

LEASEBACK TO COMPANY

THIS LEASEBACK TO COMPANY ("Leaseback Agreement"), made as of the 1st day of September, 2019 by and between the 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 548 Broadway, Monticello, New York 12701 and 457 EQUITIES MONTICELLO CORP., a New York corporation having its principal offices at 1150 Portion Road, Suite 16, Holtsville, New York 11742 ("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, on or about October 1, 2004, 457 Equities LLC ("457 LLC") presented an application to the Agency requesting that the Agency consider undertaking a project to consist of the (i) construction, reconstruction, renovation, installation and equipping of a building to consist of approximately 23,000 square feet ("Building") situate on one (1) parcel of real estate consisting of <1.00 acre to be located at 457 Broadway in the Village of Monticello, Town of Thompson ("Town"), County of Sullivan, State and identified on the Town tax map as Section 115, Block 6, Lot 2 ("Land") and related facilities to be owned by the Agency; (ii) acquisition and installation thereon and therein of certain furniture, fixtures, machinery, equipment and tools ("Equipment"); (iii) construction of improvements to the Building, the Land and the Equipment (collectively, the Building, the Land and the Equipment are referred to as the "457 Broadway Project"); and (iv) lease of the Facility from the Agency to 457 LLC; and

WHEREAS, 457 LLC executed and delivered for the benefit of Astoria Federal Savings and Loan Association a mortgage in the original principal amount of \$950,000, which mortgage was dated, May 2, 2005 and recorded in the Office of the Clerk of Sullivan County on June 2, 2005 in Liber 2973 of Land Records at Page 247 (“Astoria Mortgage”); and

WHEREAS, on or about September 1, 2005, 457 LLC and the Agency closed a Sale/Leaseback Transaction to facilitate the construction, reconstruction, renovation, installation and equipping of the 457 Broadway Project; and

WHEREAS, on or about August 21, 2008, the Agency joined in a Modification and Extension Agreement and Collateral Assignment of Leases and Rents to modify and extend the Astoria Mortgage; and

WHEREAS, pursuant to its Commitment Letter, dated November 24, 2015, Wayne Bank offered to make a Commercial Loan to 457 LLC in the original principal amount of SEVEN HUNDRED SEVENTY-FIVE THOUSAND AND 00/100 (\$775,000.00) DOLLARS (“Loan”); and

WHEREAS, the Lease Agreement, made as of September 1, 2005, by and between the Agency and 457 LLC provides for the written consent of the Agency prior to the transfer of all or substantially all of the assets of 457 LLC, which consent has been requested by 457 LLC; and

WHEREAS, in connection with the closing of the Loan, 457 LLC transferred all or substantially all of 457 LLC’s assets (including the 457 Broadway Project) to the Company; and

WHEREAS, the sole member of 457 LLC is the sole shareholder of the Company; and

WHEREAS, on or about April 18, 2016 the Agency and the Company executed a Mortgage and Security Agreement in the amount of SEVEN HUNDRED SEVENTY-FIVE THOUSAND AND 00/100 (\$775,000.00) DOLLARS in favor of the Wayne Bank and abated the mortgage tax thereon; and

WHEREAS, the Company applied for a New York Main Street Broadway Grant from the Sullivan County Division Planning Community Development and Real Property in an amount not to exceed FIFTY THOUSAND AND 00/100 (\$50,000.00) DOLLARS (“Grant”) to upgrade the 457 Broadway Project’s main street appearance including but not limited to:

1. fix or replace front center siding;
2. create a second floor center window;
3. replace front entrance doors;
4. redesign front entrance;
5. repair and repaint balance of front;
6. remove interior front partitions to open store front;
7. insulate and raise interior second floor;

8. plywood and reside open areas on second floor;
9. remove awnings and replace with new director sign;

(items 1 through 9 collectively referred to as "Improvements" together with 457 Broadway Project collectively, the "Project"); and

WHEREAS, the total financial assistance being contemplated by the Agency is less than \$100,000; and

WHEREAS, in consideration of being awarded a Grant, the Company must hold title to the Land; and

WHEREAS, by letter, dated May 28, 2019, the Company requested that the Agency (i) give title to the Land to the Company; (ii) enter into a lease/leaseback transaction with the Company; and (iii) provide financial assistance in the form of a sales tax abatement on the Improvements; and

WHEREAS, on June 10, 2019 by resolution #33-19, the Agency approved entering into a lease/leaseback transaction with the Company; and

WHEREAS, in order to induce the Company to develop the Project, the Agency is willing to enter into a lease/leaseback transaction involving a lease of the Project from the Company to the Agency and a lease of the Project 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, install and equip the Project in accordance with the plans and specifications presented to the Agency; and

WHEREAS, the Agency proposes to lease the Project to the Company and the Company desires to rent the Project from the Agency, upon the terms and conditions hereinafter set forth in this Leaseback Agreement subject to the terms of that certain Second Amended and Restated Payment In Lieu of Tax Agreement, of even date herewith ("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

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 Project, 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 Project, lease the Project to the Company pursuant to this Leaseback Agreement and designate the Company as its agent for purposes acquiring, constructing, installing and equipping of the Project, all for the purpose of promoting the industry, health, welfare, convenience and prosperity of the inhabitants of the State and the County of Sullivan 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, install and equip the Project 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) The Corporation is a duly organized, existing and in good standing under the laws of the State of New York, has the authority to enter into this Leaseback Agreement and has duly authorized the execution and delivery of this Leaseback Agreement.
- (b) 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.
- (c) The acquisition, construction, installation and equipping of the Project 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.

- (d) The Project and the operation thereof will conform with all applicable zoning, planning, building and environmental laws and regulations of governmental authorities having jurisdiction over the Project, 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.
- (e) 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.
- (f) 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 diminish or adversely impact on the Company's ability to fulfill its obligations under this Leaseback Agreement.
- (g) The Company covenants (i) that the Project will comply in all respects with all applicable environmental laws and regulations, (ii) that no pollutants, contaminants, solid wastes, or toxic or hazardous substances will be stored, treated, generated, disposed of, or allowed to exist on the Project 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 Project or onto any other property, (iv) that no asbestos will be incorporated into or disposed of on the Project, (v) that no underground storage tanks will be located on the Project 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. 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 Project, 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.

- (h) 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 Project 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 Project 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.

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 Project 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 Project and will pay all reasonable expenses incurred by the Agency in defending any action respecting title to or a lien affecting the Project.
- 2.2. Acquisition, Construction, Installation and Equipping of the Project. The Company, as agent for the Agency, will acquire, construct, install and equip the Project. The Company shall operate the facility as agent of Agency under the terms of the Second Amended and Restated Agent and Project Agreement, dated as of June 10, 2019 ("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 Project. The Agency hereby transfers, leases and demises to the Company all its right, title and interest in and to a certain Lease to Agency, dated as of September 1, 2019 by and between the Company and the Agency, a copy of which is attached hereto as Exhibit A, whereby the Company granted to the Agency a leasehold interest in the Land

as more particularly described in Schedule A hereto, including any buildings, structures or improvements thereon constituting the Project and the Company hereby rents and leases the Project 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 Project 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 Project (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 February 28, 2026, or on such earlier date as may be permitted by Section 8.1 hereof.
- (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 Project 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 Project as hereinabove provided.

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

- (a) On January 1, 2020 and on each January 1st of each calendar year thereafter ONE THOUSAND TWO HUNDRED FIFTY AND 00/100 (\$1,250.00) 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 Project or its leasing of the Project 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 percent (12%) 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 Project, or any defect in the design, operation, merchantability, fitness or condition of the Project or in the suitability of the Project for the Company's purposes and needs, or failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, or the taking by condemnation of the use of all or any part of the Project, 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 Project 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 Project by the Company.

- (a) The Company shall not abandon the Project or cause or permit any waste to the Project. The Company agrees that during the Lease Term it will (i) keep the Project in reasonably safe condition; (ii) make all necessary repairs and replacements to the Project (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); (iii) use and maintain the Project in a sound and prudent manner; and (iv) operate the Project 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 Project or any addition, modifications or improvements to the Project or any part thereof which it may deem desirable for its business purposes and uses that do not adversely affect the structural integrity or impair the operating efficiency of the Project or substantially change the nature of the Project. All such structural additions, modifications or improvements so made by the Company shall become a part of the Project; 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 Project.

- 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 Project (which may be attached or affixed to the Project), and such furniture, fixtures, machinery, and equipment or other personal property shall not become, or be deemed to become, a part of the Project. 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 Project or impair the overall operating efficiency of the Project for the purposes for which it is intended and provided further that if any damage is occasioned to the Project 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 Project and any machinery, equipment or with respect to the Project 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 Project; (ii) all payments under the 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 Project; 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, unless the Agency reasonably requests payment prior to settlement.

3.4. Insurance Required. At all times throughout the Lease Term, including without limitation during any period of construction of the Project, 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 Project, 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 Project.
- (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 \$1,000,000 per accident or occurrence on account of personal injury, including death resulting therefrom, and \$1,000,000 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 \$2,000,000, 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 Two Thousand Five Hundred (\$2,500.00) Dollars. 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 percent (12%) per annum.

ARTICLE IV

DAMAGE, DESTRUCTION AND CONDEMNATION

4.1. Damage or Destruction.

- (a) If the Project 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 Project;
 - (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 Project to substantially the same condition and value 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 may use insurance proceeds 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 Project as if the same were specifically described herein.

- (b) The Company shall not be obligated to replace, repair, rebuild or restore the Project, 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 Project shall be taken by condemnation, the Agency shall have no obligation to restore or replace the Project 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 Project (excluding any land taken by condemnation) to substantially the same condition and value as an operating entity as existed prior to such condemnation, or
- (ii) acquire, by construction or otherwise, facilities of substantially the same nature and value as an operating entity as the Project subject to Agency consent.

The Project, 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 Project as if the same were specifically described herein.

- (b) The Company shall not be obligated to restore the Project 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 Project. In no event shall the Agency voluntarily settle, or consent to the settlement of, any condemnation proceeding with respect to the Project 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 Project.

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 PROJECT 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 Project or arising by reason of or in connection with the occupation or the use thereof or the presence on, in or about the Project or (ii) liability arising from or expense incurred by the Agency's financing, constructing, equipping and leasing of the Project 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 Project. The Agency and its duly authorized agents shall have the right at all reasonable times and upon reasonable notice to inspect the Project. The Agency shall honor and comply with any reasonable restricted access policy of the Company relating to the Project.
- 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 Project 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 Project.
- 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 Project or any part thereof, or to any use, manner of use or condition of the Project 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) The Company shall not permit or create or suffer to be permitted or created any lien upon the Project 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 Project 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 the 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 satisfactory to the Agency thereby causing a 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 Project 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 Project which constitutes "Section 38 Property".

ARTICLE VI

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

- 6.1. Restriction on Transfer of Project. 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 a mortgage, security agreement and/or assignment of leases and rents in a form acceptable to the Agency, Lender and the Company, for purposes of acquiring, constructing, installing, equipping and financing the Project along with all modifications, substitutions and/or restatements thereof with the Lender or its successors and/or assigns the Agency shall not transfer, encumber or otherwise dispose of the Project 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(e), 1.2(h), 2.1, 3.1(a) and 5.2 herein (collectively referred to as "Unassigned Rights").
- 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 Project (provided the Company shall not do any damage to the Project) 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 Project may not be subleased, in whole or in part, without the prior written consent of the Agency in each instance. A transfer in excess of fifty (50%) percent of the equity voting interests of the Company or any other material change to the management of the Company shall be deemed an assignment and require the prior written consent of the Agency. 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 Project 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.

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 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 the PILOT Agreement or Agent Agreement that shall have continued for a period of time beyond the cure period(s) provided for in the 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 terminating this Leaseback Agreement and conveying title to the Equipment from the Agency to the Company, all as determined by the Agency. The Company hereby appoints the Executive Director or Chief Executive Officer of the Agency as its attorney-in-fact for the limited purpose of signing any forms which are necessary to accomplish such termination or conveyance. The Company acknowledges that the foregoing appointment is coupled with an interest and is irrevocable.

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 Project. 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 Project 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.
- (b) 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 Project (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
548 Broadway
Monticello, New York 12701
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

To the Company:

457 Equities Monticello Corp.
1150 Portion Road, Suite 16
Holtsville, New York 11742

with a copy to:

Steven Mogel, Esq.
457 Broadway, Suite 16A
Monticello, New York 12701

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 of New York for contracts to be wholly performed therein. The parties hereby designate a court of proper jurisdiction located in the County of Sullivan 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 of Sullivan, in the State of 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 Project to any other public benefit corporation or political subdivision which has the legal authority to lease the Project, 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 Project 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 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 of New York or of the County of Sullivan and neither the State of New York nor the County of Sullivan 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 Project (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

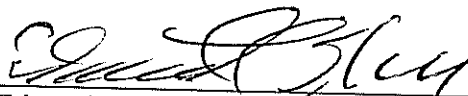
or document supplemental thereto or hereto, shall be deemed the obligations and agreements of the Company, and not of any member, direct or indirect beneficial owners, affiliates, partners, shareholders, officers, directors, agents, employees or representatives of the Company in his or their individual 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.

- 9.11. Entire Agreement. This Leaseback Agreement together with the Agent and Project Agreement, Lease to Agency and the 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.

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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: Edward T. Sykes, Chief Executive Officer

457 EQUITIES MONTICELLO CORP.



By: Donna GoreJck, President

Stewart Title Insurance Company

SCHEDULE A
DESCRIPTION OF PREMISES

Title No. TLNY1019151817
Policy No. M-8912-001248217

ALL that tract or parcel of land situate in the Village of Monticello, Town of Thompson, County of Sullivan, and State of New York, being the remaining lands of Albert G. Stanton, Jr. as described in two deeds:

(1) Deed from Adelbert M. Scriber, dated March 1, 1934, and filed in the Sullivan County Clerk's Office in Deed Liber 297 at Page 165, and

(2) Deed from Harrison McDonald, dated October 2, 1943, and filed in the Sullivan County Clerk's Office in Deed Liber 366 at Page 277, more particularly bounded and described as follows:

BEGINNING at a point on the southerly bounds of Broadway at the northeasterly corner of lands of Ingber as described in a deed recorded in the Sullivan County Clerk's Office in Deed Liber 1472 at Page 488, said Ingber Parcel being currently leased to the New York State Electric and Gas Corporation, said point being South 59 degrees 54 minutes East 71.39 feet, as measured along the southerly bounds of said Broadway, from the point of intersection of said southerly bounds of Broadway with the current easterly bounds of Oakley Avenue, also known as Lakewood Avenue, said intersection Street, bounds being the northwesterly corner of said lands of Ingber, and;

RUNNING THENCE from said point of beginning along the southerly bounds of said Broadway, South 59 degrees 54 minutes East 50.00 feet to a point at the northwesterly corner of the second described parcel of land in a deed to Garigliano recorded in the Sullivan County Clerk's Office in Deed Liber 1238 at Page 23, said point being North 59 degrees 54 minutes West 2.33 feet, as measured along the southerly bounds of said Broadway, from a point on the said southerly bounds of Broadway at the northwesterly corner of lands of Leeds as described in a deed recorded in the Sullivan County Clerk's Office in Deed Liber 1160 at Page 200;

THENCE leaving the southerly bounds of said Broadway, running along the westerly bounds of said lands of Garigliano (Deed Liber 1238 at Page 23, Parcel Number 2), running to and along the westerly bounds of lands of Garigliano (Deed Liber 1238 at Page 23, Parcel Number 1), South 30 degrees 09 minutes West 229.00 feet to a point at the southwesterly corner of said second described Garigliano Parcel at the northwesterly corner of lands now or formerly of the Village of Monticello Urban Renewal Agency (Deed Liber 815 at Page 271), said point also being the northeasterly corner of lands now or formerly of The Village of Monticello Urban Renewal Agency (Deed Liber 781 at Page 336);

THENCE along the northerly bounds of said lands now or formerly of the Village of Monticello Urban Renewal Agency as described in Deed Liber 781 at Page 336, North 59 degrees 54 minutes West 122.49 feet to a point on the current easterly bounds of said Oakley Avenue, also known as Lakewood Avenue, at the southeasterly corner of a parcel of lands described in a deed to the Village of Monticello Urban Renewal Agency recorded in the Sullivan County Clerk's Office in Deed Liber 007 at Page 906;

THENCE along the current easterly bounds of said Oakley Avenue, also known as Lakewood Avenue, running along the easterly bounds of said lands described in Deed Liber 807 at Page 906, North 30 degrees 54 minutes East 45.01 feet to a point on said current easterly bounds of Oakley Avenue, also known as Lakewood Avenue, at the southwesterly corner of said lands of Ingber at the northeasterly

Stewart Title Insurance Company

corner of said lands described in Deed Liber 007 at Page 906, said point also being the southeasterly corner of remaining lands described in a deed to the Village of Monticello Urban Renewal Agency recorded in the Sullivan County Clerk's Office in Deed Liber 791 at page 522,

THENCE leaving said easterly bounds of Oakley Avenue, also known as Lakewood Avenue, running along the southerly bounds of said lands of Ingber, South 59 degrees 54 minutes East 71.90 feet to a point at the southeasterly corner of said lands of Ingber;

THENCE along the easterly bounds of said lands of Ingber, North 30 degrees 09 minutes East 184.00 feet to the point or place of BEGINNING.

FOR INFORMATION ONLY. NOT FOR POLICY.

Section 115 Block 6 Lot 2

Premises being known as: 457 Broadway, Monticello, NY 12701

SCHEDULE A
A.L.T.A 2006 LOAN POLICY

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...the easterly bounds of Oakley Avenue, also known as Lakewood Avenue, running along the southerly bounds of said lands of Ingber, South 59 degrees 54 minutes East 71.90 feet to a point at the southeasterly corner of said lands of Ingber;

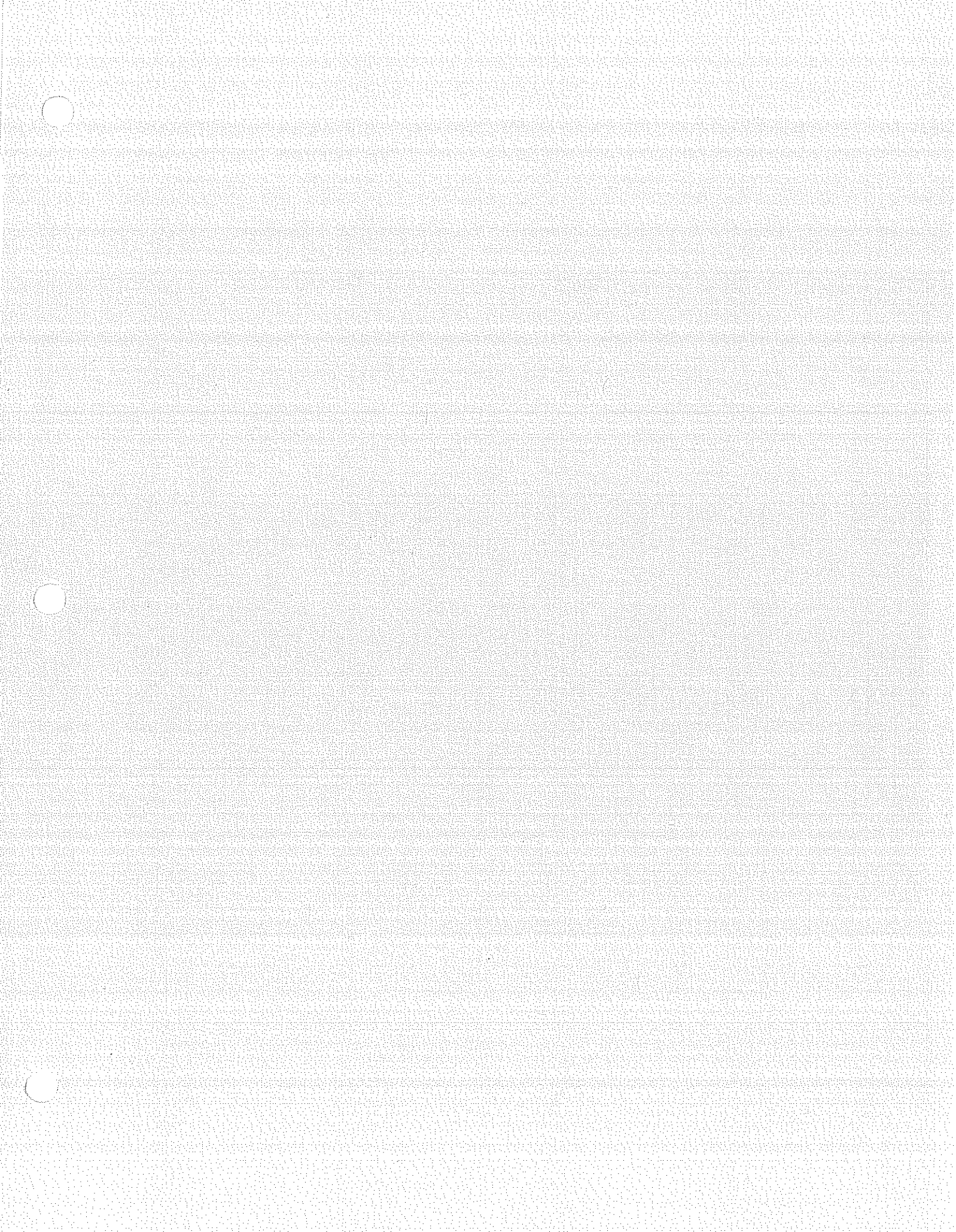
...the easterly bounds of said lands of Ingber, North 30 degrees 09 minutes East 184.00 feet to the point or place of BEGINNING.



SCHEDULE B

DESCRIPTION OF THE EQUIPMENT

All equipment, furniture, fixtures, machines, building materials and items of personal property and all appurtenances (A) acquired, constructed, installed and equipped and/or intended to be acquired, constructed, installed or equipped in connection with acquisition, construction, installation and equipping of the 457 Equities Monticello Corp. ("Company") project located on the real property described on Schedule A hereto, said Project to be acquired, constructed, installed and equipped by the Company as agent of the Agency pursuant to the Second Amended and Restated Agent and Project Agreement, dated as of June 10, 2019; and (B) now or hereafter attached to, contained in or used in connection with the Land or placed on any part thereof, though not attached thereto, including but not limited to, pipes, screens, fixtures, heating, lighting, plumbing, ventilation, air conditioning, compacting and elevator plants, telephone and information systems, furniture, rugs, movable partitions, cleaning equipment, maintenance equipment, shelving, signs, waste containers, outdoor benches, drapes, blinds and accessories, sprinkler systems and other fire prevention and extinguishing apparatus.



LEASE TO AGENCY

THIS LEASE TO AGENCY ("Lease Agreement"), made as of the 1st day of September, 2019, by and between 457 EQUITIES MONTICELLO CORP., a New York corporation having its principal offices at 1150 Portion Road, Suite 16, Holtsville, New York 11742 ("Company") and 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 at 548 Broadway, Monticello, New York 12701 ("Agency").

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, on or about September 1, 2005, 457 LLC and the Agency entered into a sale/leaseback transaction to facilitate the (i) construction, reconstruction, renovation, installation and equipping of a building to consist of approximately 23,000 square feet ("Building") situate on one (1) parcel of real estate consisting of <1.00 acre to be located at 457 Broadway in the Village of Monticello, Town of Thompson, County of Sullivan, State of New York and identified on the Town of Thompson tax map as Section 115, Block 6, Lot 2 ("Land") and related facilities to be owned by the Agency; (ii) acquisition and installation thereon and therein of certain furniture, fixtures, machinery, equipment and tools ("Equipment"); (iii) construction of improvements to the Building, the Land and the Equipment (collectively, the Building, the Land and the Equipment are referred to as the "457 Broadway Project"); and (iv) lease of the Facility from the Agency to 457 LLC; and

WHEREAS, by Deed, dated September 13, 2005 the Agency acquired title to the Land from 457 LLC to the Agency, which Deed was recorded in the Sullivan County Clerk's Office on September 16, 2005 in Book of Real Estate Records in Volume 3032 at Page 216; and

WHEREAS, 457 LLC and the Agency entered into a Lease Agreement and a Payment in Lieu of Tax Agreement ("PILOT Agreement") both dated as of September 1, 2005 (collectively, "2005 Project Documents"); and

WHEREAS, on May 2, 2005 457 LLC executed and delivered for the benefit of Astoria Federal Savings and Loan Association a mortgage in the original principal amount of \$950,000, which mortgage was recorded in the Office of the Clerk of Sullivan County on June 2, 2005 in Liber 2973 of Land Records at Page 247 ("Astoria Mortgage"); and

WHEREAS, on or about August 21, 2008, the Agency joined in a Modification and Extension Agreement and Collateral Assignment of Leases and Rents to modify and extend the Astoria Mortgage; and

WHEREAS, 457 LLC failed to timely make the PILOT Payment due on February 15, 2009; and

WHEREAS, the failure of 457 LLC to timely make the PILOT Payment due February 15, 2009 constituted a default pursuant to paragraph 12(a) of the PILOT Agreement; and

WHEREAS, in accordance with Sections 12(a) and 13 of the PILOT Agreement, pursuant to Agency Resolution 14-09, the Agency authorized the Agency's Chairman and Chief Executive Officer to execute a deed, bill of sale and related documents from the Agency to 457 LLC so as to convey the Land and 457 Broadway Project to 457 LLC in the event that 457 LLC did not cure the default and make the PILOT Payment due on February 15, 2009 by 3:00 p.m. on February 27, 2009; and

WHEREAS, 457 LLC did not pay the PILOT Payment on or by the established deadline and, as such, the Agency, executed, delivered and recorded in the Office of the Clerk of Sullivan County that certain (i) Bargain and Sale Deed, dated February 27, 2009 from the Agency to 457 LLC together with related recordation documents ("2009 Termination Deed") to effectively terminate the 457 Broadway Project; and

WHEREAS, the 2009 Termination Deed was recorded in the Office of the Clerk of Sullivan County on February 27, 2009 in Volume 3557 of Real Estate Records at Page 597; and

WHEREAS, on April 14, 2009, 457 LLC requested that the Agency consider reinstating the 457 Broadway Project; and

WHEREAS, by Resolution #22-09, the Agency authorized reinstatement of the Project provided that certain conditions were met; and

WHEREAS, on or about June 1, 2009, the Agency and 457 LLC entered into an Omnibus Amendment to Project Documents pursuant to which the Agency agreed to accept title to the Land and the Agency and 457 LLC agreed to reinstate the 2005 Project Documents subject to conditions, including an obligation for 457 LLC to post a Letter of Credit securing future PILOT Payments; and

WHEREAS, 457 LLC re-conveyed fee title to the Land to the Agency by Bargain and Sale Deed, dated June 1, 2009, and recorded in the Sullivan County Clerk's Office on June 16, 2009 in Volume 3586 of Real Estate Records at Page 188; and

WHEREAS, as reinstated, the Agency continues to hold fee title to the Land as of the date hereof; and

WHEREAS, in February, 2012 457 LLC was unable to secure a Letter of Credit, but in lieu thereof agreed to establish a cash escrow account ("Escrow Account"); and

WHEREAS, on or about March 13, 2012, the Agency and 457 LLC entered into a Second Omnibus Amendment to Project Documents which dispensed with the condition that 457 LLC secure a Letter of Credit to secure future PILOT Payments, but in lieu thereof the Agency and 457 LLC agreed to establish and maintain the Escrow Account; and

WHEREAS, the Lease Agreement, made as of September 1, 2005, by and between the Agency and 457 LLC provides for the written consent of the Agency prior to the transfer of all or substantially all of the assets of 457 LLC, which consent has been requested by 457 LLC; and

WHEREAS, pursuant to its Commitment Letter, dated November 24, 2015, Wayne Bank offered to make a Commercial Loan to the Company in the original principal amount of SEVEN HUNDRED SEVENTY-FIVE THOUSAND AND 00/100 (\$775,000.00) DOLLARS ("Loan"); and

WHEREAS, in connection with the closing of the Loan, 457 LLC transferred its interest in the Project to the Company; and

WHEREAS, Donna Gorelick, the sole member of 457 LLC, is the sole shareholder of the Company; and

WHEREAS, on or about April 18, 2016 the Agency and the Company executed a Mortgage and Security Agreement in the amount of SEVEN HUNDRED SEVENTY-FIVE THOUSAND AND 00/100 (\$775,000.00) DOLLARS in favor of Wayne Bank and abated the mortgage tax thereon; and

WHEREAS, by Assignment and Assumption of Lease Agreement and Related Documents and Consent of Agency, dated April 1, 2016 ("Assignment") 457 LLC transferred, assigned and conveyed to the Company the 457 Broadway Project and all of its rights, title and interest in and to the 2005 Project Documents, and the Company, subject to the terms and conditions of the

Assignment, accepted and assumed all of 457 LLC's obligations under the 457 Broadway Project and the 2005 Project Documents on or after the date of the Assignment; and

WHEREAS, to induce the Agency to consent to the Assignment, the Company agreed to amend and restate the 2005 Project Documents to create a direct contractual obligation between the Company and the Agency; and

WHEREAS, on or about April 1, 2016, the Company and the Agency entered into the following documents:

1. Environmental Compliance and Indemnification Agreement;
2. Amended and Restated Lease Agreement;
3. Amended and Restated Payment in Lieu of Tax Agreement;

(items 1 through 3 collectively referred to as "Amended and Restated Transaction Documents"); and

WHEREAS, the Company applied for a New York Main Street Broadway Grant from the Sullivan County Division Planning Community Development and Real Property in an amount not to exceed FIFTY THOUSAND AND 00/100 (\$50,000.00) DOLLARS ("Grant") to upgrade the Company's main street appearance including but not limited to:

1. fix or replace front center siding;
2. create a second floor center window;
3. replace front entrance doors;
4. redesign front entrance;
5. repair and repaint balance of front;
6. remove interior front partitions to open store front;
7. insulate and raise interior second floor;
8. plywood and reside open areas on second floor;
9. remove awnings and replace with new director sign;

(items 1 through 9 collectively referred to as "Improvements" together with 457 Broadway Project collectively, the "Project" or "Facility"); and

WHEREAS, the total financial assistance being contemplated by the Agency is less than \$100,000; and

WHEREAS, in consideration of being awarded a Grant, the Company must hold title to the Land; and

WHEREAS, by letter, dated May 28, 2019 ("2019 Request"), the Company requested that the Agency (i) give title to the Land to the Company; (ii) enter into a lease/leaseback transaction with the Company and amend and restate the Amended and Restated Transaction Documents; and (iii) provide financial assistance in the form of a sales tax abatement on the Improvements; and

WHEREAS, on June 10, 2019 by resolution #33-19, the Agency approved entering into a lease/leaseback transaction with the Company; and

WHEREAS, in order to induce the Company to develop the Facility including the Improvements, the Agency is willing to enter into a lease/leaseback transaction involving a lease of the Facility from the Company to the Agency and a leaseback 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 construct, install and equip the Facility in accordance with the plans and specifications presented to the Agency.

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 Lease 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 Lease Agreement.
- (c) The Agency will lease the Facility from the Company pursuant to this Lease Agreement, lease the Facility back to the Company pursuant to that certain Leaseback to Company of even date herewith ("Leaseback Agreement").
- (d) Neither the execution and delivery of this Lease Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the provisions of this Lease 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 Lease Agreement by the undertaking of the Company to construct, install and equip the Facility and the

related jobs resulting therefrom in the County of Sullivan, New York.

- 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) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, has the authority to enter into this Lease Agreement and has duly authorized the execution and delivery of this Lease Agreement.
 - (b) Neither the execution and delivery of this Lease Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Lease 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.

ARTICLE II

DEMISING CLAUSES AND RENTAL PROVISIONS

- 2.1. Agreement to Transfer 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, including any buildings, structures or improvements thereon, described in Schedule A attached hereto, and the Company has or will convey 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 conveyances will be sufficient for the purposes intended by this Lease 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 the lease or 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 the lease or title to or a lien affecting the Facility.
- 2.2. Demise of Facility. The Company hereby demises and leases the Facility to the Agency and the Agency hereby rents and leases the Facility from the Company upon the terms and conditions of this Lease Agreement.
- 2.3. 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.

2.4. Duration of Lease Term: Quiet Enjoyment.

- (a) The Company shall deliver to the Agency possession of the Facility (subject to the provisions hereof) and the leasehold estate created hereby shall commence as of the date hereof.
- (b) The leasehold estate created hereby shall terminate the earlier at 11:59 P.M. on February 28, 2026.
- (c) The period commencing on the date described in Section 2.4(a) herein through the date described in Section 2.4(b) herein shall be herein defined as the "Lease Term".

2.5. Rents. The rental under this Lease Agreement shall be One (\$1.00) Dollar and other good and valuable consideration, receipt of which is hereby acknowledged by the Company.

2.6. Use: Lease Agreement.

- (a) The Agency shall hold and use the Land only for leaseback to the Company under the Leaseback Agreement and otherwise shall not sell or assign its rights hereunder nor the leasehold estate created thereby.
- (b) Contemporaneously with the execution and delivery of this Lease Agreement, the Agency shall enter into the Leaseback Agreement, pursuant to which the Company as agent of the Agency agrees to undertake and complete the Project. Pursuant to the Leaseback Agreement, the Company, as tenant of the Agency under the Leaseback Agreement, is required to perform all of the Agency's obligations under this Lease Agreement. Accordingly, and notwithstanding anything to the contrary contained in this Lease Agreement, the Company shall not be entitled to declare a default hereunder or exercise any rights or remedies hereunder, if any asserted default by the Agency hereunder relates to a failure by the Company, as tenant of the Agency under the Leaseback Agreement, to perform its corresponding obligations under the Leaseback Agreement.

ARTICLE III

DAMAGE, DESTRUCTION AND CONDEMNATION

3.1. Damage or Destruction.

- (a) If the Facility shall be damaged or destroyed (in whole or in part) at any time during the term of this Lease Agreement:
- (i) the Agency shall have no obligation to replace, repair, rebuild or restore the Facility; and
 - (ii) there shall be no abatement or reduction in the amounts payable by the Company under the Leaseback Agreement.

All such replacements, repairs, rebuilding or restoration made pursuant to this Section 3.1, 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.

ARTICLE IV

SPECIAL COVENANTS

- 4.1. 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 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 on, in or about the Facility or (ii) liability arising from or expense incurred by the Agency's construction, installation and equipping of the Facility, including without limiting the generality of the foregoing, all causes of action and reasonable attorneys' fees and any other expenses incurred in defending any suits or actions which 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 Lease Agreement.

ARTICLE V

ASSIGNMENTS AND SUBLEASING;
MORTGAGE AND PLEDGE OF INTERESTS

- 5.1. Assignment and Subleasing. This Lease Agreement may not be assigned in whole or in part, and the Facility may not be leased, in whole or in part, except that the Agency shall lease the leasehold interest created hereunder to the Company pursuant to the Leaseback Agreement.

ARTICLE VI

TERMINATION

- 6.1 Early Termination of Lease Agreement. The Company shall have the option at any time to terminate this Lease 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 6.1 and upon compliance with the requirements set forth in Section 6.2 hereof.
- 6.2. Option to Terminate. Upon termination of this Lease Agreement in accordance with Section 6.1 hereof, the Company shall pay to the Agency all sums due under Sections 2.6, 3.3 and 3.7 of the Leaseback Agreement and all other sums due under the Leaseback Agreement ("Termination Payment").
- 6.3. Termination of Lease Agreement.
- (a) Pursuant to Section 6.2 hereof, the Agency shall deliver to the Company all necessary documents to reflect termination of this Lease Agreement, subject only to the following:
 - (i) any liens to which the 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,
 - (iii) any liens resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Lease Agreement; and
 - (b) 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 Facility (specifically excluding all rights of the Agency hereunder including its rights to indemnification hereunder).

ARTICLE VII

GENERAL PROVISIONS

- 7.1. 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:

If to the Agency:

County of Sullivan Industrial Development Agency
548 Broadway
Monticello, New York 12701
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:

457 Equities Monticello Corp.
1150 Portion Road, Suite 16
Holtsville, New York 11742

with a copy to:

Steven Mogel, Esq.
457 Broadway
Monticello, New York 12701

or at 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 Section. All notices shall be deemed given when mailed or personally delivered in the manner provided in this Section.

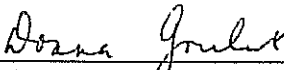
- 7.2. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Agency, the Company and their respective permitted successors and assigns.
- 7.3. Waiver. No waiver of any of the provisions of this Lease Agreement shall be deemed to or shall constitute a waiver or any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.
- 7.4. Severability. If any provision of this Lease 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 Lease 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 Lease Agreement.
- 7.5. Governing Law, Venue. This Lease Agreement shall be governed, construed and enforced in accordance with the laws of the State of New York for contracts to be wholly performed therein. The parties hereby designate a court of proper jurisdiction in Sullivan County, New York as the exclusive venue for resolution of any disputes which may arise under or by reason of this Lease Agreement.

- 7.6. Section Headings Not Controlling. The headings of the several sections in this Lease 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 Lease Agreement.
- 7.7. No Recourse; Special Obligation. Notwithstanding anything to the contrary contained herein, the obligations and agreements of the Agency contained herein and in any other agreement executed by the Agency and in any other instrument or document supplemental thereto executed in connection herewith or therewith shall be deemed the obligation and agreements of the Agency, and not of any of its directors, officers, employees, members, agents (except the Company), representatives, and their respective successors and assigns and personal representatives in his or her individual capacity, and the directors, officers, employees, members, agents (except the Company), representatives, and their respective successors and assigns and personal representatives of the Agency shall not be liable personally 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. The obligations and agreements of the Agency contained herein or therein shall not constitute or give rise to an obligation of the State, the County of Sullivan, or any of the taxing jurisdictions and neither the State, the county, or any of the taxing jurisdictions shall be liable thereon, and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute a limited obligation of the Agency payable solely from revenues derived from the sale of the Agency's leasehold interest in the Facility.
- 7.8. Entire Agreement. This Lease Agreement together with the Leaseback Agreement and the Second Amended and Restated Payment In Lieu of Tax 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 Lease Agreement may not be amended in any respect except by a written amendment expressly referring to this Lease Agreement and executed by the parties to be bound thereby.

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

457 EQUITIES MONTICELLO CORP.



By: Donna Gorelick, President

COUNTY OF SULLIVAN INDUSTRIAL
DEVELOPMENT AGENCY



By: Edward T. Sykes, Chief Executive Officer

Stewart Title Insurance Company

SCHEDULE A
DESCRIPTION OF PREMISES

Title No. TLNY1019151817
Policy No. M-8912-001248217

ALL that tract or parcel of land situate in the Village of Monticello, Town of Thompson, County of Sullivan, and State of New York, being the remaining lands of Albert G. Stanton, Jr. as described in two deeds:

(1) Deed from Adelbert M. Scriber, dated March 1, 1934, and filed in the Sullivan County Clerk's Office in Deed Liber 297 at Page 165, and

(2) Deed from Harrison McDonald, dated October 2, 1943, and filed in the Sullivan County Clerk's Office in Deed Liber 366 at Page 277, more particularly bounded and described as follows:

BEGINNING at a point on the southerly bounds of Broadway at the northeasterly corner of lands of Ingber as described in a deed recorded in the Sullivan County Clerk's Office in Deed Liber 1472 at Page 488, said Ingber Parcel being currently leased to the New York State Electric and Gas Corporation, said point being South 59 degrees 54 minutes East 71.39 feet, as measured along the southerly bounds of said Broadway, from the point of intersection of said southerly bounds of Broadway with the current easterly bounds of Oakley Avenue, also known as Lakewood Avenue, said intersection Street, bounds being the northwesterly corner of said lands of Ingber, and;

RUNNING THENCE from said point of beginning along the southerly bounds of said Broadway, South 59 degrees 54 minutes East 50.00 feet to a point at the northwesterly corner of the second described parcel of land in a deed to Garigliano recorded in the Sullivan County Clerk's Office in Deed Liber 1238 at Page 23, said point being North 59 degrees 54 minutes West 2.33 feet, as measured along the southerly bounds of said Broadway, from a point on the said southerly bounds of Broadway at the northwesterly corner of lands of Leeds as described in a deed recorded in the Sullivan County Clerk's Office in Deed Liber 1160 at Page 200;

THENCE leaving the southerly bounds of said Broadway, running along the westerly bounds of said lands of Garigliano (Deed Liber 1238 at Page 23, Parcel Number 2), running to and along the westerly bounds of lands of Garigliano (Deed Liber 1238 at Page 23, Parcel Number 1), South 30 degrees 09 minutes West 229.00 feet to a point at the southwesterly corner of said second described Garigliano Parcel at the northwesterly corner of lands now or formerly of the Village of Monticello Urban Renewal Agency (Deed Liber 815 at Page 271), said point also being the northeasterly corner of lands now or formerly of The Village of Monticello Urban Renewal Agency (Deed Liber 781 at Page 336);

THENCE along the northerly bounds of said lands now or formerly of the Village of Monticello Urban Renewal Agency as described in Deed Liber 781 at Page 336; North 59 degrees 54 minutes West 122.49 feet to a point on the current easterly bounds of said Oakley Avenue, also known as Lakewood Avenue, at the southeasterly corner of a parcel of lands described in a deed to the Village of Monticello Urban Renewal Agency recorded in the Sullivan County Clerk's Office in Deed Liber 007 at Page 906;

THENCE along the current easterly bounds of said Oakley Avenue, also known as Lakewood Avenue, running along the easterly bounds of said lands described in Deed Liber 807 at Page 906, North 30 degrees 54 minutes East 45.01 feet to a point on said current easterly bounds of Oakley Avenue, also known as Lakewood Avenue, at the southwesterly corner of said lands of Ingber at the northeasterly

Stewart Title Insurance Company

corner of said lands described in Deed Liber 007 at Page 906, said point also being the southeasterly corner of remaining lands described in a deed to the Village of Monticello Urban Renewal Agency recorded in the Sullivan County Clerk's Office in Deed Liber 791 at page 522,

THENCE leaving said easterly bounds of Oakley Avenue, also known as Lakewood Avenue, running along the southerly bounds of said lands of Ingber, South 59 degrees 54 minutes East 71.90 feet to a point at the southeasterly corner of said lands of Ingber;

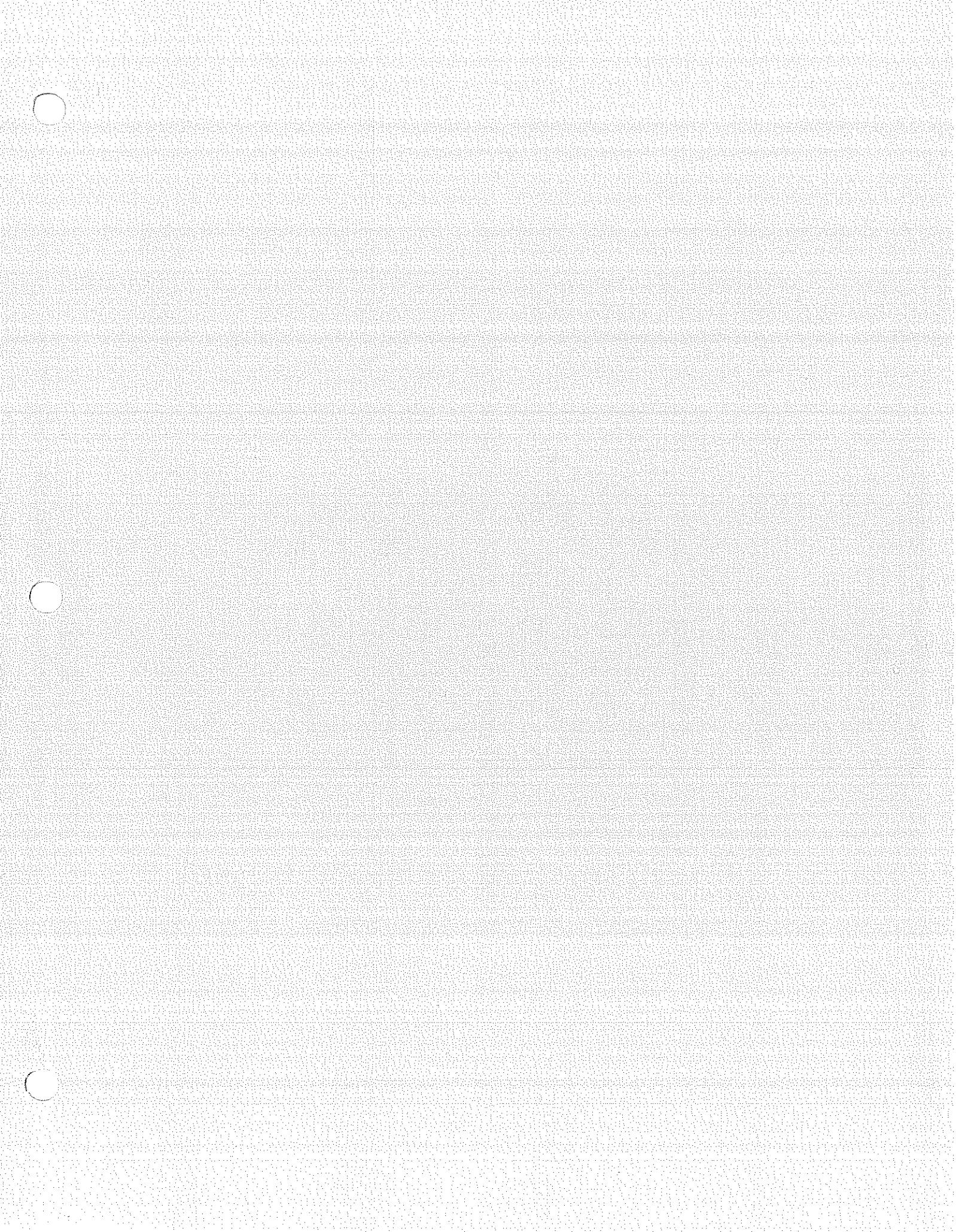
THENCE along the easterly bounds of said lands of Ingber, North 30 degrees 09 minutes East 184.00 feet to the point or place of BEGINNING.

FOR INFORMATION ONLY. NOT FOR POLICY.

Section 115 Block 6 Lot 2

Premises being known as: 457 Broadway, Monticello, NY 12701

SCHEDULE A
A.L.T.A 2006 LOAN POLICY



SCHEDULE B

DESCRIPTION OF THE EQUIPMENT

All equipment, furniture, fixtures, machines, building materials and items of personal property and all appurtenances (A) acquired, constructed, installed and equipped and/or intended to be acquired, constructed, installed or equipped in connection with acquisition, construction, installation and equipping of the 457 Equities Monticello Corp. ("Company") project located on the real property described on Schedule A hereto, said Project to be acquired, constructed, installed and equipped by the Company as agent of the Agency pursuant to the Second Amended and Restated Agent and Project Agreement, dated as of June 10, 2019; and (B) now or hereafter attached to, contained in or used in connection with the Land or placed on any part thereof, though not attached thereto, including but not limited to, pipes, screens, fixtures, heating, lighting, plumbing, ventilation, air conditioning, compacting and elevator plants, telephone and information systems, furniture, rugs, movable partitions, cleaning equipment, maintenance equipment, shelving, signs, waste containers, outdoor benches, drapes, blinds and accessories, sprinkler systems and other fire prevention and extinguishing apparatus.