

STROOCK

FACSIMILE

DATE June 14, 2004

TO	COMPANY NAME	FAX NO.	PHONE NO.
Jerry Kestenbaum		718-392-8006	718-392-8002

TOTAL NO. OF PAGES 3

FROM	R. Neil Griffith
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ATTORNEY NO.	3821
CLIENT/MATTER NAME	
CLIENT/MATTER NO.	638211.0001

MESSAGE

Jerry, as per our phone conversation, please find attached a memorandum describing the general steps the Corporation must take to issue and sell shares for the elevator lobby space. Please do not hesitate to call me with any questions. Thank you.

CONFIDENTIAL

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MEMORANDUM

VIA FACSIMILE

DATE: June 7, 2004

RE: 1060 Fifth Ave. hall space

TO: Gerald Kestenbaum

CC: Marcia Helbling, Esq.
Frances Felice, Esq.

FROM: R. Neil Griffith

Pursuant to your request, this memorandum describes the general steps the Corporation must take to issue and sell shares allocated to certain additional space (the "Additional Space") at 1060 Fifth Avenue (the "Building"). We understand that the shares allocated to the Additional Space will be sold to be used as additional space:

1. The square footage of the Additional Space should be determined.
2. An appropriate number of shares for the square footage of the Additional Space must be determined. The number of shares must bear a reasonable relationship to the portion of the Corporation's equity in the building attributable to the Additional Space. **A letter from the managing agent with regard to satisfying the reasonable relationship standard must be obtained to satisfy the requirements of Section 216 of the Internal Revenue Code.** Once the number of shares is determined, the Corporation should verify that it has sufficient authorized and unissued shares to permit the issuance of shares for the Additional Space. If there are not enough authorized and unissued shares, an amendment of the Corporation's certificate of incorporation will be required.
3. An appropriate minimum purchase price for the shares must be determined by the Board of Directors. An appraisal may be sought in order to determine an appropriate minimum purchase price.
4. The Board of Directors must, by resolution, authorize the issuance and sale of shares and a modification of the Shareholder's proprietary lease to incorporate the Additional Space (note: The Board of Directors approved the sale on June 8, 2004). In the alternative, a new proprietary lease could be issued which would be appurtenant to the newly issued shares.
5. The Corporation must apply for a no-action letter from the New York State Department of Law which will permit the sale of the shares allocated to the Additional Space without the necessity of having to file an offering plan with the Attorney General. The application consists of a transmittal letter by counsel, an affidavit by the president of the Corporation setting forth certain required information and a form M-10 (broker dealer). We do not anticipate difficulty in

obtaining the no-action letter which, ordinarily, is issued within 10 days or less of the submission of the application. The filing fees for the application are approximately \$350.

6. The shares should be sold pursuant to a corporate subscription agreement which sets forth the terms of the sale. Either a new lease or a form of an amendment of proprietary lease must also be prepared to include the Additional Space.
7. The Corporation must complete the requisite tax forms and pay the New York City Real Property Transfer Tax and the New York State Real Estate Transfer Tax due.
8. In addition, the Board of Directors will require you to execute an agreement whereby you agree to keep Apartment 9C and 9D together unless the Board of Directors consents to their separation.

Should you have any questions regarding the foregoing, please do not hesitate to call me at 806-5461.