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PARTNERSHIP  
AGREEMENT  
OF  
S-L PROPERTIES  
BETWEEN  
SAGE SYSTEMS, INC.  
AND  
ROBERT LISS

Dated as of: February 17, 1984

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AGREEMENT

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## PARTNERSHIP AGREEMENT

THIS AGREEMENT, made as of the 17th day of February, 1984, by and between Sage Systems, Inc., a New York corporation, having an office at Room 1109, 1500 Broadway, New York, New York 10036 ("Sage"), and Robert Liss, having a business address at 767 Lexington Avenue, New York, New York 10021.

WHEREAS, Sage and Liss, desire to form a general partnership for the purposes and upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto do hereby mutually covenant and agree as follows:

### ARTICLE I

#### ORGANIZATION

SECTION 1.01. Formation. (a) The parties hereto do hereby form, and confirm the formation of, pursuant to the New York Uniform Partnership Act (as the same is amended from time to time, the "Partnership Law"), and all other pertinent laws of the State of New York, a general partnership (the "Partnership") for the purposes and upon the terms and conditions hereinafter set forth. Each of the parties hereto and any additional partner or successor-in-interest admitted to the Partnership in accordance with the terms hereof shall sometimes be referred to individually as "Partner" and collectively as the "Partners".

(b) Contemporaneously with the execution of this Agreement, each Partner shall execute and promptly file and record (or cause to be filed and recorded) and shall publish, if required by law, such certificates or other instruments as may be necessary or desirable under the laws of the State of New York in connection with the formation of the Partnership and the commencement and carrying on of its business.

SECTION 1.02. Name. The name of the Partnership shall be "S-L Properties". All business of the Partnership shall be conducted under such name, and title to all property, real, personal or mixed, owned by or leased to the Partnership shall be held in such name. The principal place of business of the Partnership shall be located at Room 1109, 1500 Broadway, New York, New York 10036. The Partnership may have such additional offices and places of business as may be established from time to time by the Partners.

SECTION 1.03. Purpose. (a) The purpose of the Partnership shall be to purchase sixty-six (66) shares of stock in 246 West 38th Street Tenants Corp. (the "Cooperative Corporation") allocated to that certain commercial cooperative unit (the "Unit") commonly known as the 10th floor in the commercial cooperative building located at 246 West 38th Street, New York, New York (the "Building") and the tenant's interest under the proprietary lease for the Unit (the "Proprietary Lease"), to finance the acquisition of the Unit and to provide office space for the conduct of business of each of the Partners as hereinafter described, to enter into and deliver such other documents and agreements as the Partners may deem necessary or desirable, on such terms and conditions as the Partners deem acceptable, in connection with the acquisition of the Unit, to own, hold, mortgage, manage, operate, lease, alter, improve and maintain the Unit, to sell the Unit, in whole or in part, to acquire and construct additional property (real and personal) necessary or useful in the operation of the Unit, and to act in all other respects as the owner of the Unit, including, without limitation, the performance of such other activities as the Partners shall deem necessary to or desirable in connection with the foregoing, all on the terms and conditions herein set forth and provided the same shall not be prohibited hereunder.

(b) The Partnership shall not engage in any other business or activity without the prior written consent of all the Partners.

SECTION 1.04. Term. The term of the Partnership shall commence on the effective date of formation of the Partnership under the Partnership Law and shall continue until December 31, 2024, unless sooner terminated pursuant to the provisions hereof.

ARTICLE II

PARTNERSHIP INTERESTS

SECTION 2.01. Partnership Interests. The Partners are presently in the process of measuring the area of the Unit for the purpose of determining their respective ownership interests in the Partnership and their respective use areas within the Unit. The Partners agree that within a reasonable period of time after the purchase of the Unit (the "Closing"), the Partners will establish, and confirm by execution of an addendum hereto, (a) the total area of the Unit, (b) the use area for Sage, (c) the use area for Liss, and (d) the common area for use by both Partners. The ownership interest of each Partner in the Partnership (a "Partnership Interest") shall be expressed as a percentage and shall be equal to the use area for such Partner divided by the sum of the use area for Sage and the use area for Liss; provided, however, that until such time as the use areas referred to above shall have been established, the Partnership Interest of each Partner shall be fifty percent (50%).

ARTICLE III

CAPITAL

SECTION 3.01. Initial Capital Contributions. Upon the execution and delivery of this Agreement, each Partner shall execute and deliver to the Partnership an assignment of all right, title and interest of each Partner under (a) that certain Subscription Agreement, dated January 25, 1984, with respect to the Unit, and (ii) that certain letter agreement of even date therewith, entered into between Sage and 38 Town Associates. Upon the assignment of the foregoing agreements as aforesaid, the amount of Eleven Thousand Two Hundred Fifty Dollars (\$11,250.00) shall be credited to the capital account of each Partner.

(b) At or before the Closing, the Partners shall contribute capital in cash to the Partnership in an amount sufficient to cover the expenditures of the Partnership necessary to consummate the purchase of the Unit (including, but not limited to, payment of the cash balance of the purchase price therefor, real estate tax escrow payments, legal fees, maintenance payments, and insurance costs),

which contributions shall be made in proportion to each Partner's respective Partnership Interest. Upon the making of such contribution, each Partner's respective capital account shall be credited with an amount equal to such capital contribution.

(c) At or before the Closing, the Partners shall contribute capital in cash to the Partnership in proportion to their respective Partnership Interests for the purpose of establishing a working capital reserve for the Partnership in the amount of Twenty Thousand Dollars (\$20,000).

SECTION 3.02. Additional Capital Contributions.

(a) The Partners shall contribute additional capital in cash to the Partnership in proportion to their respective Partnership Interests (i) if the funds of the Partnership shall be determined to be insufficient to enable the Partnership to satisfy any obligations of the Partnership which may arise after the Closing, including the payment of any amounts required to be paid under the Proprietary Lease, payment of any costs arising out of the maintenance and operation of the Unit (other than costs required to be paid by a Partner individually) and payment of any costs associated with the renovation plan and (ii) as may be necessary or desirable to properly carry out the purposes of the Partnership.

(b) The Partners shall be obligated to contribute additional capital in cash to the Partnership, in proportion to their respective Partnership Interests, such amounts as may be necessary to maintain in the Partnership working capital reserve at all times in an amount not less than the sum of six (6) months' rent (maintenance) payable under the Proprietary Lease and six (6) months' interest payable under any Unit mortgage.

(c) In furtherance of the provisions of subsection (a) above, the Partners shall be obligated to contribute additional cash to the Partnership in proportion to their respective Partnership Interests in the event the Partnership shall be required to pay any amounts due under any Building mortgage or any Unit mortgage in the nature of a balloon principal payment. Each Partner shall make its contribution hereunder not later than six (6) months prior to the maturity of any such Building mortgage or Unit mortgage or the due date of such balloon principal payment.

(d) In the event a Partner shall fail to make any capital contribution required to be made hereunder, and such

failure shall continue for a period of one hundred eighty days (180) days after notice of such failure, the other Partner shall have the right to purchase the Partnership Interest of the defaulting Partner in accordance with the provisions of Section 11.01.

SECTION 3.03. No Further Capital/Loans. Except as expressly provided in this Agreement or with the prior written consent of the other Partner, no Partner shall be required or entitled to contribute any other or further capital to the Partnership, nor shall any Partner be required or entitled to loan any funds to the Partnership.

SECTION 3.04. Capital Accounts. (a) A separate capital account shall be maintained for each Partner.

(b) The appropriate capital account shall be credited with:

(i) the amount of any capital contribution made by such Partner pursuant to Article III hereof; and

(ii) the amount of any income or gain allocated to such Partner pursuant to Article VI hereof;

and there shall be charged against the appropriate capital account:

(x) the amount of any deduction or loss allocated to such Partner pursuant to Article V hereof; and

(y) all amounts paid or distributed to such Partner pursuant to Article IV hereof.

SECTION 3.05. Return of Capital. No Partner shall be liable for the return of the capital contributions (or any portion thereof) of any other Partner, it being expressly understood that any such return shall be made solely from the assets of the Partnership. No Partner shall be required to pay to the Partnership or to any other Partner any deficit in its capital account upon dissolution of the Partnership or otherwise, and no Partner shall be entitled to withdraw any part of its capital contributions or capital account, to receive interest on its capital contributions or capital account or to receive any distributions from the Partnership, except as expressly



provided for in this Agreement or under the Partnership Law as then in effect.

#### ARTICLE IV

##### DISTRIBUTIONS

SECTION 4.01. Net Cash Flow. (a) The term "Net Cash Flow" shall mean, for any given fiscal period of the Partnership, the difference between (i) the gross cash receipts of the Partnership during such period (other than capital contributions) and (ii) the sum of (A) all expenses (ordinary or capital) of the Partnership paid during such period and (B) all payments made to a cash reserve which are reasonable with respect to the current expenses of the Partnership.

(b) The Net Cash Flow of the Partnership shall be distributed to the Partners pro rata in accordance with their respective Partnership Interests.

(c) The distributions provided for in subsection (b) above, to the extent earned, shall be made quarterly in arrears within fifteen (15) days after the end of each calendar quarter, subject to year-end adjustments.

#### ARTICLE V

##### ALLOCATIONS

SECTION 5.01. Allocations. (a) All income, gain, loss, deduction or credit of the Partnership for each fiscal year (or any portion thereof) of the Partnership, as determined for federal income tax purposes and reported by the Partnership on its Federal Partnership Return of Income, shall, except as hereinafter expressly provided to the contrary, be allocated to the Partners pro rata in accordance with their respective Partnership Interests as existing on the last day of the applicable period; provided, however, that if a Partner's Partnership Interest shall have been adjusted during the period in question, such items shall be allocated based upon the average Partnership Interest of each Partner in effect during such period, computed on a per diem basis.

SECTION 5.02. Allocation Amounts. All computations and allocations to be made pursuant to Article IV hereof and this Article V shall be made by the Partners in accordance with generally accepted accounting principles, consistently applied.

SECTION 5.03. Tax Allocations. The Partners shall make, subject to the approval of an accountant where appropriate, all applicable elections, determinations and other decisions under the Internal Revenue Code of 1954, as amended (the "Code"). At the request of any Partner, the Partners, may, but shall not be obligated to, make the election permitted under Section 754 of the Code. The Partners shall each take reporting positions on their respective Federal, State and local income tax returns consistent with the positions determined for the Partnership. Sage is hereby appointed tax matters partner (as defined in Section 6231 of the Code) for the Partnership.

## ARTICLE VI

### USE OF UNIT

SECTION 6.01. Use of Unit. Each Partner shall (a) use and occupy the use area assigned to such Partner for executive and administrative offices in connection with such Partner's trade or business and for no other purpose, (b) at all times comply with the terms and conditions of the Proprietary Lease and any Unit mortgage, and (c) not impair or interfere with use and enjoyment of the use area of the other Partner or cause any discomfort, annoyance or inconvenience to such Partner.

(b) The Partners shall cause the Partnership to enter into a lease with each Partner (individually, a "Partner Sublease") for the lease to such Partner of the use area of such Partner. A Partner Sublease shall have a term of not less than the term of the Proprietary Lease and shall provide for such other terms and conditions as the Partners may approve. A Partner Sublease shall also provide that a Partner may sub-sublease the use area of such Partner to a third party (any such lease hereinafter referred to as a "Third Party Sublease") provided that such Partner shall notify the other Partner of the particulars of the proposed Third Party Sublease at least fourteen (14) days prior to the entering into of such Third Party Sublease and such Third Party Sublease shall not have a term in excess of

three (3) years and shall be subject to the terms, and in compliance with, the Proprietary Lease, the by-laws of the Cooperative Corporation and this Agreement.

## ARTICLE VII

### RENOVATION

SECTION 7.01. Renovation. (a) The Partners contemplate that the Unit will be substantially renovated pursuant to a renovation plan of uniform design approved by the Partners. The renovation plan shall provide for Unit-wide ceiling lights and tiles, carpets, flooring materials, plumbing, heating, ventilation, air conditioning, and electrical work and other related materials, but shall not include movable partitions for utilization within a use area of a Partner. The cost of the renovation shall be borne by the Partnership and shall be funded by capital contributions of the Partners to be made in accordance with Section 3.02, but in no event shall the cost thereof exceed thirty-five dollars (\$35.00) a square foot for the Unit Total Area. The Partnership will retain such architects, space planners and general contractors as may be required to implement the renovation plan and as shall be approved by the Partners. All Unit construction work shall be on a bid basis and the lowest bid shall be accepted by the Partnership unless otherwise agreed upon by the Partners.

(b) The Renovation Plan shall provide that electricity for each use area shall be on a submetered basis; provided, however, that electricity for the common area shall be connected to or provided through the Sage submeter and apportioned between the Partners and paid in accordance with Article IX hereof.

## ARTICLE VIII

### MANAGEMENT

SECTION 8.01. Management. Except as otherwise expressly provided in this Agreement, the business and affairs of the Partnership shall be exclusively vested in the Partners. Subject to the terms of this Agreement and to limitations imposed by law, including, without limitation, the Partnership Law, and provided the same shall not be prohibited under this Agreement, the Partners shall have all

of the powers of the Partnership, including, without limitation, the full power to:

(i) sell, transfer, assign, convey, exchange or otherwise dispose of or deal with all or any part of the Unit;

(ii) execute and deliver such documents on behalf of the Partnership as the Partners may deem necessary or desirable for the business of the Partnership;

(iii) perform, or cause to be performed, all of the Partnership's obligations under any agreement to which the Partnership is a party;

(iv) employ such managing or other agents, administrative or secretarial personnel or other persons necessary to conduct the business of the Partnership;

(v) retain or engage attorneys and accountants, to the extent such professional services are required during the term of the Partnership;

(vi) open and maintain bank accounts for the Partnership's funds; and

(vii) do any act which the Partners may deem necessary or desirable to carry out any of the foregoing.

(b) Notwithstanding the provisions of subsection (a) above, without the prior written consent of the other Partner, no Partner shall:

(i) enter into any transaction or perform any act if this Agreement provides that the Partners are to authorize or perform the same;

(ii) employ or discharge any accountant to the Partnership;

(iii) mortgage, pledge or otherwise encumber all or any part of the Unit, or any interest of the Partnership therein, as security for indebtedness incurred on behalf of the Partnership;

(iv) lease all or any portion of the Unit except in accordance with the provisions of Section 6.01;

(v) borrow any money on behalf of the Partnership;

(vi) amend, modify, alter, change or cancel, or prepay any of the indebtedness evidenced by, any mortgages or deeds of trust now or hereafter encumbering the Unit or any portion thereof;

(vii) make any repairs (other than emergency repairs), capital improvements, alterations or changes to the Unit; provided, however that the foregoing restriction shall not apply to minor repairs or alterations within a Partner's use area nor to the installation of improvements in the nature of trade fixtures;

(viii) amend, modify or cancel any agreement of a material nature, approve any matter under the Proprietary Lease or approve any matter which any mortgagee or holder of a deed of trust encumbering the Unit, or any portion thereof, is required to submit to for approval under such mortgage or deed of trust, respectively;

(ix) accept the settlement, compromise or payment of any claim asserted against the Partnership or its property and assets, including, without being limited to, claims covered by the policies of insurance maintained by the Partnership or relating to a condemnation or proposed condemnation of its property, or asserted by the Partnership in respect of the foregoing;

(x) assign, transfer, pledge, compromise, or release any of the claims of or debts due the Partnership except upon payment in full, or arbitrate or consent to the arbitration of any of the disputes or controversies of the Partnership;

(xi) make, execute or deliver any assignment for the benefit of creditors, or any bond, confession of judgment, chattel mortgage, deed, guarantee, indemnity bond or surety bond;

(xii) commit the Partnership as surety, guarantor, or accommodation party to any obligation; or

(xiii) exercise any voting rights of the Partnership in the Cooperative Corporation.

SECTION 8.02. Duties and Conflicts. (a) Subject to Section 8.01 hereof, the Partners shall devote such time to the Partnership business as it may deem necessary or desirable in connection with its duties and responsibilities hereunder.

(b) Each Partner recognizes that the other Partner has or may have other business interests, activities and investments, some of which may be in conflict or competition with the business of the Partnership and that such other Partner is entitled to carry on such other business interests, activities and investments. No Partner shall be obligated to devote all or any particular part of its time and effort to the Partnership and its affairs. Each Partner may engage in or possess an interest in any other business or venture of any kind, independently or with others, including without limitation, owning, financing, acquiring, leasing, promoting, developing, improving, operating and/or managing real property on its own behalf or on behalf of other entities with which such Partner is affiliated, and any Partner may engage in any activities, whether or not competitive with the Partnership, without any obligation to offer any interest in such activities to the Partnership or to any Partner. Subject only to the foregoing, neither the Partnership nor any Partner shall have any right, by virtue of this Agreement, in or to such activities, or the income or profits derived therefrom, and the pursuit of such activities, even if competitive with the business of the Partnership, shall not be deemed wrongful or improper.

SECTION 8.03. Deadlock. Upon the failure of the Partners to agree upon any proposed action or non-action to be taken by the Partnership, which failure results in the inability to carry on the business of the Partnership under normal standards of commercial reasonableness, either Partner may, subject to the restrictions therein contained, invoke the buy/sell provisions of Article XI.

SECTION 8.04. Non-Partnership Expenses. The following expenses shall be borne by the Partner incurring such expenses or the Partner for whose benefit the expense was incurred:

- (a) furniture, fixtures or equipment of such Partner;
- (b) costs of electricity, heating, ventilation and air conditioning ("HVAC") for the use area of such Partner;
- (c) cost of repairs and improvements to the use area of such Partner (other than pursuant to the renovation plan);
- (d) such Partner's allocable share of the costs of common area electricity and HVAC;

## ARTICLE IX

### BOOKS AND RECORDS

SECTION 9.01. Bank Accounts. The Partners shall have authority to open bank accounts and designate signatories with respect thereto on behalf of the Partnership and may authorize agents of the Partnership, if any, to open such bank accounts as the Partners shall deem necessary or desirable for the management and conduct of the business of the Partnership.

SECTION 9.02. Books of Account. (a) The Partners shall cause to be kept, at the principal place of business of the Partnership, or at such other place as the Partners shall choose, full and proper ledgers and other books of account of all receipts and disbursements and other financial activities of the Partnership and shall provide the following financial reports or information to each Partner:

- (i) promptly after the close of each fiscal year of the Partnership and no later than March 15th of the next succeeding year, a report which shall include all necessary tax reporting information required by the Partners for preparation of their respective Federal, State and local income tax returns, including, without limitation, each Partner's pro rata share of income, gain, loss, deductions and credits for such fiscal year;

(ii) promptly after the close of each fiscal year of the Partnership and no later than March 15th of the next succeeding year, (x) financial statements of the Partnership for such fiscal year, and (y) copies of the Partnership's Federal Partnership Return of Income and other income tax returns, together with each Partner's Schedule K-1 or analogous schedule, which returns shall be signed by the Partners on behalf of the Partnership; and

(iii) within a reasonable period of time, such other financial information as to the Partnership as any Partner shall reasonably request.

(b) All decisions as to accounting principles, whether for the Partnership's books or for income tax purposes (and such decisions may be different for each such purpose) and all elections available to the Partnership under applicable tax law, shall be made by the Partners, subject to the provisions of this Agreement. The Partners shall cause all Federal, State and local income and other tax returns to be timely filed by the Partnership.

(c) Each Partner, its agents, representatives and designees, shall at all reasonable times have access to true and full information regarding the state of the business and financial condition of the Partnership and shall have the right to inspect and copy the Partnership's books and records.

(d) The fiscal year of the Partnership shall be the calendar year.

## ARTICLE X

### TRANSFER OF PARTNERSHIP INTERESTS

SECTION 10.01. Transfer. (a) No Partner may sell, assign, transfer, give, hypothecate or otherwise encumber (any such sale, assignment, transfer, gift, hypothecation or encumbrance being hereinafter referred to as a "Transfer"), directly or indirectly, or by operation of law or otherwise, any interest in the Partnership or withdraw from the Partnership, except in accordance with this Agreement or upon prior written consent of the other Partner.



(b) Any Transfer of any interest in the Partnership in contravention of this Article X shall be null and void.

SECTION 10.02. New Partners. Notwithstanding any other provision of this Agreement, no person or entity, not then a Partner, shall become a Partner hereunder under any of the provisions hereof unless such person or entity shall expressly assume and agree to be bound by all of the terms and conditions of this Agreement. All reasonable costs and expenses incurred by the Partnership in connection with any Transfer of a Partnership Interest and, if applicable, the admission of a person or entity as a Partner hereunder, shall be paid by the transferor. Upon compliance with all provisions hereof applicable to such person or entity becoming a Partner, all other Partners agree to execute and deliver such amendments hereto as are necessary to constitute such person or entity a Partner of the Partnership.

## ARTICLE XI

### BUY/SELL ARRANGEMENTS

SECTION 11.01. Buy/Sell Arrangements. (a) In the event either Partner shall desire to sell its Partnership Interest, such Partner (the "Offering Partner") may invoke the provisions of this Section 11.01 by giving written notice (the "Notice") to the other Partner (the "Other Partner") of its intention to do so; provided, however, that no Partner shall be entitled to invoke the provisions of this Section 11.01 during the term of any Third Party Sublease of the use area of such Partner. The Other Partner shall have ninety (90) days after receipt of the Notice to elect to purchase the Partnership Interest of the Offering Partner. If the Other Partner shall elect to purchase, the Other Partner shall notify the Offering Partner by written notice, and the closing shall occur within thirty (30) days thereafter at the principal office of the Partnership. The purchase price payable to the Offering Partner shall be equal to the Fixed Price. The Fixed Price shall be an amount equal to the product of (i) the sum of (y) One Hundred Twelve Thousand Five Hundred Dollars (\$112,500), increased by a factor of six percent (6%) per annum from the date hereof to the date of Notice, and (z) any amounts contributed to the Partnership by the Partners on account of (aa) the renovation plan and (bb) any Building or Unit

mortgage, all as increased by a factor of six percent (6%) per annum from the date of contribution to the date of Notice, and (ii) the Partnership Interest of the Offering Partner. The Fixed Price shall be payable as follows: twenty percent (20%) payable in cash by certified or official bank check, and the balance by execution of a purchase money self liquidating note. The purchase money note shall be payable quarterly, have a ten (10) year term, bear interest at the rate of thirteen percent (13%) per annum, shall be prepayable at any time and shall be secured by a lien upon the Unit. The purchase money note shall also provide that it shall become due upon the sale of the Unit. The Other Partner shall have the option to pay the Final Price in cash and in such event the Final Price shall be reduced by an amount equal to five percent (5%) of the Final Price.

(b) In the event the Other Partner shall not elect to purchase the Partnership Interest of the Offering Partner, the Unit will be offered for sale to the public on an all cash basis only. In the event the Partnership shall receive a bona fide offer to purchase the Unit in writing (the "Offer"). Either Partner shall have the right, to be exercised upon written notice, to purchase the Unit on the terms set forth in the Offer and for an amount equal to the product of the purchase price stated in the Offer and the Partnership Interest of the Other Partner. If both Partners shall desire to purchase the Unit, the Partner offering the highest price for the Unit at the end of a thirty (30) day period shall have the right to purchase the Unit. The purchase price shall be payable in cash or by certified or official bank check and the closing shall occur within thirty (30) days of the expiration of the aforesaid ninety (90) day period at the principal office of the Partnership. If neither Partner shall elect to purchase the Unit, the Unit shall be sold in accordance with the terms of the Offer.

## ARTICLE XII

### DISSOLUTION AND TERMINATION

SECTION 12.01. Dissolution. The Partnership shall be dissolved and its business wound up upon the happening of any of the following events, whichever shall first occur:

(a) the sale or other disposition of all or substantially all of the Unit and the receipt of all consideration therefor;

(b) the death, insanity, incapacity, dissolution, final adjudication of any Partner as a bankrupt or the filing by any Partner of a voluntary petition in bankruptcy (any such Partner being hereinafter referred to as the "Defaulting Partner" and the other Partner being hereinafter referred to as the "Surviving Partner");

(c) December 31, 2024, the termination date set forth in Section 1.04 hereof; or

(d) when required by law.

SECTION 12.02. Termination. (a) In the case of a dissolution of the Partnership pursuant to clause (b) of Section 12.01, the Surviving Partner shall have the option to purchase the Partnership Interest of the Defaulting Partner in accordance with the provisions of Section 11.01(a), and the Partnership shall be liquidated upon the closing of said purchase. In the event the Surviving Partner shall not elect to purchase, the provisions of subsection (b) below shall apply.

(b) In all other cases of dissolution of the Partnership, the business of the Partnership shall be wound up and the Partnership terminated as promptly as practicable thereafter, and each of the following shall be accomplished:

(i) The Liquidating Partner (as defined in Section 12.03 hereof) shall cause to be prepared a statement setting forth the assets and liabilities of the Partnership as of the date of dissolution, a copy of which statement shall be furnished to all of the Partners.

(ii) The property and assets of the Partnership shall be liquidated by the Liquidating Partner as promptly as possible, but in an orderly and businesslike and commercially reasonable manner.

(iii) Any gain or loss realized by the Partnership upon the sale of its property and assets shall be allocated to the Partners in the manner set forth in Article V hereof.

(iv) The available net cash of the Partnership shall be applied and distributed as follows and in the following order of priority:

(x) To the payment of (aa) debts and liabilities of the Partnership and (bb) the expenses of liquidation.

(y) To the setting up of any reserves which the Liquidating Partner shall determine to be reasonably necessary for contingent, unliquidated or unforeseen liabilities or obligations of the Partnership or the Liquidating Partner arising out of or in connection with the Partnership.

(z) The balance, if any, to the Partners, pro rata in accordance with their respective Partnership Interests.

SECTION 12.03. Liquidating Partner. (a) The term "Liquidating Partner" shall mean (i) in the case of a termination of the Partnership pursuant to clause (a), (c) or (d) of Section 12.01 hereof, the Partners and (ii) or in the case of a termination of the Partnership pursuant to clause (b) of Section 12.01 hereof, the Surviving Partner.

(b) The Liquidating Partner is hereby irrevocably appointed as the true and lawful attorney in the name, place and stead of each of the Partners, such appointment being coupled with an interest to make, execute, sign, acknowledge and file with respect to the Partnership all papers which shall be necessary or desirable to effect the dissolution and termination of the Partnership in accordance with the provisions of this Article. Without limiting the foregoing, the Liquidating Partner shall, upon the final dissolution of the Partnership, file an appropriate certificate to such effect in the proper governmental office or offices under the Partnership Law as then in effect. Notwithstanding the foregoing, each Partner, upon the request of the Liquidating Partner, shall promptly execute, acknowledge and deliver all such documents, certificates and other instruments as the Liquidating Partner shall reasonably request to effectuate the proper dissolution and termination of the Partnership, including the winding up of the business of the Partnership.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01. Further Assurances. Each Partner agrees to execute, acknowledge, deliver, file, record and publish such further certificates, amendments to certificates, instruments and documents, and do all such other acts and things as may be required by law, or as may be required to carry out the intent and purposes of this Agreement.

SECTION 13.02. Indemnities. (a) The Partners shall be indemnified and held harmless by the Partnership from and against any and all claims, demands, liabilities, costs, damages, expenses and causes of action of any nature whatsoever arising out of or incidental to any act performed or omitted to be performed by any one or more of the Partners in connection with the business of the Partnership; provided, however, that, such act or omission was taken in good faith, was reasonably believed by the applicable Partners to be in the best interests of the Partnership and the scope of authority granted to such Partners under this Agreement, and did not constitute fraud, bad faith, willful misconduct or negligence on behalf of such Partners; and, provided, further, that an indemnity under this Section shall be paid solely out of and to the extent of Partnership assets and shall not be a personal obligation of any Partner. All judgments against the Partnership and the Partners, or any one or more thereof, wherein such Partner (or Partners) is entitled to indemnification, must first be satisfied from Partnership assets before the Partners shall be responsible for these obligations.

(b) The Partnership and the other Partners shall be indemnified and held harmless by each Partner from and against any and all claims, demands, liabilities, costs, damages, expenses and causes of action of any nature whatsoever arising out of or incidental to any act performed by a Partner which is not performed in good faith or is not reasonably believed by such Partner to be in the best interests of the Partnership and within the scope of authority conferred upon such Partner under this Agreement, or which arises out of the fraud, bad faith, willful misconduct or negligence of such Partner.

SECTION 13.03. Notices. All notices, demands, consents, approvals, requests or other communications which

any of the parties to this Agreement may desire or be required to give hereunder (collectively, "Notices") shall be in writing and shall be given by registered or certified mail, return receipt requested, with postage prepaid, addressed as follows:

if to the Partnership or Sage: Sage Systems, Inc.  
Room 1109  
1500 Broadway  
New York, New York 10036

if to Liss: Mr. Robert Liss  
767 Lexington Avenue  
New York, New York 10021

Any Partner may designate another addressee (and/or change its address) for Notices hereunder by a Notice given pursuant to this Section. Notices sent in compliance with the provisions of this Section shall be deemed given on the fifth (5th) business day next succeeding the day on which it they are sent.

SECTION 13.04. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 13.05. Captions. All titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend, or describe the scope of this Agreement or the intent of any provision hereof.

SECTION 13.06. Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, and neuter, singular and plural, as the identity of the party or parties may require.

SECTION 13.07. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective executors, administrators, legal representatives, heirs, successors and assigns, and shall inure to the benefit of the parties hereto and, except as otherwise provided herein, their respective executors, administrators, legal representatives, heirs, successors and assigns.

SECTION 13.08. Extension Not a Waiver. No delay or omission in the exercise of any power, remedy or right

herein provided or otherwise available to a Partner or the Partnership shall impair or affect the right of such Partner or the Partnership thereafter to exercise the same. Any extension of time or other indulgence granted to a Partner hereunder shall not otherwise alter or affect any power, remedy or right of the other Partner or of the Partnership, or the obligations of the Partner to whom such extension or indulgence is granted.

SECTION 13.09. Construction. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of the Partnership.

SECTION 13.10. Severability. In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and other application thereof shall not in any way be affected or impaired thereby.


SECTION 13.11. Consents. Any consent or approval to any act or matter required under this Agreement must be in writing and shall apply only with respect to the particular act or matter to which such consent or approval is given, and shall not relieve any Partner from the obligation to obtain the consent or approval, as applicable, wherever required under this Agreement to any other act or matter.

SECTION 13.12. Entire Agreement. This Agreement contains the entire agreement between the parties relating to the subject matter hereof and all prior agreements relative hereto which are not contained herein are terminated. Amendments, variations, modifications or changes herein may be made effective and binding upon the parties by, and only by, the setting forth of same in a document duly executed by each party.

SECTION 13.13. Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute a single Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

SAGE SYSTEMS, INC.

By:   
Shahen Chekijian  
President

ROBERT LISS





FIRST AMENDMENT  
TO  
PARTNERSHIP AGREEMENT  
OF  
S-L PROPERTIES

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WHEREAS, the Partnership Agreement of S-L Properties, dated as of February 17, 1984, provides that the Partnership Interest of the Partners shall be determined based on the use area for each Partner.

WHEREAS, the renovation of the Unit has been completed and the use area for each Partner has been established.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained in the Partnership Agreement, the parties hereto mutually covenant and agree as follows:

1. All capitalized words used herein, unless otherwise herein, shall have the respective meanings specified in the Partnership Agreement.

2. The Partnership Interest of Liss shall be 43.07%. The Partnership Interest of Sage shall be 56.93%. The foregoing shall be effective as of February 17, 1984. The Partners shall forthwith make such payments and reimbursements to each other as may be required to reflect the above percentages.

3. The address for Sage is hereby changed to 246 West 38th Street, New York, New York 10018. The principal place of business of the Partnership is hereby relocated to 246 West 38th Street, New York, New York 10018.

IN WITNESS WHEREOF, the parties have duly  
executed this Amendment as of the 01 day of January,  
1985.

SAGE SYSTEMS, INC.

By: Shahen Chekijian  
Shahen Chekijian

ROBERT LISS

Robert Liss