

## AMENDED AND RESTATED LEASEBACK TO COMPANY

*THIS AMENDED AND RESTATED LEASEBACK TO COMPANY* ("Leaseback Agreement"), made as of the 1<sup>st</sup> day of October, 2015 by and among COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY ("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 at One Cablevision Center, Ferndale, New York 12734, MONTICELLO RACEWAY MANAGEMENT, INC., a New York corporation having its principal office at 204 State Route 17B, P.O. Box 5013 Monticello, New York 12701 ("MRMI") and MONTREIGN OPERATING COMPANY, LLC, a New York limited liability company having its principal office at 204 State Route 17B, P.O. Box 5013 Monticello, New York 12701 ("Montreign" and together with MRMI collectively, the "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 their 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**, 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") created the Agency which is empowered under the Act to undertake the providing, financing and leasing of the facility described below; and

**WHEREAS**, the Company for itself or on behalf of an entity or entities to be formed submitted an application ("Application") to the Agency on February 6, 2013, requesting that the Agency undertake a certain project, in one or more phases, for the benefit of the Company consisting of: (i) the acquisition by the Agency of a leasehold interest or other interest in certain property located at Joyland Road and Thompsonville Road in the Town of Thompson ("Town"), County of Sullivan ("County"), State of New York and being more particularly identified as all or part of tax map numbers 23-1-52.1 and 23-1-48.1 (f/k/a 23-1-11.3, 23-1-48, 23-1-52 (portion), 23-1-53 (portion), 23-1-54.1, 23-1-54.2 (portion), 23-1-54.3 (portion)) and containing in the aggregate

approximately 186 acres ("Land"), (ii) the construction and equipping on the Land a "Casino Resort", which will consist of, among other things, a casino, hotel, banquet event center, restaurants, support buildings and structured and surface parking and related facilities and amenities (collectively, the "Improvements"), and (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**, on or about September 5, 2014, the Company and the Agency entered into an Agent Agreement (the "2014 Agent Agreement") and Environmental Compliance and Indemnification Agreement ("ECIA"), effective as of May 1, 2015, and entered into a Bill of Sale to Agency, Bill of Sale to Company, Lease to Agency, Leaseback to Company and Payment in Lieu of Tax Agreement, which documents are not yet effective ("2014 Project Documents"); and

**WHEREAS**, pursuant to the 2014 Project Documents, the Agency contemplates acquiring a leasehold interest in the Project and leasing the Project back to the Company; and

**WHEREAS**, the 2014 Project Documents, other than the Agent Agreement and Environmental Compliance and Indemnification Agreement, are currently being held in escrow pursuant to the terms of a (the "Closing Conditions Letter") letter, dated September 5, 2014. The Closing Conditions Letter was amended by letter, dated May 1, 2015 outlining conditions precedent for the documents to be effective. The conditions precedent include the issuance by the New York State Gaming Commission of a license to operate a casino at the Project, which license has not been issued as of the date hereof; and

**WHEREAS**, subsequent to the Company and Agency entering into the 2014 Project Documents, the Company redesigned certain aspects of the Project and determined it to be in the best interest of the Project to significantly increase the Company's investment in the Project. This request is necessary because, while the agreements pertaining to the Project anticipated some variability in the Project scope, the 2014 Project Documents do not anticipate the significantly increased capital expenditure now proposed by the Company. The Closing Conditions Letter accounted for possible changes in the scope of the Project by indicating that should a hybrid or modified Project other than the Projects then under consideration being undertaken, the 2014 Project Documents will be amended, as necessary, to accommodate the changed size and scope of the Project and to proportionally reduce or modify the Agency's fees, rents, employment obligations and Total Value Subject to PILOT as set forth in the 2014 Project Documents; and

**WHEREAS**, the Company has revised its plans to increase its anticipated minimum total capital investment in the Project by approximately \$150,000,000 for a total minimum capital investment of approximately \$600,000,000 to create an enhanced Project (the "Enhanced Project"). The Enhanced Project will provide a higher level of amenities to patrons of the Montreign Resort Casino by expanding the size of the gaming floor and hotel rooms, redesigning non-gaming amenities and removing the harness horse racetrack and associated facilities from the Project; and

**WHEREAS**, the Company has already obtained the necessary environmental and land use approvals for the Enhanced Project. On July 21, 2015, the Town of Thompson Town Board issued its Negative Declaration of Environmental Significance pursuant to the New York State Environmental Quality Review Act, Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto at 6 N.Y.C.R.R. Part 617, as amended (collectively referred to as "SEQRA") for the Enhanced Project and on July 22, 2015, the Town of Thompson Planning Board adopted a resolution independently finding that the Company had complied with SEQRA and granting the Final Site Development Plan Approval for the Enhanced Project; and

**WHEREAS**, the Agency, as an Involved Agency during the environmental review of the Enhanced Project, has determined that the Negative Declaration of Environmental Significance issued by the Town Board for the Enhanced Project is appropriate and finds that all of the provisions of SEQRA that are required to be complied with as a condition precedent to its consideration and determination of this application have been satisfied; and

**WHEREAS**, pursuant to General Municipal Law Section 859-a, on Monday, September 14, 2015, at 11:00 a.m., local time, at the Sullivan County Government Center Legislative Committee Room, 100 North Street, Monticello, New York 12701, the Agency held a public hearing with respect to the Enhanced Project and the proposed Financial Assistance being contemplated by the Agency (the "Public Hearing") whereat interested parties were provided a reasonable opportunity, both orally and in writing, to present their views, which was recessed and held open until Thursday, September 17, 2015, at 5:00 p.m.; and

**WHEREAS**, in order to induce the Company to develop the Facility, the Agency is willing to enter into a lease/leaseback transaction involving a lease of the Land and Facility from the Company to the Agency and a lease of the Land and Facility from the Agency to the Company; and

**WHEREAS**, the Company has agreed with the Agency, on behalf of the Agency and as the Agency's agent, to acquire, construct, reconstruct, renovate, rehabilitate, install and equip the Facility in accordance with the plans and specifications presented to the Agency; and

**WHEREAS**, the Agency proposes to lease the Land and Facility to the Company and the Company desires to rent the Land and Facility from the Agency, upon the terms and conditions hereinafter set forth in this Leaseback 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

### REPRESENTATIONS AND COVENANTS

- 1.1. Representations and Covenants of the Agency. The Agency makes the following representations and covenants as the basis for the undertakings on its part herein contained:



- (a) The Agency is duly established under the provisions of the Act and has the power to enter into the transaction contemplated by this Leaseback Agreement and to carry out its obligations hereunder. Based upon the representations of the Company as to the utilization of the Facility, the Agency has the authority to take the actions contemplated herein under the Act.
- (b) The Agency has been duly authorized to execute and deliver this Leaseback Agreement.
- (c) The Agency will take or has taken a leasehold interest in the Land and Facility (subject to applicable law), lease the Land and Facility to the Company pursuant to this Leaseback Agreement and designate the Company as its agent for purposes of acquiring, constructing, reconstructing, renovating, rehabilitating, installing and equipping the Facility, all for the purpose of promoting the industry, health, welfare, convenience and prosperity of the inhabitants of the State and the County and improving their standard of living.
- (d) Neither the execution and delivery of this Leaseback Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the provisions of this Leaseback Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of the Act or of any corporate restriction or any agreement or instrument to which the Agency is a party or by which it is bound, or will constitute default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the Agency under the terms of any such instrument or agreement.
- (e) The Agency has been induced to enter into this Leaseback Agreement by the undertaking of the Company to acquire, construct, reconstruct, renovate, install and equip the Facility and the related jobs resulting therefrom in the County.

1.2. Representations and Covenants of the Company. The Company makes the following representations and covenants as the basis for the undertakings on its part herein contained:

- (a) MRMI is a corporation duly organized, existing and in good standing under the laws of the State, has the authority to enter into this Leaseback Agreement and has duly authorized the execution and delivery of this Leaseback Agreement.
- (b) Montreign is a limited liability company duly organized, existing and in good standing under the laws of the State, has the authority to enter into this Leaseback Agreement and has duly authorized the execution and delivery of this Leaseback Agreement.
- (c) Neither the execution and delivery of this Leaseback Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Leaseback Agreement will conflict with or

result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which it is bound, or will constitute a default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the Company under the terms of any such instrument or agreement if the Company is granted a gaming license and successfully closes financing for the construction of the Project as intended.

- (d) The acquisition, construction, reconstruction, renovation, installation and equipping of the Facility and the leasing thereof by the Agency to the Company will not result in the removal of an industrial or manufacturing plant, facility or other commercial activity from one area of the State to another area of the State nor result in the abandonment of one or more commercial or manufacturing plants or facilities located within the State.
- (e) The Facility and the operation thereof will conform in all material respects with all applicable zoning, planning and building laws and regulations of governmental authorities having jurisdiction over the Facility, and the Company shall defend, indemnify and hold the Agency harmless from any liability or expenses resulting from any failure by the Company to comply with the provisions of this subsection (d) and subsection (g) below.
- (f) The Company has caused to be transferred to the Agency a leasehold interest in all those properties and assets contemplated by this Leaseback Agreement and all documents related hereto.
- (g) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or, to the knowledge of the Company, threatened, against or affecting the Company in which an adverse result would in any way materially diminish or materially adversely impact on the Company's ability to fulfill its obligations under this Leaseback Agreement if the Company is granted a gaming license and successfully closes financing for the construction of the Project as intended.
- (h) The Company covenants (i) that the Facility and the operation thereof will comply in all respects with all environmental laws and regulations, (ii) that except as previously disclosed to the Agency with respect to certain existing conditions, no pollutants, contaminants, solid wastes, or toxic or hazardous substances will be stored, treated, generated, disposed of, or allowed to exist on the Facility except in compliance with all applicable laws, (iii) the Company will take all reasonable and prudent steps to prevent an unlawful release of hazardous substances onto the Facility or onto any other property, (iv) that no asbestos will be incorporated into or disposed of on the Facility, (v) that no underground storage tanks will be located on the Facility except in full compliance at all times with all applicable laws, rules, and regulations, and (vi) that no investigation, order, agreement, notice, demand or settlement with respect to any of the above is threatened, anticipated, or in existence, except pursuant to the New York State Brownfield Cleanup Program

with respect to certain existing conditions. The Company upon receiving any information or notice contrary to the representations contained in this Section (g) shall immediately notify the Agency in writing with full details regarding the same. The Company hereby releases the Agency from liability with respect to, and agrees to defend, indemnify, and hold harmless the Agency, its chief executive officer, executive director, directors, officers, employees, members, agents (except the Company), representatives, and their respective successors and assigns and personal representatives from and against any and all claims, demands, damages, costs, orders, liabilities, penalties, and expenses (including reasonable attorneys' fees) related in any way to any violation of the covenants or failure to be accurate of the representations contained in this Section (g). In the event the Agency in its reasonable discretion deems it necessary to perform due diligence with respect to any of the above, or to have an environmental audit performed with respect to the Facility, the Company agrees to pay the expenses of same to the Agency upon demand, and agrees that upon failure to do so, its obligation for such expenses shall be deemed to be additional rent.

- (i) The Company covenants and agrees that, in consideration of the participation of the Agency in the transactions contemplated herein, it will, except as otherwise provided by the collective bargaining contracts to which it is a party, cause any new employment opportunities created in connection with the Facility to be listed with the New York State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Job Training Partnership Act (PL 97-300) in which the Facility is located (collectively referred to as the "Referral Agencies"). The Company also agrees that it will, except as otherwise provided by the collective bargaining contracts to which it is a party, first consider for such new employment opportunities persons eligible to participate in federal job training partnership (PL 97-300) programs who shall be referred by the Referral Agencies.

- 1.3 Public Authorities Law Representations. The parties hereto hereby acknowledge that the Facility and the interest therein conveyed to the Agency through transfer by deed or lease and conveyed by the Agency back to the Company pursuant to the terms of this Leaseback Agreement are not "property" as defined in Title 5-A of the Public Authorities Law of the State because the Facility and the leasehold interests therein are securing the Company's obligations to the Agency under the Environmental Compliance and Indemnification Agreement ("Environmental Compliance Agreement") and this Leaseback Agreement, including (i) the Company's obligation to acquire, construct, equip and maintain the Facility on behalf of the Agency and (ii) the performance by the Company of the Unassigned Rights.



## ARTICLE II

### DEMISING CLAUSES AND RENTAL PROVISIONS

- 2.1. Agreement to Transfer Leasehold Interest to Agency. The Company has leased and demised or has caused to be leased and demised to the Agency a leasehold interest in the Land as more particularly described on Schedule A attached hereto, including any buildings, structures or improvements thereon, and the Company has or will convey to the Agency all of its interest in the furniture, fixtures, machinery and equipment described in Schedule B. The Company agrees the Agency's interest in the Facility resulting from said transfers and/or conveyances will be sufficient for the purposes intended by this Leaseback Agreement and agrees that it will defend, indemnify and hold the Agency harmless from any expense or liability or loss or damage arising out of a defect in title or a lien adversely affecting the Facility and will pay all reasonable expenses incurred by the Agency in defending any action respecting title to or a lien affecting the Facility.
- 2.2. Construction, Installation, Equipping of the Facility. The Company, as agent for the Agency, will acquire, construct, reconstruct, renovate, rehabilitate, install and equip the Facility. The Company shall operate the Facility as agent of Agency under the terms of the Amended and Restated Agent Agreement, dated as of September 18, 2015 ("Agent Agreement"). The Company hereby covenants and agrees to annually file with the State Department of Taxation and Finance the statement required by General Municipal Law Section 874(8) concerning the value of sales tax exemptions claimed.
- 2.3. Demise of Facility. The Agency hereby transfers, leases and demises to the Company all its right, title and interest in and to a certain Lease Agreement, a copy of which is attached hereto as Exhibit 2.3, whereby the Company granted to the Agency a leasehold interest in the Land as more particularly described in Schedule A, including any buildings, structures or improvements thereon constituting the Facility and the Company hereby rents and leases the Land and Facility from the Agency upon the terms and conditions of this Leaseback Agreement.
- 2.4. Remedies to be Pursued Against Contractors and Subcontractors and its Sureties. In the event of a default by any contractor, subcontractor or any other person under any contract made by it in connection with the Facility or in the event of a breach of warranty or other liability with respect to any materials, workmanship, or performance, or guaranty, the Company at its expense, either separately or in conjunction with others, may pursue any and all remedies available to them and the Agency, as appropriate, against the contractor, subcontractor, manufacturer, supplier or other person so in default and against such surety for the performance of such contract. The Company in its own name or in the name of the Agency, may prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, manufacturer, supplier or surety or other person which is reasonably necessary, and in such events the Agency, at the Company's expense, hereby agrees to cooperate fully with the Company and to take all action

necessary to effect the substitution of the Company for the Agency (including, but not limited to, reasonable attorneys' fees) in any such action or proceeding.

2.5. Duration of Lease Term; Quiet Enjoyment.

- (a) The Agency shall deliver to the Company sole and exclusive possession of the Land and Facility (subject to the provisions hereof) and the leasehold estate created hereby shall commence on the date hereof.
- (b) The leasehold estate created hereby shall terminate at 11:59 P.M. on the February 1<sup>st</sup> following payment of the PILOT payment for Year 16, as defined in the Payment in Lieu of Taxation Agreement by and between the Agency and Company of even date herewith.
- (c) The period commencing on the date described in Section 2.5(a) herein through the date described in Section 2.5(b) herein shall be herein defined as the "Lease Term."
- (d) The Agency shall, subject to the provisions hereof, neither take nor suffer nor permit any action, other than pursuant to Articles VII or VIII of this Leaseback Agreement, to prevent the Company during the Lease Term from having quiet and peaceable possession and enjoyment of the Land and Facility and will, at the request of the Company and at the Company's cost, cooperate with the Company in order that the Company may have quiet and peaceable possession and enjoyment of the Land and Facility as hereinabove provided.
- (e) The Company hereby irrevocably appoints the Chief Executive Officer of the Agency as its attorney-in-fact for the limited purpose of signing and recording any necessary terminations of lease together with any documents required in connection therewith and to take such other and further actions in accordance with this Leaseback Agreement as shall be reasonably necessary to terminate the Agency's leasehold interest in the Project upon the expiration hereof. Notwithstanding anything to the contrary in this Leaseback Agreement or the Lease Agreement, upon expiration of this Leaseback Agreement, the Lease Agreement shall expire; provided, however, that upon such expiration of this Leaseback Agreement, the Company's obligations under Sections 2.6, 3.3 and 5.2 hereof and under the Environmental Compliance Agreement shall continue notwithstanding any such expiration.

2.6. Rents and Other Consideration. The rental obligations during the Lease Term are hereby reserved and the Company shall pay rent for the Facility as follows:

- (a) On or before January 1, 2016 and every January 1<sup>st</sup> thereafter the sum of One Hundred Sixty Six Thousand Two Hundred Fifty and 00/100 (\$166,250.00) Dollars annually.



- (b) In addition to the payments of rent pursuant to Section 2.6(a) hereof, throughout the Lease Term, the Company shall pay to the Agency as additional rent, within thirty (30) days of the receipt of demand therefor, an amount equal to the sum of the expenses of the Agency and the members thereof incurred (i) for the reason of the Agency's leasehold interest in the Land and Facility or its leasing of the Land and Facility to the Company and (ii) in connection with the carrying out of the Agency's duties and obligations under this Leaseback Agreement.
- (c) The Company agrees to make the above mentioned payments, without any further notice, in lawful money of the United States of America as, at the time of payment, shall be legal tender for the payment of public or private debts. In the event the Company shall fail to timely make any payment required in this Section 2.6, the Company shall pay the same together with interest from the date said payment is due at the rate of twelve (12%) percent per annum.

2.7. Obligations of the Company Hereunder Unconditional. The obligations of the Company to make the payments required in Section 2.6 hereof and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be a general obligation of the Company and shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it may otherwise have against the Agency. The Company agrees it will not (i) suspend, discontinue or abate any payment required by Section 2.6 hereof, (ii) fail to observe any of its other covenants or agreements in this Leaseback Agreement or (iii) except as provided in Section 8.1 hereof, terminate this Leaseback Agreement for any cause whatsoever including, without limiting the generality of the foregoing, failure to complete the Facility, or any defect in the design, operation, merchantability, fitness or condition of the Facility or in the suitability of the Facility for the Company's purposes and needs, or failure of consideration, destruction of or damage to the Facility, commercial frustration of purpose, or the taking by condemnation of the use of all or any part of the Facility, any change in the tax or other laws of the United States of America or administrative rulings of or administrative actions by the State or any political subdivision of either, or any failure of the Agency to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with this Leaseback Agreement, or otherwise. Subject to the foregoing provisions, nothing contained in this Section 2.7 shall be construed to release the Agency from the performance of any of the agreements on its part contained in this Leaseback Agreement or to affect the right of the Company to seek reimbursement, and in the event the Agency should fail to perform any such agreement, the Company may institute such separate action against the Agency as the Company may deem necessary to compel performance or recover damages for nonperformance, and the Agency covenants that it will not, subject to the provisions of Section 5.2 hereof, take any action that will adversely affect the Land and/or Facility or that will otherwise adversely affect the rights of estates of the Company hereunder, except upon written consent of the Company. None of the foregoing shall relieve the Company of its obligations under Section 5.2 hereof.

## ARTICLE III

### MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE

#### 3.1. Maintenance and Modifications of Facility by the Company.

- (a) The Company shall not abandon the Facility or cause or permit any waste to the Facility. The Company agrees that during the Lease Term it will (i) keep the Facility in reasonably safe condition; (ii) make all repairs and replacements to the Facility (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) it may deem, in its sole but reasonable discretion, to be necessary; (iii) use and maintain the Facility in a sound and prudent manner; and (iv) operate the Facility such that it continues to qualify under the Act and pursuant to the terms contained herein. The Company will indemnify, defend and hold the Agency harmless from any liability or expenses from the failure by the Company to comply with this subsection (a).
- (b) The Company, at its own expense, and without the prior written approval of the Agency from time to time may make any structural additions, modifications or improvements to the Land and/or Facility or any part thereof which it may deem desirable for its business purposes and provided the same do not adversely affect the structural integrity or materially impair the operating efficiency of the Facility or substantially change the nature of the Facility. All such structural additions, modifications or improvements so made by the Company shall become a part of the Facility; provided, however, the Company shall not be qualified for a sales and use tax exemption when making said additions, modifications or improvements except to the extent (i) the Company is acting as agent for the Agency under an Agent Agreement between the Agency and the Company that contemplates said additions, modifications or improvements or (ii) as otherwise provided by law. The Company agrees to deliver to the Agency all documents that may be necessary or appropriate to transfer to the Agency a leasehold interest in the Facility.

#### 3.2. Installation of Additional Equipment. The Company from time to time may install additional furniture, fixtures, machinery, and equipment or other personal property in the Facility (which may be attached or affixed to the Facility), and such furniture, fixtures, machinery, and equipment or other personal property shall not become, or be deemed to become, a part of the Facility. The Company from time to time may remove or permit the removal of such furniture, fixtures, machinery and equipment or other personal property; provided that any such removal of such furniture, fixtures, machinery, equipment or other personal property shall not adversely affect the structural integrity of the Facility or materially impair the overall operating efficiency of the Facility for the purposes for which it is intended and provided further that if any material damage is occasioned to the Facility by such removal, the Company agrees to promptly repair such damage at its own expense.

3.3. Taxes, Assessments and Utility Charges.

- (a) The Company agrees to pay, as the same respectively become due, (i) all taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Facility and any machinery, equipment or other property with respect to the Facility and any machinery, equipment or other property installed or brought by the Company therein or thereon, including without limiting the generality of the foregoing any taxes levied upon or with respect to the income or revenues of the Agency from the Facility; (ii) all payments under any PILOT Agreement; (iii) all utility and other charges, including "service charges," incurred or imposed for the operation, maintenance, use, occupancy, upkeep and improvement of the Facility; and (iv) all assessments and charges of any kind whatsoever lawfully made by any governmental body for public improvements; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated under this Leaseback Agreement to pay only such installments as are required to be paid during the Lease Term.
- (b) The Company, at its own expense, may in good faith contest any such taxes, assessments and other charges. In the event of any such contest, the Company may, with prior written notice to the Agency, permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom.

3.4. Insurance Required. At all times throughout the Lease Term, including without limitation during any period of construction, reconstruction, renovation, rehabilitation of the Facility, the Company shall maintain or cause to be maintained insurance against such risks and for such amounts as are customarily insured against by businesses of like size and type paying, as the same become due and payable, all premiums in respect thereto, including, but not necessarily limited to:

- (a) Insurance against loss or damage by fire, lightning and other casualties, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full replacement value of the Facility, exclusive of excavations and foundations, as determined by a recognized appraiser or insurer selected by the Company.
- (b) Worker's Compensation insurance, disability benefits insurance, and each other form of insurance which the Agency or the Company is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the Company who are located at or assigned to the Facility.
- (c) Insurance against loss or losses from liabilities imposed by law or assumed in any written contract (including the contractual liability assumed by the Company under Section 5.2 hereof) and arising from personal injury and death or damage to the



property of others caused by any accident or occurrence, with limits of not less than \$2,000,000 per accident or occurrence on account of personal injury, including death resulting therefrom, and \$2,000,000 per accident or occurrence on account of damage to the property of others, excluding liability imposed upon the Company by any applicable Worker's Compensation Law; and a blanket excess liability policy in the amount not less than \$5,000,000, protecting the Company against any loss or liability or damage for personal injury or property damage.

3.5. Additional Provisions Respecting Insurance.

- (a) All insurance required by Section 3.4 hereof shall name the Agency as an additional insured. All insurance shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the Company (and reasonably satisfactory to the Agency) and authorized to write such insurance in the State. Such insurance may be written with deductible amounts not exceeding \$10,000.00. All policies evidencing such insurance shall provide for (i) payment of the losses of the Company and the Agency as their respective interest may appear, and (ii) at least thirty (30) days written notice of the cancellation thereof to the Company and the Agency.
- (b) All such certificates of insurance of the insurers that such insurance is in force and effect, shall be deposited with the Agency on or before the commencement of the term of this Leaseback Agreement. Prior to expiration of the policy evidenced by said certificates, the Company shall furnish the Agency evidence that the policy has been renewed or replaced or is no longer required by this Leaseback Agreement.

3.6. Application of Net Proceeds of Insurance. The net proceeds of the insurance carried pursuant to the provisions of Section 3.4 hereof shall be applied as follows:

- (a) the net proceeds of the insurance required by Section 3.4(a) hereof shall be applied as provided in Section 4.1 hereof, and
- (b) the net proceeds of the insurance required by Section 3.4(b) and (c) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

3.7. Right of Agency to Pay Taxes, Insurance Premiums and Other Charges. If the Company fails (i) to pay any tax, assessment or other governmental charge required to be paid by Section 3.3 hereof or (ii) to maintain any insurance required to be maintained by Section 3.4 hereof, the Agency may pay such tax, assessment or other governmental charge or the premium for such insurance. The Company shall, on demand, reimburse the Agency for any amount so paid together with interest thereon from the date of payment at twelve (12%) percent per annum.

## ARTICLE IV

### DAMAGE, DESTRUCTION AND CONDEMNATION

#### 4.1. Damage or Destruction.

- (a) If the Facility shall be damaged or destroyed (in whole or in part) at any time during the Lease Term:
  - (i) the Agency shall have no obligation to replace, repair, rebuild or restore the Facility;
  - (ii) there shall be no abatement or reduction in the amounts payable by the Company under this Leaseback Agreement; and
  - (iii) except as otherwise provided in subsection (b) of this Section 4.1, the Company shall promptly replace, repair, rebuild or restore the Facility to substantially the same condition as an operating entity as existed prior to such damage or destruction, with such changes, alterations and modifications as may be desired by the Company and the net proceeds of the insurance required by Section 3.4(a) hereof shall be applied for all such purposes.

All such replacements, repairs, rebuilding or restoration made pursuant to this Section 4.1, whether or not requiring the expenditure of the Company's own money, shall automatically become a part of the Facility as if the same were specifically described herein.

- (b) The Company shall not be obligated to replace, repair, rebuild or restore the Facility, and the net proceeds of the insurance shall not be applied as provided in subsection (a) of this Section 4.1, if the Company shall exercise its option to terminate this Leaseback Agreement pursuant to Section 8.1 hereof.
- (c) The Company may adjust all claims under any policies of insurance required by Section 3.4(a) hereof.

#### 4.2. Condemnation.

- (a) If at any time during the Lease Term the whole or any part of title to, or the use of, the Land and/or Facility shall be taken by condemnation, the Agency shall have no obligation to replace the Land or restore or replace the Facility and there shall be no abatement or reduction in the amounts payable by the Company under this Leaseback Agreement. The Agency shall not have any interest whatsoever in any condemnation award, and the Company shall have the exclusive right to same.

Except as otherwise provided in subsection (b) of this Section 4.2, the Company shall promptly:

- (i) restore the Facility (excluding any land taken by condemnation) to substantially the same condition as an operating entity as existed prior to such condemnation, or
- (ii) acquire, by construction or otherwise, facilities of substantially the same nature as an operating entity as the Facility subject to Agency consent.

The Facility, as so restored, or the substitute facility, whether or not requiring the expenditure of the Company's own moneys, shall automatically become part of the Facility as if the same were specifically described herein.

- (b) The Company shall not be obligated to restore the Facility or acquire a substitute facility, and the net proceeds of any condemnation award shall not be applied as provided in Section 4.2(a), if the Company shall exercise its option to terminate this Leaseback Agreement pursuant to Section 8.1 hereof.
  - (c) The Agency shall cooperate fully with the Company in the handling and conduct of any condemnation proceeding with respect to the Land and/or Facility. In no event shall the Agency voluntarily settle, or consent to the settlement of, any condemnation proceeding with respect to the Land and/or Facility without the written consent of the Company.
  - (d) The Company hereby waives the provisions of Real Property Law Section 227 or any law of like import now or hereafter in effect.
- 4.3. Condemnation of the Company-Owned Property. The Company shall be entitled to the proceeds of any condemnation award or portion thereof made for damage to or taking of any property which, at the time of such damage or taking, is not part of the Facility.

## ARTICLE V

### SPECIAL COVENANTS

- 5.1. No Warranty of Condition or Suitability by the Agency. THE AGENCY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE FACILITY OR THAT IT IS OR WILL BE SUITABLE FOR THE COMPANY'S PURPOSES OR NEEDS.
- 5.2. Hold Harmless Provisions. The Company hereby releases the Agency from, agrees that the Agency shall not be liable for, and agrees to indemnify, defend and hold harmless the Agency, its chief executive officer, executive director, directors, officers, employees, members, agents (except the Company), representatives, and their respective successors



and assigns and personal representatives from and against any and all (i) liability for loss or damage to property or injury to or death of any and all persons that may be occasioned by any cause whatsoever pertaining to the Facility or arising by reason of or in connection with the occupation or the use thereof or the presence of such persons on, in or about the Facility or (ii) liability arising from or expense incurred by the Agency's financing, acquiring, constructing, reconstructing, renovating, rehabilitating, installing, equipping or leasing of the Land and Facility to the Company, including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions that may arise as a result of any of the foregoing. The foregoing indemnities shall apply notwithstanding the breach of a statutory obligation or the application of any rule of comparative or apportioned liability. The foregoing obligations of the Company shall remain in full force and effect after the termination of this Leaseback Agreement.

- 5.3. Right to Inspect the Facility. The Agency and its duly authorized agents shall have the right at all reasonable times and upon reasonable notice to inspect the Facility. The Agency shall honor and comply with any reasonable restricted access policy of the Company relating to the Facility.
- 5.4. Agreement to Provide Information. The Company agrees, whenever requested by the Agency, to provide and certify or cause to be provided and certified, without delay, such information concerning the Company, the Facility and other topics necessary to enable the Agency to make any report required by law or governmental regulation.
- 5.5. Books of Record and Account; Financial Statements. The Company at all times agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all business and affairs of the Company relating to the Facility.
- 5.6. Compliance With Orders, Ordinances, Etc.
  - (a) The Company agrees that it will, throughout the Lease Term, promptly comply in all material respects with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all federal, state, county, municipal and other governments, departments, commissions, boards, companies or associations insuring the premises, courts, authorities, officials and officers, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Facility or any part thereof, or to any use, manner of use or condition of the Facility or any part thereof.
  - (b) Notwithstanding the provisions of subsection (a) of this Section 5.6, the Company may in good faith contest the validity of the applicability of any requirement of the nature referred to in such subsection (a). In such event, the Company may fail to comply with the requirement or requirements so contested during the period of such

contest and any appeal therefrom. The Company shall give prompt notice of the foregoing to the Agency.

5.7. Discharge of Liens and Encumbrances.

- (a) Except for existing liens and encumbrance, the Company shall not permit or create or suffer to be permitted or created any lien upon the Land and/or Facility or any part thereof by reason of any labor, services or materials rendered or supplied or claimed to be rendered or supplied with respect to the Facility or any part thereof.
- (b) Notwithstanding the provisions of subsection (a) of this Section 5.7, the Company may in good faith contest any such lien. In such event, the Company, with prior written notice to the Agency, may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Agency shall notify the Company to promptly secure payment of all such unpaid items by filing the requisite bond, in form and substance reasonably satisfactory to the Agency, thereby causing the contested lien to be removed.

5.8. Depreciation, Deductions and Investment Tax Credit. The Company shall be entitled to all depreciation deductions with respect to any depreciable property in the Facility pursuant to Section 167 of the Internal Revenue Code and to any investment credit pursuant to Section 38 of the Internal Revenue Code with respect to any portion of the Facility which constitutes "Section 38 Property".

ARTICLE VI

RESTRICTION ON TRANSFER; ASSIGNMENTS AND SUBLEASING;  
MORTGAGE AND PLEDGE OF INTERESTS

6.1. Restriction on Transfer of Facility/Mortgage and Pledge of Interests.

- (a) Except as otherwise specifically provided in this Article VI and except for the granting of a mortgage interest and security interests to lenders designated by the Company ("Lender") under an Approved Mortgage (as defined below), the Agency shall not transfer, encumber or otherwise dispose of the Land and/or Facility or any part thereof or any of its rights under this Leaseback Agreement, without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed. Under no circumstances shall the Agency be required to mortgage, grant a security interest in or assign its rights to receive the rentals described in Section 2.6 hereof or its rights to be indemnified under Sections 1.2(d), 1.2(g), 2.1, 3.1(a) and 5.2 herein (collectively referred to as "Unassigned Rights").
- (b) An Approved Mortgage shall be a mortgage, security agreement and/or assignment of leases and rents in a form acceptable to the Agency, Lender and the Company, the proceeds of which are used for the purposes of financing the acquisition of the

Land and financing, acquiring, constructing, reconstructing, renovating, rehabilitating, installing and equipping the Facility along with all modifications, substitutions and/or restatements thereof with a Lender or its successors and/or assigns ("Approved Mortgages"); provided in all events, Approved Mortgages shall be limited, non-recourse obligations of the Agency, and with respect to the Agency shall be payable solely out of the Agency's interest in the Facility. Except for the Unassigned Rights, the Agency and the Company agree that this Lease Agreement shall be subject and subordinate to the Approved Mortgages. The Agency shall reasonably cooperate with the Company in connection with the granting of or any modification of any Approved Mortgage on the Land and Facility. Such cooperation shall include, without limitation, the execution and delivery of such documents and instruments as the Company or a Lender may reasonably request (including, without limitation, any amendment or confirmation of the Lease Agreement to address lender rights, recognition, and related issues as is customary); provided that no such document or instrument shall, except to a de minimus extent, (i) increase the obligations or reduce the rights of the Agency under this Lease Agreement, (ii) decrease the obligations or increase the rights of the Company under this Lease Agreement.

6.2. Removal of Equipment.

- (a) The Agency shall not be under any obligation to remove, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary item of Equipment. In any instance where the Company determines that any item of Equipment has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company may remove such item of Equipment from the Facility (provided the Company shall not do any material damage to the Facility) and may sell, trade-in, exchange or otherwise dispose of the same, as a whole or in part.
- (b) The Agency shall execute and deliver to the Company all instruments necessary or appropriate to enable the Company to sell or otherwise dispose of any such item of Equipment. The Company shall pay any costs (including reasonable attorneys' fees) incurred in transferring title to and releasing any item of Equipment removed pursuant to this Section 6.2.
- (c) The removal of any item of Equipment pursuant to this Section 6.2 shall not entitle the Company to any abatement of or diminution of the rents payable under Section 2.6 hereof.

6.3. Maintaining Existence and Assignment and Subleasing.

- (a) The Company agrees during the Lease Term, it will maintain its existence, will not dissolve, liquidate or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another entity or permit one or more entities to consolidate with or merge into it, without the prior written consent of the Agency which consent will not be unreasonably withheld or delayed in each instance.



- (b) This Leaseback Agreement may not be assigned in whole or in part, and the Facility may not be subleased, in whole or in part, without the prior written consent of the Agency, which consent will not be unreasonably withheld or delayed in each instance. A transfer in excess of fifty (50%) percent of the equity voting interests of the Company or any other material change the management of the Company shall be deemed an assignment and require the prior written consent of the Agency; provided, however that no such consent will be required in connection with any such transfer to, or change that involves segregation of portions of the Modified Project to affiliated entities and in said event the Agency agrees to execute amendments to this Leaseback Agreement and the Lease Agreement releasing the subject property and enter into a substantially similar leaseback agreement with the affiliate. Additionally, at the request of the Company, the Agency agrees to sever and or create multiple leases for portions of the Facility to be separately financed from time to time or separately developed by the Company and other companies designated by the Company provided the development under the severed lease or through a third party is reasonably consistent with the Project as contemplated on the date hereof. Any assignment or subleases shall be on the following conditions, as of the time of each assignment and sublease:
- (i) no assignment or sublease shall relieve the Company from primary liability for any of its obligations hereunder;
  - (ii) the assignee shall assume the obligations of the Company hereunder to the extent of the interest assigned;
  - (iii) the sublessee shall take its interest subject to this Leaseback Agreement, however the sublessee shall not be required to assume the obligations of the Company hereunder;
  - (iv) the Company shall, within ten (10) days after the delivery thereof, furnish or cause to be furnished to the Agency a true and complete copy of such assignment or sublease and the instrument of assumption; and
  - (v) the Facility shall continue to constitute a "project" as such quoted term is defined in the Act.
- (c) If the Agency shall so request, as of the purported effective date of any assignment or sublease pursuant to subsection (a) of this Section 6.3, the Company at its cost shall furnish to the Agency with an opinion, in form and substance satisfactory to the Agency as to items (i), (ii) and (iv) above.
- (d) Subject to complying with the conditions set forth in 6.3(b) (i) – (v), subleasing of retail components of the Enhanced Project (including, but not limited to any, food and beverage outlets, spa retail shop, sundry shop, spa, salon, garage, or other retail outlets located within the Enhanced Project) shall not require the prior written

consent of the Agency. The provisions of this 6.3(d) shall not be construed to authorize the development of stand-alone retail buildings on the Land unless a separate approval from the Agency is first obtained.

## ARTICLE VII

### DEFAULT

#### 7.1. Events of Default Defined.

- (a) Each of the following shall be an "Event of Default" under this Leaseback Agreement:
  - (i) If the Company fails to pay the amounts required to be paid pursuant to Sections 2.6, 3.3 or 3.7 hereof or maintain the insurance required by Section 3.4 hereof 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;
  - (ii) If there is any purposeful, willful and knowing breach by the Company of any of its other agreements or covenants set forth in this Leaseback Agreement that shall have continued for a period of ten (10) days after the Agency gives written notice of such breach to the Company;
  - (iii) If there is any failure by the Company to observe or perform any other covenant, condition or agreement required by this Leaseback Agreement to be observed or performed and such failure shall have continued for a period of thirty (30) days after the Agency gives written notice to the Company, specifying that failure and stating that it be remedied, or in the case of any such default which can be cured with due diligence but not within such thirty (30) day period, the Company's failure to proceed promptly to cure such default and thereafter prosecute the curing of such default with due diligence;
  - (iv) If any representation or warranty of the Company contained in this Leaseback Agreement is incorrect in any material respect; or
  - (v) Any default by the Company under any PILOT Agreement or the Agent Agreement that shall have continued for a period of time beyond the cure period(s) provided for in such PILOT Agreement or Agent Agreement.
- (b) Notwithstanding the provisions of 7.1 (a), if by reason of *force majeure* either party hereto shall be unable in whole or in part to carry out its obligations under this Leaseback Agreement and if such party shall give notice and full particulars of such *force majeure* in writing to the other party within a reasonable time after the occurrence of the event or cause relied upon, the obligations under this Leaseback Agreement of the party giving such notice, so far as it is affected by such *force*

*majeure*, shall be suspended during continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The suspension of such obligations for such period pursuant to this subsection (b) shall not be deemed an Event of Default under this Section 7.1. Notwithstanding anything to the contrary in this subsection (b), an event of *force majeure* shall not excuse, delay or in any way diminish the obligations of the Company to or make the payments required by Sections 2.6, 3.3 and 3.7 hereof, to obtain and continue in full force and effect the insurance required by Section 3.4 hereof, to provide the indemnity required by Section 5.2 hereof and to comply with the terms of Sections 5.2, 5.4, 5.5, 5.6 and 5.7 hereof. The term "*force majeure*" as used herein shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, acts, priorities or orders of any kind of the government of the United States of America or of the State or any of its departments, agencies, governmental subdivisions, or officials, any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, shortages of labor or materials or delays of carriers, partial or entire failure of utilities, shortage of energy or any other cause or event not reasonably within the control of the party claiming such inability and not due to its fault. The party claiming such inability shall remove the cause for the same with all reasonable promptness. It is agreed that the settlement of strikes, lock-outs and other industrial disturbances shall be entirely within the discretion of the party having difficulty, and the party having difficulty shall not be required to settle any strike, lockout and other industrial disturbances by acceding to the demands of the opposing party or parties.

7.2. Remedies on Default. Whenever any Event of Default shall have occurred and be continuing, the Agency may take, to the extent permitted by law, any one or more of the following remedial steps:

- (i) Declare, by written notice to the Company, to be immediately due and payable, whereupon the same shall become immediately due and payable:
  - (i) all unpaid installments of rent payable pursuant to Section 2.6 hereof and
  - (ii) the sums under Sections 3.3 and 3.7 hereof; and (iii) all other payments due under this Leaseback Agreement.
- (ii) Take any other action as it shall deem necessary to cure any such Event of Default, provided that the taking of any such action shall not be deemed to constitute a waiver of such Event of Default.
- (iii) Take any other action at law or in equity which may appear necessary or desirable including, without limitation, to seek and obtain damages and specific performance or other monetary or equitable relief, and to collect the payments then due or thereafter to become due hereunder, and to enforce



the obligations, agreements or covenants of the Company under this Leaseback Agreement.

- (iv) Terminate this Leaseback Agreement. Such termination is in addition to all other rights and remedies available to the Agency hereunder and without mitigation of such rights and remedies. Such termination may be accomplished by the Agency terminating this Leaseback Agreement and conveying title to the Land, Facility and Equipment to MRMI. MRMI hereby appoints the Chief Executive Officer of the Agency as its attorney-in-fact for the limited purpose of signing and recording any forms which are necessary to accomplish such termination or conveyance. MRMI acknowledges that the foregoing appointment is coupled with an interest and is irrevocable. Notwithstanding anything to the contrary in this Leaseback Agreement or the Lease Agreement, upon termination of this Leaseback Agreement, the Lease Agreement shall terminate; provided, however, that upon such termination of this Leaseback Agreement, the Company's obligations under Sections 2.6, 3.3 and 5.2 hereof and under the Environmental Compliance Agreement shall continue notwithstanding any such termination.

7.3. Remedies Cumulative. No remedy herein conferred upon or reserved to the Agency is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Leaseback Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

7.4. Agreement to Pay Attorneys' Fees and Expenses. In the event the Company should default under any of the provisions of this Leaseback Agreement and the Agency should employ attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Company herein contained, or for obtaining other relief, the Company shall, on demand therefor, pay to the Agency, the reasonable fees of such attorneys and such other expenses so incurred.

7.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained herein should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## ARTICLE VIII

### EARLY TERMINATION OF AGREEMENT: OBLIGATIONS OF COMPANY

#### 8.1. Early Termination of Agreement.

- (a) The Company shall have the option at any time to terminate this Leaseback Agreement upon filing with the Agency a certificate signed by an authorized representative of the Company stating the Company's intention to do so pursuant to this Section 8.1 and upon compliance with the requirements set forth in Section 8.2 hereof.
- (b) The Agency shall have the option at any time to terminate this Leaseback Agreement and to demand immediate payment in full of the rental reserved and unpaid as described in Section 2.6 hereof, the sums due under Sections 3.3 or 3.7 hereof, and all other payments due under this Leaseback Agreement, upon written notice to the Company of the occurrence of an Event of Default hereunder.

#### 8.2. Option to Terminate Agency's Leasehold Interest in the Facility. Upon termination of this Leaseback Agreement in accordance with Section 2.5, 7.2 or Section 8.1 hereof, the Company shall pay all sums due under Sections 2.6, 3.3 and 3.7 hereof and all other sums due under this Leaseback Agreement ("Termination Payment").

#### 8.3. Termination of Leaseback. Pursuant to Section 8.2 hereof, the Agency shall, within thirty (30) days of (i) written notice from the Company as required by Section 8.1 hereof; and (ii) receipt of the Termination Payment, deliver to the Company all necessary documents to reflect termination of this Leaseback Agreement, subject only to the following:

- (i) any liens to which the Land and/or Facility was subject when leased to the Agency;
- (ii) any liens created at the request of the Company or to the creation of which the Company consented or in the creation of which the Company acquiesced; and
- (iii) any liens resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Leaseback Agreement.

The Agency shall release and convey to the Company all of the Agency's rights and interest in and to any rights of action or any net proceeds of insurance or condemnation awards with respect to the Land and/or Facility (specifically excluding all rights of the Agency hereunder including its rights to indemnification hereunder).

## ARTICLE IX

### GENERAL PROVISIONS

- 9.1. Notices. All notices provided for by this Leaseback 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:

If 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 12701-1069  
Attn: Agency Counsel

If to the Company:

MONTICELLO RACEWAY MANAGEMENT, INC.  
204 State Route 17B  
P.O. Box 5013 Monticello  
New York 12701  
Attn: Chief Executive Officer

with a copy to:

MONTREIGN OPERATING COMPANY, LLC  
204 State Route 17B  
P.O. Box 5013 Monticello  
New York 12701  
Attn: President

with an additional copy to:

Brown Sharlow Duke & Fogel, P.C.  
1450 Broadway, 35<sup>th</sup> Floor  
New York, New York 10018  
Attn: George Duke, Esq.

or to such other addresses 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 Section 9.1. All notices shall be deemed given when mailed or personally delivered in the manner provided in this Section 9.1.



- 9.2. Binding Effect. This Leaseback Agreement shall inure to the benefit of and shall be binding upon the Agency, the Company and its respective permitted successors and assigns.
- 9.3. Waiver. No waiver of any of the provisions of this Leaseback Agreement shall be deemed to or shall constitute a waiver or any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.
- 9.4. Severability. If any provision of this Leaseback 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 Leaseback 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 Leaseback Agreement.
- 9.5. Governing Law, Venue. This Leaseback Agreement shall be governed, construed and enforced in accordance with the laws of the State for contracts to be wholly performed therein. The parties hereby designate a court of proper jurisdiction located in the County as the exclusive venue for resolution of any disputes which may arise under or by reason of this Leaseback Agreement.
- 9.6. Survival of Obligations. The obligations of the Company to make payments required by Sections 2.6, 3.3, 3.7 hereof, all other payments due under this Leaseback Agreement and all indemnities shall survive any termination or expiration of this Leaseback Agreement.
- 9.7. Section Headings Not Controlling. The headings of the several sections in this Leaseback 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 Leaseback Agreement.
- 9.8. Recording and Filing. This Leaseback Agreement or a memorandum thereof, shall be recorded or filed, as the case may be, in the Office of the Clerk of the County, New York, or in such other office as may at the time be provided by law as the proper place for the recordation or filing thereof.
- 9.9. Merger of Agency.
- (a) Notwithstanding anything to the contrary or otherwise contained in this Leaseback Agreement, nothing contained in this Leaseback Agreement shall prevent the consolidation of the Agency with, or merger of the Agency into, or transfer of its leasehold interest in the entire Facility to any other public benefit corporation or political subdivision which has the legal authority to lease the Facility, provided that upon any such consolidation, merger or transfer, the due and punctual performance and observance of all the agreements and conditions of this Leaseback

Agreement to be kept and performed by the Agency shall be expressly assumed in writing by the public benefit corporation or political subdivision resulting from such consolidation or surviving such merger or to which the Facility shall be transferred.

- (b) Within thirty (30) days after the consummation of any such consolidation, merger or transfer of its leasehold interest, the Agency shall give notice thereof in reasonable detail to the Company. The Agency shall furnish such additional information with respect to any such transaction as the Company may reasonably request.

9.10. No Broker. Agency and Company represent and warrant to the other that neither Agency nor Company has dealt with any broker or finder entitled to any commission, fee, or other compensation by reason of the execution of this Leaseback Agreement, and each party agrees to indemnify and hold the other harmless from any charge, liability or expense (including attorney's fees) the other may suffer, sustain, or incur with respect to any claim for a commission, fee or other compensation by a broker or finder claiming by, through or under the other party.

9.11 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 hereby 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).
- (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 reasonably 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.

- 9.12. No Joint Venture Created. The Agency and the Company mutually agree that by entering into this Leaseback Agreement the parties hereto are not entering into a joint venture.
- 9.13. Entire Agreement. This Leaseback Agreement together with the closing conditions letters, which is incorporated herein by reference, Amended and Restated Agent Agreement, Environmental Compliance Agreement, Amended and Restated Lease Agreement and the Amended and Restated 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 Leaseback Agreement may not be amended in any respect except by a written amendment expressly referring to this Leaseback Agreement and executed by the parties to be bound thereby.



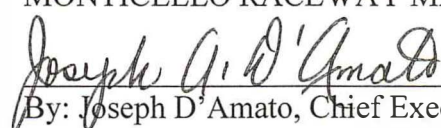
[Signature Page to Amended and Restated Leaseback Agreement]

*IN WITNESS WHEREOF*, the Agency and the Company have caused this Leaseback Agreement to be executed in its respective names, all as of the date first above written.

COUNTY OF SULLIVAN INDUSTRIAL  
DEVELOPMENT AGENCY

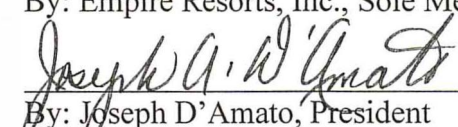
  
By: Steve White, Chief Executive Officer

MONTICELLO RACEWAY MANAGEMENT, INC.

  
By: Joseph D'Amato, Chief Executive Officer

MONTREIGN OPERATING COMPANY, LLC

By: Empire Resorts, Inc., Sole Member

  
By: Joseph D'Amato, President