

PAYMENT IN LIEU OF TAXATION AGREEMENT

THIS PAYMENT IN LIEU OF TAXATION AGREEMENT ("PILOT Agreement"), made 1st day of August, 2017 by and between the COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, having its principal offices located at One Cablevision Center, Ferndale, New York 12734 ("Agency") and ADELAAR DEVELOPER, LLC, a Delaware limited company, having its principal offices located at 909 Walnut Street, Suite 200, Kansas City, Missouri 64106 ("Company").

RECITALS

WHEREAS, Title 1 of Article 18-A of the General Municipal Law of the State of New York ("Enabling Act") was duly enacted into law as Chapter 1030 of the Laws of 1969 of the State of New York ("State"); and

WHEREAS, the Enabling Act authorizes the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and sell land and any building or other improvement, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial or industrial facilities, in order to advance job opportunities, health, general prosperity and the economic welfare of the people of the State and to improve its standard of living; and

WHEREAS, the Enabling Act further authorizes each such agency to lease any or all of its facilities at such rentals and on such other terms and conditions as it deems advisable; and

WHEREAS, the Agency was created pursuant to and in connection with the provisions of the Enabling Act, Chapter 560 of the Laws of 1970 of the State (collectively, referred to as the "Act") and is empowered under the Act to undertake the providing, financing and leasing of the facility described below; and

WHEREAS, the Company presented an application ("Application") to the Agency, a copy of which is on file with the Agency, requesting the Agency's assistance with respect to a certain project consisting of the: (i) the acquisition by the Agency a leasehold interest or other interest in certain property located east of Chalet Road in the Town of Thompson ("Town"), County of Sullivan, State of New York, being more particularly identified as tax map number 15-1-14.4 and containing in the aggregate approximately 131 acres ("Land"); (ii) the construction and equipping on the Land of an approximately 425,000 square-foot indoor water park resort hotel including, but not limited, to (a) an approximately seven-story 324 unit hotel/resort, (b) an approximately 20,000 square-foot conference center with a 6,500 square foot ballroom, (c) an approximately 85,000

square-foot indoor water park, (d) a split-level lobby core on an approximately 47,000 square-foot foot print (94,000 square feet total), (e) a porte-cochere, (f) outdoor pools with concession areas and bars, (g) an outdoor pavilion stage adjacent to the conference center to be used for concerts and other events, and (h) related amenities (collectively, the "Improvements"), (iii) the acquisition in and around the Land and the Improvements of certain items of equipment and other tangible personal property ("Equipment," and collectively with the Land and the Improvements, the "Facility" or "Project"); and

WHEREAS, by resolutions, dated March 19, 2013 and March 13, 2017 (collectively, "Resolution"), the Agency authorized the Company to act as its agent for the purposes of constructing and equipping the Project subject to, among other conditions, the Company entering into this PILOT Agreement (Destination Resort Program UTEP); and

WHEREAS, the Company has agreed with the Agency, on behalf of the Agency and as the Agency's agent, to construct, install and equip the Project in accordance with the plans and specifications presented to the Agency; and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from the payment of taxes imposed upon real property and improvements owned by it or under its jurisdiction, control or supervision, other than special ad valorem levies, special assessments and service charges against real property which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Agency and the Company deem it necessary and proper to execute and deliver this PILOT Agreement making provision for payments in lieu of taxes by the Company for the benefit of the County, Town and the Monticello Central School District ("School") (collectively, the County, the Town and the School are referred to as the "Taxing Jurisdictions"); and

WHEREAS, all agreements of the Agency and the Company relating to payments in lieu of taxes for the Land shall be governed by this PILOT Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and the mutual terms, conditions, limitations and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is mutually agreed as follows:

ARTICLE I PAYMENT IN LIEU OF AD VALOREM TAXES

- 1.1 Exemption From General Ad Valorem Property Taxes. Pursuant to a Payment In Lieu of Tax Agreement, by and between the Agency and EPT CONCORD II, LLC, dated October 21, 2013, the Facility is currently exempt from Real Estate Taxes with the exemption granted commencing with the July 1, 2014 School year and the January 1, 2015 County

and Town tax year. For the purposes of the foregoing, "Real Estate Taxes" shall mean all general ad valorem real property taxes levied against the Facility by the Taxing Jurisdictions. The Company shall provide the Agency the information necessary for the completion and filing of an exemption application relating to this PILOT Agreement ("Exemption Application"), and the Agency shall file the Exemption Application within thirty (30) days of the execution and delivery of this PILOT Agreement. Notwithstanding anything contained herein or in the Lease to Agency, dated the same date hereof by and between the Agency and the Company ("Lease Agreement") and the Leaseback to Company, dated the same date hereof by and between the Agency and the Company ("Leaseback Agreement") to the contrary, in the event the exemption from Real Estate Taxes is denied for any reason, the Company shall pay (and hereby agrees to pay, subject to the Company's right to challenge the underlying assessments on the Facility pursuant to ¶6 hereof) all Real Estate Taxes levied upon the Facility as they become due. After giving written notice to the Agency, the Company may in good faith contest the denial of the Exemption Application, provided that (i) the Facility continues to qualify as a "project" under the Act; (ii) neither the Facility nor any part of or interest in it would be in any danger of being sold, forfeited or lost; or (iii) neither the Company nor the Agency, as a result of such contest, shall be in any danger of any civil or criminal liability. The Company hereby waives any claim or cause of action against the Agency, and releases the Agency from any liability to the Company, arising from the denial of an exemption from Real Estate Taxes, except to the extent that such denial results solely from the failure of the Agency to timely file the Exemption Application with the appropriate assessors or Boards of Assessment Review by the Taxable Status Date.

- 1.2 Agreement to make payments in lieu of taxes. As long as the Agency holds a leasehold interest in the Facility, the Company agrees to pay to the Agency at One Cablevision Center, Ferndale, New York 12734, or at such other address as shall be designated from time to time by the Agency, annual payments in lieu of taxes (each, a "PILOT Payment") computed in accordance with this PILOT Agreement.

Subject Premises. PILOT Payments shall be made on account of the following premises located in the Town:

Section, Block and Lot
15-1-14.4

- 1.3. Computation of PILOT Payments. This ¶1.3 shall be applicable to the eighteen (18) year period with the first such year designated as "Year 1". Year 1 relates to the payment due February 1, 2018.

- (a) TVSP Years 1 and 2. For the PILOT Payment dates February 1, 2018 and February 1, 2019, the Total Value Subject to PILOT ("TVSP") shall be \$1,285,000.00.

- (b) TVSP Years 3-10. For the PILOT Payment dates applicable to 2020 to 2027, the TVSP shall be in the amount of \$11,250,000.00.
- (c) Calculation of Annual PILOT Payment Years 1-10. The calculation of the annual PILOT Payments for 2018 through 2027 shall be made as follows:
- (i) The TVSP from ¶1.3(a)(years 1 and 2) and 1.3(b) (years 3-10) shall be multiplied by the equalization rate as defined in ¶1.3(f) hereof; and
 - (ii) The annual PILOT Payment shall be determined by multiplying the amount derived in ¶1.3(c)(i) hereof by the tax rates identified in ¶1.3(g).
- (d) For Year 11 Through Year 18. For 2028 through and including 2035, the TVSP shall be the following amounts for the following years:

<u>Payment Date</u>	<u>TVSP</u>
February 1, 2028	{[Assessed Value — (\$11,250,000 x Eq rate)] x 12.50%} + (\$11,250,000 x Eq rate)
February 1, 2029	{[Assessed Value — (\$11,250,000 x Eq rate)] x 25.00%} + (\$11,250,000 x Eq rate)
February 1, 2030	{[Assessed Value — (\$11,250,000 x Eq rate)] x 37.50%} + (\$11,250,000 x Eq rate)
February 1, 2031	{[Assessed Value — (\$11,250,000 x Eq rate)] x 50.00%} + (\$11,250,000 x Eq rate)
February 1, 2032	{[Assessed Value — (\$11,250,000 x Eq rate)] x 62.50%} + (\$11,250,000 x Eq rate)
February 1, 2033	{[Assessed Value — (\$11,250,000 x Eq rate)] x 75.00%} + (\$11,250,000 x Eq rate)
February 1, 2034	{[Assessed Value — (\$11,250,000 x Eq rate)] x 87.50%} + (\$11,250,000 x Eq rate)
February 1, 2035	{[Assessed Value — (\$11,250,000 x Eq rate)] x 100.00%} + (\$11,250,000 x Eq rate)

The Assessed Value shall be that value determined by the Town Assessor, and set on the final assessment roll of the Town.

- (e) Calculation of Annual PILOT Payment Years 11-18. The calculation of the annual PILOT Payments for 2028 through and including 2035 shall be made by multiplying the TVSP calculated in ¶ 1.3(d) by the tax rates identified in ¶1.3(g).
- (f) Equalization Rate. The equalization rate to be used in making the computation contemplated by 1.3(c)(i) and 1.3(d) hereof shall mean the equalization rate for the Town used by the County to allocate and levy County taxes in connection with the January 1st tax roll immediately preceding the due date of the PILOT Payment. In the event that the equalization rate shall exceed one hundred (100%) percent, the equalization rate used in making the computation contemplated by 1.3(c)(i) and 1.3(d) shall be one hundred (100%) percent.
- (g) Tax Rates. For the purposes of determining the amount of the PILOT Payments as contemplated by 1.3(c)(ii) and 1.3(e) hereof, the tax rates for each Taxing Jurisdiction shall mean the last tax rate used before the Taxable Status Date for levy of taxes by each such jurisdiction. For County and Town purposes, the tax rates used to determine the PILOT Payment shall be the tax rates relating to the calendar year which includes the PILOT Payment due date. For school tax purposes, the tax

rates used to determine the PILOT Payment shall be the rate relating to the school tax year which began in the calendar year immediately preceding the year in which the PILOT Payment is due.

The chart which follows set forth the anticipated years of the overall eighteen (18) year period for PILOT Payments under the Agency's Destination Resort Uniform Tax Exemption Program; the date that a PILOT Payment is due; and the appropriate tax periods utilized in determining the tax rates for computing the PILOT Payment.

Year	PILOT Payment Due Date	School Fiscal Year Beginning	County and Town
1	February 1, 2018	July 1, 2017	January 1, 2018
2	February 1, 2019	July 1, 2018	January 1, 2019
3	February 1, 2020	July 1, 2019	January 1, 2020
4	February 1, 2021	July 1, 2020	January 1, 2021
5	February 1, 2022	July 1, 2021	January 1, 2022
6	February 1, 2023	July 1, 2022	January 1, 2023
7	February 1, 2024	July 1, 2023	January 1, 2024
8	February 1, 2025	July 1, 2024	January 1, 2025
9	February 1, 2026	July 1, 2025	January 1, 2026
10	February 1, 2027	July 1, 2026	January 1, 2027
11	February 1, 2028	July 1, 2027	January 1, 2028
12	February 1, 2029	July 1, 2028	January 1, 2029
13	February 1, 2030	July 1, 2029	January 1, 2030
14	February 1, 2031	July 1, 2030	January 1, 2031
15	February 1, 2032	July 1, 2031	January 1, 2032
16	February 1, 2033	July 1, 2032	January 1, 2033
17	February 1, 2034	July 1, 2033	January 1, 2034
18	February 1, 2035	July 1, 2034	January 1, 2035

- 1.4 Other Agreements Relating to PILOT Payments. The Agency shall remit to the Taxing Jurisdictions amounts received hereunder within thirty (30) days of receipt, and shall allocate the PILOT Payments among the Taxing Jurisdictions in the same proportion as normal taxes would have been allocated but for the Agency's involvement.

The PILOT Payments provided for herein shall commence as of February 1, 2018. In no event shall the Company be entitled to receive tax benefits relative to the Facility for more than the period provided in this Agreement. The Company agrees that it will not seek any tax exemption for the Facility which could provide benefits for more than the periods provided for in this PILOT Agreement and specifically agrees that the exemptions provided for in this PILOT Agreement, to the extent actually received (based upon the number of years elapsed), supersede and are in substitution of the exemptions provided by §485b of the Real Property Tax Law ("RPTL"). It is hereby agreed and understood that the Taxing Jurisdictions can rely upon and enforce this waiver to the same extent as if they were signatories hereto.

- 1.5. Determination of TVSP. The Agency and the Company have agreed upon the TVSP of the Facility. Such valuation was made without regard to the actual cost of construction of improvements to be made at the Facility. Such valuation shall not be increased or decreased if the Facility or any related work on or improvements are completed in substantial conformity with the plans and specifications. If there is a substantial change relating to the Facility or any related work or improvements during the construction phase, the Agency may redetermine the improvement value of the Facility. An increase in building size shall not be deemed to be a substantial change, unless such increase or decrease is more than five (5%) percent.
- 1.6. Termination of Use; Modification. If the substantial use of the Facility shall be discontinued by the Company, the TVSP may be modified. It is understood that the benefits of this Agreement have been extended to the Company on the grounds set forth in various related agreements between the parties; that new jobs at the Facility will be an economic asset to the County's economy; that the creating of new jobs in the County is considered beneficial to the well-being of the County as of the date of this Agreement and for the foreseeable future; and that the discontinuance of the substantial use of the Facility by the Company would alter the purpose for which this Agreement was made. In such event, the Agency may give notice to the Company that modification is required. If the parties cannot agree on the basis of modification the Agency may increase the TVSP to an amount not exceeding the assessed value of the Facility as determined by the Town Assessor.

ARTICLE II ADDITIONS

2. Valuation of Additions to the Facility. If there shall be an addition constructed to the Building, or if there shall be any additional buildings or other structures constructed on the

Land, the Company shall promptly notify the Agency of such addition ("Addition"). The notice to the Agency shall contain a copy of the application for a building permit, plans, specifications, and any other relevant information that the Agency may request. Upon the earlier of substantial completion, or the issuance of a Certificate of Occupancy, there shall be an increase in the PILOT Payment. The Agency shall notify the Company of any proposed increase in the TVSP caused by such Addition. Absent an agreement to the contrary, the TVSP of any Addition shall be subject to calculation of PILOT Payments in the manner established by ¶ 1.3 hereof. If the Company shall disagree with the Agency's determination of TVSP for any Addition, then and in that event that TVSP shall be the assessed value of the Addition determined by the Town Assessor.

ARTICLE III EMPLOYMENT OBLIGATIONS

3. Employment Obligations.

(a) Employment Goals.

(i) **Employment Goal Definitions:** For purposes of this PILOT Agreement, the following terms shall have the meaning set forth in each definition:

- (1) "At the Facility" shall mean that an FT is employed primarily at the Facility.
- (2) "Base Compensation" shall be determined in accordance with the provisions of the Fair Labor Standards Act.
- (3) "Employee" shall mean a person first employed by the Company, a tenant of the Company, a consultant, property manager or any third party vendor at the Facility on or after March 13, 2017.
- (4) "Full-Time Equivalent Employee" or "FT" shall mean an employee who works thirty-five (35) hours in any seven (7) day period at the Facility.
- (5) "FT Employment Year" shall mean October 1 through September 30.

(ii) **FT Employment Goals:** The Company agrees that a FT employment goal of 263 jobs shall be maintained for the period October 1, 2019 through September 30, 2020 and each FT Employment Year thereafter.

The Company shall file or cause to be filed with the Agency not later than October 15, 2019 and on October 15th of each year thereafter a statement certified under oath setting forth the actual FTs employed at the Facility for the preceding FT Employment Year. Such statement shall contain such additional information as the Agency may reasonably request. The

Company shall make or cause to be made available to the Agency such information as it may request to verify the information provided to the Agency including, but not limited to State and Federal employment tax forms and payroll records of the Company. "Actual average FT – employment" shall be determined by adding the actual FTs employed in each month of the applicable FT Employment Year and dividing such sum by twelve (12).

(iii) Computation of PILOT Payment if FT Employment Goals Not Attained: In the event the FT employment goal is not attained with respect to any calendar year during which Employment Goals are applicable, the next ensuing PILOT Payment shall be subject to adjustment. The amount due ("Adjusted PILOT Payment") shall be the amount calculated in ¶1.3(c)(ii) or ¶1.3(e), plus an amount equal to the tax calculated as if an exemption under RPTL §485b were in effect, less the amount calculated in ¶1.3(c)(ii) or ¶1.3(e), times the percentage:

- (1) the numerator of which is equal to 263 minus the actual average FT employment for the prior calendar year, and
- (2) the denominator of which is 263.

By way of example, if in FT Employment Year ending on September 30, 2020 (i) the actual average FT employment is 197; (ii) the Town equalization rate used by the County to allocate 2021 taxes is ninety (90 %) percent; (iii) the School, County and Town rate relating to the 9/1/2020 School tax and 1/1/2021 County and Town tax bills is \$37.00 per \$1,000.00 of assessed value (iv) the assessed value of the Facility on the 2020 Final Assessment Roll is \$20,000,000 full value; (v) \$18,000,000 of improvement value would have been eligible for the §485b exemption at a rate of forty-five (45 %) percent, then the Adjusted PILOT Payment due the Taxing Jurisdictions would be computed as follows:

PILOT Payment

PILOT Payment = Total Value Subject to PILOT x Equalization Rate x tax rates

$$\$374,625 = \$11,250,000 \times 90\% \times \$37.00/\$1,000$$

Tax under §485b

Tax under §485b = Assessed Value - §485b exemption x tax rates

$$\$440,300 = \$20,000,000 - \$8,100,000 \times \$37.00/\$1,000$$

Adjusted PILOT Payment

Adjusted PILOT Payment = PILOT Payment + [(tax under §485b - PILOT Payment amount) x Percentage of Underemployment]

$$\$391,106 = \$374,625 + [(\$440,300 - \$374,625) \times 66/263]$$

In no event shall the Adjusted PILOT Payment exceed the amount payable if the Facility were subject to taxation and a §485b exemption had been granted to eligible portions of the Facility.

- (b) Job Posting and Hiring Requirements. The Agency acknowledges that the Project will be operated by a tenant of the Company, and that the Company will not operate the Project. The Company agrees that it shall comply or cause compliance with the provisions of General Municipal Law §858-b which requires that unless otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of projects of the Agency shall be listed with the administrative entities of the service delivery area created by the Workforce Investment Act of 1998 (P.L. 105-220) (formerly the Federal Job Training Partnership Act (P.L. No. 97-300)) ("WIA") serving the County and the State Department of Labor Community Services Division. Except as otherwise provided by collective bargaining contracts or agreements, the Company will first consider for new employment opportunities persons eligible to participate in the WIA program who shall be referred by administrative entities of the service delivery area servicing Sullivan County or by the New York State Department of Labor Community Services Division.

Except as previously disclosed to the Agency, the Company acknowledges that it is not now bound by the provisions of collective bargaining contracts or agreements which limit or restrict the Company from listing such employment opportunities or from giving first consideration to persons eligible to participate in job training partnership act programs. The Company agrees not to enter into any collective bargaining contracts or agreements which create such restriction or limitation unless the union or employee organization with which the Company shall negotiate a collective bargaining contract or agreement has a bona fide program for apprenticeship in such union or has a comparable program for providing employment opportunities to persons eligible to participate in such Job Training Partnership Act Programs under apprenticeship programs conducted by such union or employee organization. The Company agrees that any agreement which creates or imposes or changes any such restriction or limitation shall be first submitted to the Agency for review prior to ratification of such PILOT Agreement. The

Company shall provide the Agency with copies of collective bargaining contracts or agreements hereinafter executed.

The Company shall submit or cause to be submitted to the Agency a statement of the manner in which the Company has complied with the provisions of this section of this PILOT Agreement. Such statement (together with documentation of each such referral and plan of hiring) shall be made under oath and shall be submitted no later than December 1st (or such other date as the parties shall agree) of each year of this PILOT Agreement. After an audit by the Agency and a determination that there has been a failure for a period of two (2) years to list such job opportunities as herein provided or to hire and retain persons eligible for WIA programs without a reason for the failure to do so shall give rise to a presumption of intentional noncompliance with the provision of this section.

- (c) Equal Opportunity Requirements. During the term of this PILOT Agreement, the Company shall cause the Project to be in compliance with the County "Equal Opportunity Policy Statement," providing equal employment opportunity without regard to age, race, religion, creed, color, and other non-merit factors in compliance with State and federal laws.
- (d) Defaults and Remedies Relating to Employment Obligations. The following remedies shall apply to Employment Obligation defaults:
 - (i) Employment Goal Filing: If the Company shall fail to file or cause to be filed a certification of FT's employed as required by ¶3(a)(ii) prior to the time such statement is required to be filed with the Agency, the Agency may make the calculation of the PILOT Payment based on no FTs for the affected year and the amount so calculated shall be paid. If the Company thereafter files or causes to be filed such a statement and the filing results in a determination that the Company has made an overpayment, the Agency shall refund to the Company an amount equal to ninety (90%) percent of the overpayment, less the actual costs incurred by the Agency to enforce this provision of this PILOT Agreement. In the Agency's sole discretion, such refund may be applied as a credit against the next succeeding PILOT Payment(s).
 - (ii) Employment Eligibility Requirements: If the Company fails to provide or cause to be provided information reasonably requested by the Agency necessary to determine the eligibility of one or more persons to be considered as a FT, the Agency may, upon fifteen (15) days notice to the Company, compute the PILOT Payment as if the person(s) were not eligible FTs. No calculation so made shall be subject to recomputation.
 - (iii) Compliance with Other Hiring Requirements: If the Company shall fail to comply or cause compliance with the Job Posting and Hiring Act requirements set forth in ¶3(b) or the Equal Opportunity requirements set

forth in ¶3(c), if either are applicable, the Agency, upon fifteen (15) days notice to the Company, may disallow in the calculation of the PILOT Payment any employee(s) hired in violation of the foregoing requirements.

- (iv) Intentional Non-Compliance: In the event of a finding by the Agency of intentional non-compliance with the Job Posting and Hiring requirements set forth on ¶3(b), or the Equal Opportunity requirements set forth in ¶3(c), the Agency may compute the PILOT Payment by adjusting the PILOT Payment to the amount the real estate taxes would have been if the Agency was not involved in the Project and as if the Project was receiving an exemption under RPTL §485b.
- (v) Continuous Underemployment: If the Company shall fail for a period of two (2) consecutive years to employ or cause to be employed at least 175 FTs for each year, the Agency may compute the PILOT Payment by adjusting the exemption amount to the level of exemption the Project would have received if eligible for exemption under RPTL §485b.
- (vi) Payment Required: Timely payment of all amounts due shall be made by the Company notwithstanding any dispute related to the calculation of the PILOT Payment.
- (vii) Condition Precedent to Suit: It shall be a condition precedent to the institution of any action or proceeding by the Company against the Agency with respect to the calculation of any amount claimed to be due the Agency that all amounts claimed to be due shall have been paid to the Agency by the Company prior to the institution of such action or proceeding.

ARTICLE IV SPECIAL DISTRICT TAXES - NO ABATEMENTS

4. Additional Payments. In addition to the PILOT Payments to be made by the Company to the Agency pursuant to this Agreement, the Company shall pay to the Agency all special assessments, special ad valorem levies, and any other charges for which the Agency shall be liable and for which it is not wholly exempt from taxation. Such payments shall be made within ten (10) days after the date upon which a bill shall be rendered by the Agency to the Company. Such charges shall be paid without adjustment, exemption or other deduction provided; in each case, however, subject to the Company's right to obtain exemption and credits, if any, which would be afforded a private owner of the Facility as if the Agency had no involvement with the Facility. The Company hereby authorizes the Agency to request that any Taxing Jurisdiction bill the Company directly for all special assessments, special ad valorem levies and any other charges for which the Agency shall be liable and for which it is not wholly exempt from taxation. In the event the Company is directly billed for such charges, the Company shall pay such charges within the time in which such statement or bill may be paid without interest or penalty.

ARTICLE V
COMPANY'S REPRESENTATIONS AND WARRANTIES

5. Representations and Warranties.

- (a) The Company is duly authorized under all applicable provisions of law to enter into and perform this Agreement. The Company's entry into and performance of this Agreement will not violate any applicable provisions of law and except as disclosed on the Disclosure Schedule delivered to the Agency will not result in a breach of or a default under any agreement or instrument to which the Company is a party and will not result in the creation of any lien, charge or encumbrance upon any of the assets of the Company under any such agreement or instrument.
- (b) The Company is not a party to any agreement or subject to any restriction that materially and adversely effects its business assets or financial condition.
- (c) When executed, this Agreement will be a valid and binding obligation of the Company.

ARTICLE VI
RIGHT TO CHALLENGE ASSESSMENTS

6. The Company's Right to Challenge. Except as otherwise provided in this Agreement, the Company shall have all of the rights and remedies of a taxpayer with respect to any tax, service charge, special benefit, ad valorem levy, assessment, or special assessment or service charge in lieu of which the Company is obligated to make a payment pursuant to this Agreement, as if and to the same extent as if the Agency had no interest in the Facility. Except as otherwise provided in this Agreement, the Company shall have all of the rights and remedies of a taxpayer as if and to the same extent as if the Agency had no interest in the Facility, with respect to the assessed value of the Facility by any of the Taxing Jurisdictions and shall be entitled to protest before and be heard by the appropriate assessors or Board of Assessment Review, and shall be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment.

ARTICLE VII
TRANSFER OF FACILITY TO COMPANY

7. Transfer of Facility to the Company. In the event that the Facility is transferred from the Agency to the Company, and the Company is ineligible for a continued tax exemption under some other tax incentive program, or any available exemptions result in a payment to the Taxing Jurisdictions in excess of the payment computed pursuant to this Agreement, the Company shall pay, no later than the next tax lien date (plus any applicable grace period), to each of the Taxing Jurisdictions, an amount equal to the taxes and assessments which would have been levied on the Facility if the Facility had been classified as fully taxable as of the date of transfer or loss of eligibility of all or a portion of the exemptions provided for herein.

ARTICLE VIII
INVOLUNTARY TERMINATION

8. Involuntary Termination of Agreement. To the extent the Facility is declared to be subject to taxation or assessment by an amendment to the Act, other legislative change, or by final judgment of a Court of competent jurisdiction, the Company's obligations hereunder shall, to such extent, be amended.

ARTICLE IX
SECURITY

9. Security for Company's Obligation. The Company shall procure, for the benefit of the Agency, financial security in form and substance acceptable to the Agency ("Financial Security") to secure the performance by the Company of its financial obligations under this PILOT Agreement for all PILOT Payment dates from Year 3 (as provided in ¶1.3) through Year 18. The Company shall deliver to the Agency Financial Security in an amount equal to 110% of the Agency's estimate of the Year 1 PILOT Payment on or before February 1, 2020 with a term to expire not earlier than the following February 28. On each February 1st thereafter that this PILOT Agreement is in effect, the Company shall deliver to the Agency a renewal or replacement of the then posted Financial Security, in form and substance acceptable to the Agency in an amount of not less than 110% of the PILOT Payment which is due as of such date. The replacement or renewal Financial Security shall not expire prior to February 28th of the following year. In the event that cash security is posted as the Financial Security hereunder, the Agency shall release the Financial Security to the Company within thirty (30) days after the expiration of this Agreement.

ARTICLE X
EVENTS OF DEFAULT

10. Events of Default. During the term of this Agreement, the following shall be an event of default:
- (a) The failure to make PILOT Payments within the time allowed for payment, time being of the essence;
 - (b) The failure to post security in the manner specified in ¶9, time being of the essence;
 - (c) The adjudication of the Company as bankrupt and the failure to vacate, set aside or terminate such adjudications within ninety (90) days thereafter;
 - (d) The failure of the Company to pay the amounts required to be paid pursuant to Sections 2.6, 3.3 or 3.7 of the Leaseback Agreement and such failure shall have continued for a period of ten (10) days after the Agency gives written notice of such failure to the Company;

- (e) The appointment by any court of a receiver or trustee to take possession of all, or substantially all, of the assets of the Company which said appointment shall not have been discharged within a period of ninety (90) days after the filing of same;
- (f) The making by the Company of an assignment for the benefit of creditors;
- (g) The abandonment of the Facility by the Company for a period of thirty (30) consecutive days or more, unless such abandonment is caused by fire or other catastrophe, war, act of God or governmental order or decree without fault of the Company contributing thereto; provided, however, that in the event of fire or other catastrophe, the Company elects within one hundred eighty (180) days from the happening of such event to reconstruct the Facility;
- (h) The attachment, execution or other seizure of all or substantially all of the assets of the Company, which such attachment, execution or other seizure is not discharged within a period of sixty (60) days after the date of levy; or
- (i) The failure, refusal or neglect of the Company to perform, keep or observe any of the terms, covenants and agreements herein contained on the part of the Company to be performed, kept or observed.

ARTICLE XI
REMEDIES

11. Remedies.

- (a) Remedies on Default in Payment: Termination. Upon the happening of an event of default as defined in ¶10(a) hereof, if after ten (10) days written notice to the Company specifying the event of default and the default shall not be remedied within such ten (10) day period, the Agency may immediately terminate this Agreement without notice to the Company and without prejudice or limitation as to all other rights or remedies herein and/or under law or in equity. Such termination may be accomplished by terminating the Agency's leasehold interest in the Facility under the Leaseback Agreement, as determined by the Agency and the recording of Memorandums of Termination of the Leaseback Agreement and Lease Agreement ("Termination Memorandums") in the County Clerk's Office shall be deemed to be delivery thereof. The Company hereby appoints the Chairman, Executive Director and Chief Executive Officer, each acting individually, as its attorneys-in-fact for the limited purpose of signing any forms that must necessarily accompany the Termination Memorandums in order for the Termination Memorandums to be recorded. The Company acknowledges that the foregoing appointment is coupled with an interest and is irrevocable.
- (b) Remedies On Other Defaults. Upon the happening of any event of default as defined in ¶10 (b - i) hereof, if after thirty (30) days written notice to the Company specifying the event of default, the default shall not have been remedied within such

thirty (30) day period, (or if, with reasonable diligence the default cannot be remedied within such thirty (30) day period, then within such extended period as may be reasonably required therefor) the Agency, at its option, may take any action hereinafter set forth and all such remedies shall be cumulative and not exclusive:

- (i) Recover damages for the breach of any covenant or condition hereof;
 - (ii) Seek an injunction to bar any actual or threatened violation or breach of this Agreement;
 - (iii) Seek any other remedy authorized by law or in equity; or
 - (iv) Terminate this Agreement, without prejudice or limitation as to all other rights or remedies herein and/or under law or in equity. Such termination may be accomplished by terminating the Agency's leasehold interest in the Facility under the Leaseback Agreement, as determined by the Agency and the recording of Memorandums of Termination of Leaseback Agreement and Lease Agreement ("Termination Memorandums") in the County Clerk's Office shall be deemed to be delivery thereof. The Company hereby appoints the Chairman, Executive Director and Chief Executive Officer, each acting individually, as its attorneys-in-fact for the limited purpose of signing any forms that must necessarily accompany the Termination Memorandums in order for the Termination Memorandums to be recorded. The Company acknowledges that the foregoing appointment is coupled with an interest and is irrevocable.
- (c) Legal Fees on Default. If the Agency shall be required to take any action to enforce this Agreement or to collect any amount due hereunder, the Company shall be liable to pay, in addition to any other costs and expenses incurred by the Agency, its reasonable legal fees and the reasonable fees of any experts, accountants, or other professionals retained by it, without regard to whether the Agency shall have instituted any lawsuit or action at law or in equity in any court or before anybody, provided such expenses were actually and necessarily incurred.
- (d) Late charges. If any PILOT Payment is not made by the Payment Due Date, or if any other payment required to be made hereunder is not made when due by the last day of any applicable cure period, the Company shall pay penalties and interest as provided herein. With respect to PILOT Payments, if said payment is not received by the Payment Due Date, the Company shall pay, in addition to the PILOT Payment, a late charge equal to five percent (5%) of the amount due plus interest on said payment equal to one percent (1%) per month or fraction thereof until the PILOT Payment, penalty and interest is paid in full. With respect to all other payments due hereunder, if said payment is not received when due or by the last day of any applicable cure period, the Company shall pay, in addition to said payment, the greater of (a) a late charge equal to five percent (5%) of the amount due plus interest on said payment equal to one percent (1%) per month or fracture

thereof until said payment, penalty and interest is paid in full; or (b) penalties and interest which would have been incurred had payments made hereunder been made to the Taxing Jurisdictions.

ARTICLE XII INDEMNIFICATION

12. Indemnification. The Company shall indemnify, defend and hold the Agency (and its chief executive officer, executive director, directors, officers, members, agents (except the Company), employees, servants and their successors, representative and assigns) acting within the scope of their authority on behalf of the Agency harmless from all claims and liabilities for loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever in relation to the Project, including expenses incurred by the Agency (and its chief executive officer, executive director, directors, officers, members, agents (except the Company), employees, servants and their successors, representative and assigns) in defending any claim, suit or action which may result as a result of the foregoing.

ARTICLE XIII AGENCY NO RECOURSE

13. No Recourse. Special Obligation.
- (a) The obligations and agreements of the Agency contained herein and any other instrument or document executed in connection herewith, and any other instrument or document supplemental thereto or hereto, shall be deemed the obligations and agreements of the Agency, and not any director, officer, employee, member, agent (other than the Company) or representative of the Agency in his individual capacity, and the directors, officers, employees, members, agents (other than the Company) or representatives of the Agency shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby.
 - (b) The obligations and agreements of the Agency contained herein shall not constitute or give rise to an obligation of the State or of the County and neither the State nor the County shall be liable hereon or thereon, and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency, payable solely from the revenues of the Agency derived and to be derived from the sale or other disposition of the Facility (except for revenues derived by the Agency with respect to the Unassigned Rights (as defined in the Leaseback Agreement)).
 - (c) No order or decree of specific performance with respect to any of the obligations of the Agency hereunder shall be sought or enforced against the Agency unless (i) the party seeking such order or decree shall first have requested the Agency in writing to take the action sought in such order or decree of specific performance, and ten

(10) days shall have elapsed from the date of receipt of such request, and the Agency shall have refused to comply with such request (or, if compliance therewith would reasonable be expected to take longer than ten (10) days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period, (ii) if the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Agency an amount or undertaking sufficient to cover such reasonable fees and expenses, and (iii) if the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it or any of its directors, officers, employees, members, agents (other than the Company) or representatives of the Agency shall be subject to potential liability, the party seeking such order or decree shall agree to indemnify and hold harmless the Agency and its directors, officers, employees, members, agents (other than the Company) and representatives of the Agency against all liability expected to be incurred as a result of compliance with such request.

- (d) The obligations and agreements of the Company contained herein and any other instrument or document executed in connection herewith, and any other instrument or document supplemental thereto or hereto, shall be deemed the obligations and agreements of the Company, and not of any member, direct or indirect beneficial owners, affiliates, partners, shareholders, officers, directors, agents, employees or representatives of the company in his or their individual capacity, and the members, direct or indirect beneficial owners, affiliates, partners, shareholders, officers, directors, agents and employees or representatives of the Company shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby.

ARTICLE XIV
GENERAL PROVISIONS

14. General Provisions.

- (a) Notices. All notices provided for by this Agreement shall be made in writing, and shall be deemed to have been given on the date of delivery if personally served on the party to whom notice is to be given, or on the next day after mailing if mailed to the party to whom notice is to be given by overnight courier of national reputation providing evidence of receipt and properly addressed, or on the third day after mailing if mailed to the party to whom notice shall be given by First Class, Certified mail, postage prepaid and properly addressed to the following:

To the Agency:

County of Sullivan Industrial Development Agency
One Cablevision Center
Ferndale, New York 12734
Attn: Chief Executive Officer

with a copy to:

Garigliano Law Offices, LLP
449 Broadway – P.O. Drawer 1069
Monticello, New York 12701
Attn: Walter F. Garigliano, Esq.

To the Company:

Adelaar Developer, LLC
909 Walnut Street, Suite 200
Kansas City, Missouri 64106
Attn: Asset Management

Adelaar Developer, LLC
909 Walnut Street, Suite 200
Kansas City, Missouri 64106
Attn: General Counsel

with a copy to:

EPR Properties
909 Walnut Street, Suite 200
Kansas City, Missouri 64106
Attn: General Counsel

with an additional copy to:

Zarin & Steinmetz
81 Main Street, Suite 415
White Plains, New York 10601
Attn: Michael D. Zarin, Esq.

and to such other addresses and/or addressees as any party may from time to time furnish to the other party by notice given in accordance with the provisions of this ¶14(a). All notices shall be deemed given when mailed or personally delivered in the matter provided in this ¶14(a).

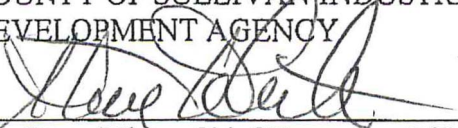
- (b) Assignment. Except as otherwise provided herein, this PILOT Agreement may not be assigned by the Company, nor shall any person other than the Company be entitled to succeed to or otherwise obtain any benefits hereunder without the prior written consent of the Agency, which consent may not be unreasonably withheld by the Agency. This PILOT Agreement may be assigned to any affiliate of the Company without consent of the Agency. "Affiliate" shall mean as applied to a person or entity, any other person or entity directly or indirectly controlling, controlled by, or under common control with, that person or entity.
- (c) Binding Effect. This PILOT Agreement shall inure to the benefit of and shall be binding upon the Agency, the Company and its respective permitted successors and assigns.

- (d) Waiver. No waiver of any of the provisions of this PILOT Agreement shall be deemed to or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.
- (e) Severability. If any provision of this PILOT Agreement shall be determined to be illegal and unenforceable by any court of law or any competent governmental or other authority, the remaining provisions shall be severable and enforceable in accordance with its terms so long as this PILOT Agreement without such terms or provisions does not fail of its essential purpose or purposes. The parties will negotiate in good faith to replace any such illegal or unenforceable provision or provisions with suitable substitute provisions which will maintain the economic purposes and intentions of this PILOT Agreement.
- (f) Governing Law. Venue. This PILOT Agreement shall be governed by and construed in accordance with the laws of the State of New York. The parties hereby designate a court of proper jurisdiction located in the County of Sullivan, State of New York as the exclusive venue for resolution of any disputes which may arise under or by reason of this PILOT Agreement.
- (g) Survival of Obligations. The obligations of the Company to make PILOT Payments and all of the Company's indemnification obligations shall survive any termination or expiration of this PILOT Agreement.
- (h) Section Headings Not Controlling. The headings of the several sections in this PILOT Agreement have been prepared for convenience of reference only and shall not control, affect the meaning or be taken as an interpretation of any provision of this PILOT Agreement.
- (i) Entire Agreement. This PILOT Agreement sets forth the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior discussions and negotiations between them. This PILOT Agreement may not be amended in any respect except by a written amendment expressly referring to this PILOT Agreement and executed by the parties to be bound thereby.

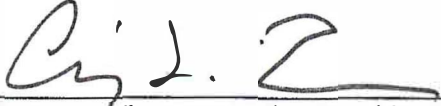
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IN WITNESS WHEREOF, the parties hereto have executed this PILOT Agreement effective as of the date hereof.

COUNTY OF SULLIVAN INDUSTRIAL
DEVELOPMENT AGENCY


By: Steve White, Chief Executive Officer

Adelaar Developer, LLC


By: Craig L. Evans, Vice-President/Secretary