

## Bullet Points of Settlement Agreement Issues

- If Andrew Farkas is to be expressly named as a releasee, then he should sign the agreement and be a releasor as Jeffrey Epstein will.
- In addition to the marina management fee, all other fees contemplated under Section 12.01 of the Operating Agreement should be reduced by one-third (e.g., retail leasing service fees, brokerage service fees and development management fees).
- No management fees, brokerage service fees, retail leasing fees, etc should be allocated to Jeffrey Epstein in respect of revenues derived from Jeffrey Epstein or his affiliates.
- Jeffrey Epstein's and his affiliates' rights to fuel discounts and slip rental discounts should be tied only to payment defaults for fuel, payment defaults for slip rentals and payment defaults under the current lease or any additional lease for space at AYH, subject to a reasonable right to cure any such defaults.
- Regarding payment for fuel. Payment should be made within five (5) business days after invoicing, not after purchase. Currently payment is made after invoicing on a monthly basis and that is how it should continue. The right to cure should be 10 days after notice of non-payment, and not simply 10 days after the payment deadline. If payment is not made, then it was inadvertent and there needs to be a mechanism to make sure Jeffrey Epstein is not "caught" because of an inadvertent non-payment. Finally, Jeffrey Epstein should be able to cure a fuel default five times within any 12-month period.
- Similar provision should be made for slip rentals.
- In addition to the existing vessels of Jeffrey Epstein and affiliates, and any replacement vessels therefor, the fuel discounts and slip rental discounts should apply to up to five additional vessels and their replacements.
- The location of the current slips for Jeffrey Epstein's vessels should not be changed without Jeffrey Epstein's prior written consent. (Once additional slips are leased for up to five additional vessels, the locations of those slips should also not be changed without Jeffrey Epstein's prior written consent.)
- The total amount of rent payable (excluding CAM charges) should be stated as a specific number and we should not use defined terms that could be capable of misinterpretation. The total rent (excluding CAM) that should be

paid as of March 1, 2014 is \$6,062 per month. This amount should remain the same throughout the first option term of the lease; thereafter it may increase as provided in the lease (i.e., by an amount equal to the greater the CPI or 3%).

- Regarding Additional Space at AYH.
  - The lease of all or a portion of the C1-6 space is meant to be in addition to the space currently being leased by STC, and not in lieu of that space.
  - Rent for this additional space should be equal to the same square foot rent as is to be paid for the current space under this Settlement Agreement.
  - Jeffrey Epstein or his affiliates should not be responsible for the costs of subdividing the space at C1-6 as provided in Section 5(c)(iv).
  - The right of Jeffrey Epstein or his affiliates to lease all or a portion of C1-6 should not be conditioned as provided in Section 5(c)(vi).
  
- Regarding Additional Amendments to the Operating Agreement under Section 6 of the draft Settlement Agreement
  - Jeffrey Epstein's reasonable prior written consent should be required to select independent auditors.
  - Jeffrey Epstein's reasonable prior written consent should be required to approve a budget, budget variances in excess of 10%, and non-budgeted expenditures of in excess of \$20,000.
  - The Operating Agreement should provide that there be independently audited financial statements and auditor issued internal control and management comment letters delivered to partners on an annual basis and not just "to the extent undertaken by and delivered to" the LLC.