check.

(b) the balance in four equal installments due on the first, second, third and fourth anniversaries of the Closing respectively. Unpaid installments shall bear interest at two percentage points above the Citibank, N. A. base rate redetermined each anniversary of the Closing, payable monthly, and shall be evidenced by negotiable note and secured by U.C.C. Security Agreement, each in form reasonably acceptable to the Purchaser and prepared by the Seller.

ARTICLE IX

DISSOLUTION AND LIQUIDATION OF THE COMPANY

9.1 Events of Dissolution

9.1.1 The Company shall be dissolved upon the first to happen of any of the following:

(a) The happening of an Event of Withdrawal to one or more Members or any other event which would dissolve the Company under the laws of New York other than where the Company is continued under the provisions of Section 8.3.2 hereof.

(b) A determination by Required Approval in writing.

(c) Sale or other disposition of all assets of the Company other than cash.

(d) Upon December 31, 2046.

9.2 General

9.2.1 Upon the dissolution of the Company the Company shall be dissolved and liquidated in accordance with this Article IX. The dissolution and liquidation shall be conducted and supervised by the Managers, or, if there be no Managers then serving, by a person who shall be designated for such purposes by Required Approval, (the Managers or such person so designated, as the case may be, being herein called the "Liquidating Agent"). The Liquidating Agent shall have all of the rights and powers with respect to the assets and liabilities of the Company, in connection with the liquidation and dissolution of the Company, which the Managers have had with respect to the assets and liabilities of the Company during the term of the Company, and the Liquidating Agent is hereby expressly authorized and empowered to execute any and all documents necessary or desirable to effectuate the dissolution and liquidation of the Company and the transfer of any property of the Company.

9.3 Priority on Liquidation

9.3.1 The Liquidating Agent shall, to the extent feasible, liquidate the assets of the Company as promptly as shall be practicable. The proceeds of such liquidation shall be applied in the following order of priority:

(a) To the payment of matured debts and liabilities of the Company and the costs and expenses of the dissolution and liquidation; then

(b) To the setting up of any reserves which the Liquidating Agent may deem reasonably necessary for any contingent or unforeseen liabilities of the Company; then

(c) To the Members, in accordance with their respective Capital Accounts, after taking account of all prior allocations and distributions under Article VI.

(d) Any balance, to the Members pro rata to their respective Percentage Interests.

9.4 Orderly Liquidation

9.4.1 A reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to minimize the losses normally attendant upon a liquidation.

9.5 Statements on Liquidation

9.5.1 Each of the Members shall be furnished with a statement which shall set forth the assets and liabilities of the Company as at the date of complete liquidation, and each Member's share thereof. Upon compliance with the foregoing distribution plan, the Liquidating Agent shall execute, acknowledge and cause to be filed a certificate of termination of the Company.

9.6 Distribution in Kind

9.5.1 No Member shall have the right to demand and receive property other than cash in return for such Member's Capital Contribution. Nonetheless, upon the dissolution and liquidation of the Company, the Liquidating Agent may make distributions in liquidation in kind. In the event that the Liquidating Agent determines to make any distribution to a Member or the Members in other than cash, the Capital Accounts of the Members as maintained for book purposes, immediately prior to such distribution, shall be appropriately adjusted upward or downward to reflect the gain or loss that would have been recognized for book purposes on a sale of such property at fair market value immediately prior to the distribution and by debiting the respective Capital Accounts of the Members with the fair market value of the property so distributed to them. The appropriate upward or downward adjustment described in the preceding sentence will be allocated among the Capital Accounts of the Members pro-rata in proportion to their respective Percentage Interests.

9.7 Agreement Governing

9.6.1 No Member shall have any right to receive the return of his Capital Contribution or any profit of the Company, nor any interest on his Capital Contribution other than as provided in this Agreement.

ARTICLE X

MISCELLANEOUS PROVISIONS

10.1 Applicable Laws

10.1.1 This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

10.2 Oral Modification

10.2.1 This Agreement constitutes the entire understanding among the parties hereto. No waiver or modification of the provisions hereof shall be valid unless in writing and signed by the party to be charged and then only to the extent therein set forth.

10.3 Notices

10.3.1 All notices, solicitations of consent or approval, and other communications hereunder shall be in writing and shall be sent by registered or certified mail, return receipt requested, addressed to the address of such Member set forth hereinabove or such other address which shall have given to the Company for such purpose by notice by such Member. All such notices shall be deemed given three days after mailing addressed as aforesaid.

10.4 Captions and Index

10.4.1 The captions and index used herein are intended for convenience of reference only, shall not constitute any part of this Agreement and shall not modify or affect in any manner the meaning or interpretation of any of the provisions of this Agreement.

10.5 Amendment

10.5.1 Any amendments of this Agreement may be made only by agreement of Members holding not less than two-thirds (2/3) of Percentage Interests.

10.6 Execution

10.6.1 This Agreement may be executed in counterparts and as so executed shall constitute one agreement binding on all the parties. It shall not be necessary that any counterpart

be signed by all the Members so long as each Member shall sign at least one counterpart.

10.7 Binding Effect

10.7.1 Except as otherwise provided herein, this Agreement shall be binding upon and shall inure to the benefit of the respective heirs, executors, administrators, legal representatives and permitted successors and assigns of the parties hereto.

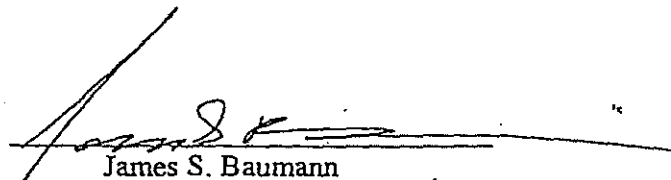
10.8 Priority

10.8.1 No Member shall have priority over any other Member, except as expressly set forth in this Agreement.

10.9 Tax Matters Partner

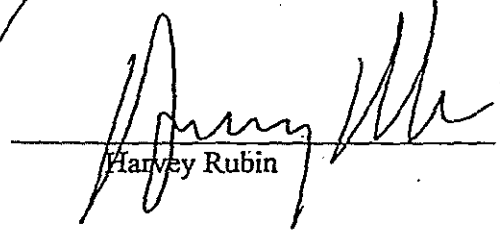
10.9.1 James S. Baumann is hereby designated as the Tax Matters Partner for the purposes of Section 6231 of the Internal Revenue Code of 1986, but shall take no action as such without the consent of the other Manager

WHEREAS, the parties hereto have hereunto set their hands the day and year first above written. -



A handwritten signature in black ink, appearing to read 'James S. Baumann', is written over a horizontal line.

James S. Baumann



A handwritten signature in black ink, appearing to read 'Harvey Rubin', is written over a horizontal line.

Harvey Rubin