

office space to J.P. Morgan Chase & Co. affiliates under four separate leases in the Park Central office complex. The

complex is comprised of Park Central Buildings VII, VIII, and IX, although all

of the space leased to J.P. Morgan Chase & Co. affiliates is located in building VII. The leases in question are as follows:

J.P. Morgan Chase & Co. Affiliate	Suite	Size (sf)	Rate (psf/yr)	Execution date	Expiration
The Chase Manhattan Bank (now JPMCB)	102	6,536	\$16.50	10/1/96	9/30/01
Chase Manhattan Mortgage Corp	1400	7,845	23.50	6/1/99	3/31/04
Chase Manhattan Mortgage Corp	1440	1,798	23.50	4/1/99	3/31/04
Chase Manhattan Mortgage Corp	750	2,500	21.00	7/9/01	(¹)

¹ Month to month.

The applicant represents that each lease meets the conditions of Part III of PTE 84–14 for real estate leases, and therefore a prohibited transaction exemption is not necessary to cover the leases. Specifically, the applicant represents that the following conditions of PTE 84–14, Part III, are met: First, the unit of space subject to the lease is suitable (or adaptable without excessive cost) for use by different tenants. Second, at the time the transaction is entered into (and at the time of any subsequent renewal or modification that requires the consent of the Trustee as QPAM), the terms of the transaction may not be more favorable to the lessee than the terms generally available in arm's-length transactions between unrelated parties. Third, no commission or other fee is paid by the Fund in connection with the lease to the Trustee, or to any person or entity (or any affiliate) who made the decision to have, or had the direct authority to direct, any Plan to invest in the Fund. The applicant represents that the fourth condition of Part III also is met which requires that the amount of space covered by the lease does not exceed the greater of 7,500 square feet or one percent (1%) of the available space of the office building, integrated office park or commercial center in which the Fund has the investment. In this latter regard, the applicant represents that Park Central Buildings VII, VIII and IX owned by the Fund constitute one commercial center or integrated office park and that all of the leases constitute less than 1% of the square footage of the Park Central commercial center or office park.³

13. In summary, with respect to the Lease transaction, the applicant represents that the exemption will satisfy the statutory criteria under section 408(a) of the Act for the following reasons:

(a) The Fund was represented by a qualified independent fiduciary (*i.e.*, the Trustee, who was not then affiliated with the tenant, CGF) when the original Lease and all amendments thereto were negotiated and executed; and

(b) The Fund at all times on or after December 31, 2000, will be represented by a qualified independent fiduciary (*i.e.*, AFC) to perform the following functions:

(i) Confirm that when the Lease was originally entered into, and as modified to date, all the terms and conditions of the Lease, including those relating to renewal options and rights of first refusal, were commercially reasonable and at least as favorable to the Plans as those terms and conditions which could have been obtained at arm's length with an unrelated third party;

(ii) Determine, based upon a written appraisal report by an independent qualified appraiser, that the leasing renewal rate the Fund will charge CGF if CGF elects to renew its option(s) under the Lease, effective in 2004 and thereafter, and the leasing rate with respect to any space leased by CGF in the Property, pursuant to any rights of first refusal CGF has under the Lease, accurately reflect at least fair market rental value;

(iii) Negotiate and approve, subject to the appropriate ERISA fiduciary standards, such amendments to the Lease upon renewal(s) as it deems appropriate, including, for example: (i) A shorter renewal term than the current five year term; (ii) additional renewal period(s) (provided that the rent paid in any time periods after February 28, 2009, under any newly granted renewal option(s) would be at 100% of fair rental value, as opposed to the 95% of fair rental value that applies for periods through February 28, 2009); (iii) the lease of less square footage than the current square footage covered under the Lease; (iv) The lease of more square footage than the current square footage covered under the Lease (provided that the rent paid for any square footage in excess of the current square footage would also be leased at 100% of fair

rental value, and not 95% of fair rental value); (v) using a "base year" under the Lease (upon which certain periodic increases such as taxes are calculated) updated to the year 2004, and (vi) allowing CGF to install shatter-proof glass in the space it leases; provided that all such amendments are not more favorable to the lessee than the terms generally available in arm's length transactions between unrelated parties, as determined by the independent fiduciary; and

(iv) Represent the Fund and the Plans' participants as an independent fiduciary in any circumstances in addition to those described above while the Lease (including any periods of renewal) is in effect which would present a conflict of interest for the Trustee, including but not limited to: default by CGF or disagreement on an economic computation under the Lease.

14. With respect to the Letters of Credit, the applicant represents that the exemption will meet the statutory criteria under section 408(a) of the Act for the following reasons:

(a) The Fund was represented by a qualified independent fiduciary (*i.e.*, the Trustee, who was not then affiliated with The Chase Manhattan Bank, the issuer of the Letters of Credit) when the existing Letters of Credit were executed;

(b) The Fund at all times on or after December 31, 2000, will be represented by a qualified independent fiduciary with respect to any existing or future Letters of Credit to perform the following functions:

(i) Monitor monthly reports of rental payments of tenants utilizing a Letter of Credit issued by JPMCB or any affiliate to guarantee their lease payments;

(ii) Confirm whether an event has occurred that calls for the Letter of Credit to be drawn upon; and

(iii) Represent the Fund and the Participants as an independent fiduciary in any circumstances with respect to the Letter of Credit which would present a conflict of interest for the Trustee, including but not limited to: the need to enforce a remedy against itself or an

³ The applicant is not requesting exemptive relief in this proposed exemption for the leases in the Park Central office complex, nor is the Department providing any views in this proposed exemption as to whether the conditions of PTS 84–14 would be met for such transactions.