

**SECOND AMENDED AND RESTATED
PAYMENT IN LIEU OF TAX AGREEMENT**

THIS SECOND AMENDED AND RESTATED PAYMENT IN LIEU OF TAX AGREEMENT ("PILOT Agreement"), made as of the 1st day of September, 2019, by and between the COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, having its principal offices at One Cablevision Center, Ferndale, New York 12734 ("Agency") 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 its standard of living; and

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

WHEREAS, 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, the Agency and the Company deem it necessary and proper to execute and deliver to the Agency this PILOT Agreement making provision for payments in lieu of taxes by the Company for the benefit of the County of Sullivan ("County") and certain municipalities and taxing jurisdictions located therein (collectively referred to as the "Taxing Jurisdictions"); and

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

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

1. Agreement to Make Payments in Lieu of Taxes. As long as the Facility is owned by the Agency, the Company agrees to pay annually to the Agency at 548 Broadway, Monticello, New York 12701, or at such other address as shall be designated from time to time by the Agency, annual payments in lieu of taxes ("PILOT Payments") on or before the dates indicated below computed in accordance with this PILOT Agreement.
2. Computation of PILOT Payments. All PILOT Payments through and including the PILOT Payment for year 13, due on February 15, 2019 have been previously paid. For years 14-20, PILOT Payments shall be made in the amounts and in the manner contemplated by this ¶2 on account of the following premises located in the Village of Monticello ("Village") and Town of Thompson ("Town"):

Section - Block - Lot

115-6-2

(a) Total Value Subject to PILOT. The total value subject to PILOT (“Total Value Subject to PILOT”) shall be the following amounts for the following years:

Payment Date	Land Value	Residential Component	Improvement Value	Exemption Percentage	Exemption Amount	Improvement Value Net of Exemption	Total Value Subject to PILOT
February 15, 2020	\$250,000	\$35,000	\$700,000	17.50%	\$122,500	\$577,500	\$862,500
February 15, 2021	\$250,000	\$35,000	\$700,000	15.00%	\$105,000	\$595,000	\$880,000
February 15, 2022	\$250,000	\$35,000	\$700,000	12.50%	\$87,500	\$612,500	\$897,500
February 15, 2023	\$250,000	\$35,000	\$700,000	10.00%	\$70,000	\$630,000	\$915,000
February 15, 2024	\$250,000	\$35,000	\$700,000	7.50%	\$52,500	\$647,500	\$932,500
February 15, 2025	\$250,000	\$35,000	\$700,000	5.00%	\$35,000	\$665,000	\$950,000
February 15, 2026	\$250,000	\$35,000	\$700,000	2.50%	\$17,500	\$682,500	\$967,500

(b) Calculation of Annual PILOT Payment. The calculation of the annual PILOT Payments shall be made as follows:

- (i) The Total Value Subject to PILOT shall be multiplied by the equalization rate as defined in ¶2c hereof; and
- (ii) The annual PILOT Payment shall be determined by multiplying the amount derived in ¶2b(i) hereof by the tax rates identified in ¶2d hereof.

(c) Equalization Rate. The equalization rate to be used in making the computation contemplated by ¶2b(i) hereof shall mean the equalization rate for the Town used by the County to allocate and levy County taxes in connection with the January 1st tax roll immediately preceding the due date of the PILOT Payment. In the event that the equalization rate shall exceed one hundred (100%) percent, the equalization rate used in making the computation contemplated by ¶2b(i) shall be one hundred (100%) percent.

(d) Tax Rates. For the purposes of determining the amount of the PILOT Payments as contemplated by ¶2b(ii) hereof, the tax rates for each Taxing Jurisdiction shall mean the last tax rate used for levy of taxes by each such jurisdiction. For County and Town purposes, the tax rates used to determine the PILOT Payment shall be the tax rates relating to the calendar year which includes the PILOT Payment due date. For school tax purposes, the tax rates used to determine the PILOT Payment shall be the rate relating to the school tax year which began in the calendar year immediately preceding the year in which the PILOT Payment is due. For Village tax purposes, the tax rates used to determine the PILOT payment shall be the rate relating to the Village tax year which began in the calendar year immediately preceding the year in which the PILOT payment is due. The chart which follows sets forth the remaining years of the overall twenty (20) year period governed by this PILOT Agreement; the date that a PILOT Payment is due; and the appropriate tax

periods utilized in determining the tax rates for computing the PILOT Payment:

Year	PILOT Payment Due Date	School Fiscal Year Beginning	Village Fiscal Year Beginning	County & Town
14	February 15, 2020	July 1, 2019	August 1, 2019	January 1, 2020
15	February 15, 2021	July 1, 2020	August 1, 2020	January 1, 2021
16	February 15, 2022	July 1, 2021	August 1, 2021	January 1, 2022
17	February 15, 2023	July 1, 2022	August 1, 2022	January 1, 2023
18	February 15, 2024	July 1, 2023	August 1, 2023	January 1, 2024
19	February 15, 2025	July 1, 2024	August 1, 2024	January 1, 2025
20	February 15, 2026	July 1, 2025	August 1, 2025	January 1, 2026

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

The PILOT Payments provided for herein shall commence as of February 1, 2020 which follows the fourteenth (14th) year of an approximately twenty (20) year period in which the Project is to receive tax benefits. In no event shall the Company be entitled to receive tax benefits relative to the Facility for more than the period provided in this PILOT Agreement. The Company agrees that it will not seek any tax exemption for the Facility which could provide benefits for more than the periods provided for in this PILOT Agreement and specifically agrees that the exemptions provided for in this PILOT Agreement, to the extent actually received (based upon the number of years elapsed), supersede and are in substitution of the exemptions provided by §485b of the Real Property Tax Law ("RPTL"). It is hereby agreed and understood that the Taxing Jurisdictions can rely upon and enforce this waiver to the same extent as if it were signatories hereto.

4. Determination of Total Value Subject to PILOT. The Agency and the Company have agreed upon the Total Value Subject to PILOT of the Facility. Such valuation was made without regard to the actual cost of construction of improvements to be made at the Facility. Such valuation shall not be increased or decreased if the Facility or any related work on or improvements are completed in substantial conformity with the plans and specifications. If there is a substantial change relating to the Facility or any related work or improvements during the construction phase, the Agency may redetermine the improvement value of the Facility. An increase in building size shall not be deemed to be a substantial change, unless such increase or decrease is more than five (5,000) square feet.
5. Valuation of Additions to the Facility. If there shall be an addition constructed to the Building, or if there shall be any additional buildings or other structures constructed on the Land, the Company shall promptly notify the Agency of such addition ("Addition"). The notice to the Agency shall contain a copy of the application for a building permit, plans,

specifications, and any other relevant information that the Agency may request. Upon the earlier of substantial completion, or the issuance of a Certificate of Occupancy, there shall be an increase in the PILOT Payment. The Agency shall notify the Company of any proposed increase in the Total Value Subject to PILOT caused by such Addition. Absent an agreement to the contrary, the Total Value Subject to PILOT of any Addition shall be subject to calculation of PILOT Payments in the manner established by ¶s 2 and 3 hereof. If the Company shall disagree with the Agency's determination of Total Value Subject to PILOT for any Addition, then and in that event that Total Value Subject to PILOT shall be the assessed value of the Addition determined by the Town Assessor.

6. Employment Obligations.

(a) Employment Goals.

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

- (1) "Employee" shall mean a person first employed by the Company or its tenants at the Facility on or after January 1, 2004.
- (2) "Full-Time Equivalent Employee" or "FT" shall mean an employee who works forty (40) hours in any seven (7) day period at the Facility.
- (3) "Base Compensation" shall be determined in accordance with the provisions of the Fair Labor Standards Act.
- (4) "At the Facility" shall mean that an FT is employed primarily at the Facility.

(ii) FT Employment Goals: The Company agrees that an FT-employment goal of twenty (20) jobs shall be maintained for the calendar year 2006 and thereafter throughout the term of this PILOT Agreement.

The Company shall file with the Agency not later than January 1, 2007 and on January 1 of each year thereafter a statement certified under oath setting forth the actual FT's employed at the Facility for the preceding calendar year. Such statement shall contain such additional information as the Agency may reasonably request. The Company shall make available to the Agency such information as it may request to verify the information provided to the Agency including, but not limited to State and Federal employment tax forms and payroll records of the Company. "Actual average FT - employment" shall be determined by adding the actual FTs employed in each month of the applicable calendar year and dividing such sum by twelve (12).

(iii) Computation of PILOT Payment if FT Goals Not Attained: In the event the FT goal is not attained with respect to the calendar year preceding any PILOT Payment due date, the amount due ("Adjusted PILOT Payment") shall be the amount calculated in ¶s 2 and 3 above, plus an amount equal to the tax calculated as if an exemption under RPTL §485b were in effect, less the amount calculated in ¶s 2 and 3, times the percentage:

- (1) the numerator of which is equal to twenty (20) minus the actual average FT employment for the prior calendar year, and
- (2) the denominator of which is twenty (20).

By way of example, if in calendar year 2008 (i) the actual average FT employment is ten (10); (ii) the Town equalization rate used by the County to allocate 2009 taxes is one hundred (100%) percent; (iii) the Town combined village, school, county and town rate relating to the 9/1/2008 school tax and 1/1/2009 county and town tax bills is \$50.00 per \$1,000.00 of assessed value (iv) the assessed value of the Facility on the 2008 Final Assessment Roll is \$1,500,000.00 full value; (v) \$750,000.00 of improvement value would have been eligible for the §485b exemption at a rate of forty-five (45%) percent, then the Adjusted PILOT Payment due the Taxing Jurisdictions would be computed as follows:

PILOT Payment

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

$$\$36,625.00 = \$652,500.00 \times 100\% \times 50/1000$$

Tax under §485b

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

$$\$58,125.00 = \$1,500,000.00 - (\$750,000.00 \times 45\%) \times 50/1000$$

Adjusted PILOT Payment

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

$$\$45,375.00 = \$32,625.00 + [(\$58,125.00 - \$32,625.00) \times 1/2]$$

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

- (b) Job Posting and Hiring Requirements. The Company agrees that it shall comply with the provisions of General Municipal Law §858-b which requires that unless otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of projects of the Agency shall be listed with the administrative entities of the service delivery area created by the Federal Job Training Partnership Act (P.L. No. 97-300) serving Sullivan County and the New York State Department of Labor Community Services Division. Except as otherwise provided by collective bargaining contracts or agreements, the Company will first consider for new employment opportunities persons eligible to participate in the Federal Job Training Partnership (P.L. No. 97-300) program who shall be referred by administrative entities of the service delivery area servicing Sullivan County or by the New York State Department of Labor Community Services Division.

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

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

- (c) Equal Opportunity Requirements. During the term of this PILOT Agreement, the Company shall be in compliance with the Sullivan County "Equal Opportunity Policy Statement," providing equal employment opportunity without regard to age, race, religion, creed, color, and other non-merit factors in compliance with State and federal laws.

(d) Defaults and Remedies Relating to Employment Obligations. The following remedies shall apply to Employment Obligation defaults:

- (i) **Employment Goal Filing:** If the Company shall fail to file a certification of FT's employed as required by ¶6(a)(ii) prior to the time such statement is required to be filed with the Agency, the Agency may make the calculation of the PILOT Payment based on no FTs for the affected year and the amount so calculated shall be paid. If the Company thereafter files such a statement and the filing results in a determination that the Company has made an overpayment, the Agency shall refund to the Company an amount equal to ninety (90%) percent of the overpayment, less the actual costs incurred by the Agency to enforce this provision of this PILOT Agreement. In the Agency's sole discretion, such refund may be applied as a credit against the next succeeding PILOT Payment(s).
- (ii) **Employment Eligibility Requirements:** If the Company fails to provide information reasonably requested by the Agency necessary to determine the eligibility of one (1) or more persons to be considered as an Employee, the Agency may, upon fifteen (15) days' notice to the Company, compute the PILOT Payment as if the person(s) were not eligible Employees. No calculation so made shall be subject to recomputation.
- (iii) **Compliance with Other Hiring Requirements:** If the Company shall fail to comply with the Job Posting and Hiring Act requirements set forth in ¶6b or the Equal Opportunity requirements set forth in ¶6c, the Agency, upon fifteen (15) days' notice to the Company, may disallow in the calculation of the PILOT Payment any employee(s) hired in violation of the foregoing requirements.
- (iv) **Intentional Non-Compliance:** In the event of a finding by the Agency of intentional non-compliance with the Job Posting and Hiring requirements set forth on ¶6b, or the Equal Opportunity requirements set forth in ¶6c, the Agency may compute the PILOT Payment by adjusting the exemption amount to the level of exemption the Project would have received if eligible for exemption under RPTL §485b.
- (v) **Continuous Underemployment:** If the Company shall fail for a period of two (2) consecutive years to employ at least two (2) FTs for each year, the Agency may compute the PILOT Payment by adjusting the exemption amount to the level of exemption the Project would have received if eligible for exemption under RPTL §485b. Such an adjustment shall relate to the exemption level only, and not the Total Value Subject to PILOT.
- (vi) **Payment Required:** Timely payment of all amounts due shall be made by the Company notwithstanding any dispute related to the calculation of the

PILOT Payment.

- (vii) Condition Precedent to Suit: It shall be a condition precedent to the institution of any action or proceeding by the Company against the Agency with respect to the calculation of any amount claimed to be due the Agency that all amounts claimed to be due shall have been paid to the Agency by the Company prior to the institution of such action or proceeding.

7. Additional Payments. In addition to the PILOT Payments to be made by the Company to the Agency pursuant to this PILOT Agreement, the Company shall pay to the Agency all special assessments, special ad valorem levies, and any other charges for which the Agency shall be liable and for which it is not wholly exempt from taxation. Such payments shall be made within ten (10) days after the date upon which a bill shall be rendered by the Agency to the Company. Such charges shall be paid without adjustment, exemption or other deduction provided; in each case, however, to the Company's right to obtain exemption and credits, if any, which would be afforded a private owner of the Facility. The Company hereby authorizes the Agency to request that any Taxing Jurisdiction bill the Company directly for all special assessments, special ad valorem levies and any other charges for which the Agency shall be liable and for which it is not wholly exempt from taxation. In the event the Company is directly billed for such charges, the Company shall pay such charges within the time in which such statement or bill may be paid without interest or penalty.

8. Representations and Warranties.

(a) The Company is duly authorized under all applicable provisions of law to enter into and perform this PILOT Agreement. The Company's entry into and performance of this PILOT Agreement will not violate any applicable provisions of law and will not result in a breach of or a default under any agreement of instrument to which the Company is a party and will not result in the creation of any lien, charge or encumbrance upon any of the assets of the Company under any such agreement or instrument.

(b) The Company is not a party to any agreement or subject to any restriction (including without limitation any agreement among or between its members) that materially and adversely effects its business assets or financial condition.

(c) When executed, this PILOT Agreement will be a valid and binding obligation of the Company.

9. The Company's Right to Challenge. Except as otherwise provided in this PILOT Agreement, the Company shall have all of the rights and remedies of a taxpayer with respect to any tax, service charge, special benefit, ad valorem levy, assessment, or special assessment or service charge in lieu of which the Company is obligated to make a payment pursuant to this PILOT Agreement, as if and to the same extent as if the Company were the owner of the Facility.

Except as otherwise provided in this PILOT Agreement, the Company shall have all of the rights and remedies of a taxpayer as if and to the same extent as if the Company were the owner of the Facility, with respect to the assessed value of the Facility by any of the Taxing Jurisdictions and shall be entitled to protest before and be heard by the appropriate assessors or Board of Assessment Review, and shall be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment.

10. Transfer of Facility to the Company. In the event that the Facility is transferred from the Agency to the Company, and the Company is ineligible for a continued tax exemption under some other tax incentive program, or any available exemptions result in a payment to the Taxing Jurisdictions in excess of the payment computed pursuant to this PILOT Agreement, the Company shall pay, no later than the next tax lien date (plus any applicable grace period), to each of the Taxing Jurisdictions, an amount equal to the taxes and assessments which would have been levied on the Facility if the Facility had been classified as fully taxable as of the date of transfer or loss of eligibility of all or a portion of the exemptions provided for herein.
11. Involuntary Termination of Agreement. To the extent the Facility is declared to be subject to taxation or assessment by an amendment to the Act, other legislative change, or by final judgment of a Court of competent jurisdiction, the Company's obligations hereunder shall, to such extent, be amended.
12. Event of Default. During the term of this PILOT Agreement, the following shall be an event of default:
 - (a) The failure to make PILOT Payments within the time allowed for payment, time being of the essence;
 - (b) The failure of the Company to pay the amounts required to be paid pursuant to Section 2.5, 3.3 or 3.7 of the Amended and Restated Lease Agreement and such failure shall have continued for a period of ten (10) days after the Agency gives written notice of such failure to the Company;
 - (c) The adjudication of the Company as a bankrupt and the failure to vacate, set aside or terminate such adjudications within ninety (90) days thereafter;
 - (d) The appointment by any court of a receiver or trustee to take possession of all, or substantially all, of the assets of the Company which said appointment shall not have been discharged within a period of ninety (90) days after the filing of same;
 - (e) The making by the Company of an assignment for the benefit of creditors;
 - (f) The abandonment of the Facility by the Company for a period of thirty (30) consecutive days or more, unless such abandonment is caused by fire or other catastrophe, war, act of God or governmental order or decree without fault of the Company contributing

thereto; provided, however, that in the event of fire or other catastrophe, the Company elects within ninety (90) days from the happening of such event to reconstruct the Facility;

(g) The attachment, execution or other seizure of all or substantially all of the assets of the Company, which such attachment, execution or other seizure is not discharged within a period of sixty (60) days after the date of levy; or

(h) The failure, refusal or neglect of the Company to perform, keep or observe any of the terms, covenants and agreements herein contained on the part of the Company to be performed, kept or observed.

13. Remedies on Default in Payment; Termination. Upon the happening of an event of default as defined in ¶12 (a), (b) and (c) hereof, the Agency may immediately terminate this PILOT Agreement without notice to the Company and without prejudice or limitation as to all other rights or remedies herein and/or under law or in equity. Such termination may be accomplished by conveying title to the Land by quitclaim deed as well as title to the Equipment, all as determined by the Agency, from the Agency to the Company and the recording of said deed in the Sullivan County Clerk's Office shall be deemed to be delivery thereof. The Company hereby appoints the Agency's Chief Executive Officer and Chairman, each acting individually as its attorneys-in-fact for the limited purpose of signing any forms that must necessarily accompany the deed in order for the deed to be recorded. The Company acknowledges that the foregoing appointment is coupled with an interest and is irrevocable.

14. Remedies On Other Defaults; Termination. Upon the happening of any event of default as defined in ¶12 (d - h) hereof, if after thirty (30) days written notice to the Company specifying the event of default, the default shall not have been remedied within such thirty (30) day period, (or if, with reasonable diligence the default cannot be remedied within such thirty (30) day period, then within such extended period as may be reasonably required therefor) the Agency, at its option, may take any action hereinafter set forth and all such remedies shall be cumulative and not exclusive:

- (i) Recover damages for the breach of any covenant or condition hereof;
- (ii) Seek an injunction to bar any actual or threatened violation or breach of this PILOT Agreement;
- (iii) Seek any other remedy authorized by law or in equity; or
- (iv) Terminate this PILOT Agreement, without prejudice or limitation as to all other rights or remedies herein and/or under law or in equity. Such termination may be accomplished by conveying title to the Land by quitclaim deed as well as title to the Equipment by bill of sale all as determined by the Agency from the Agency to the Company and the recording of said deed in the Sullivan County Clerk's Office shall be deemed to be delivery thereof. The Company hereby appoints the Agency's Chief

Executive Officer and Chairman, each acting individually as its attorneys-in-fact for the limited purpose of signing any forms that must necessarily accompany the deed in order for the deed to be recorded.

15. Legal Fees on Default. If the Agency shall be required to take any action to enforce this PILOT Agreement or to collect any amount due hereunder, the Company shall be liable to pay, in addition to any other costs and expenses incurred by the Agency, its reasonable legal fees and the reasonable fees of any experts, accountants, or other professionals retained by it, without regard to whether the Agency shall have instituted any lawsuit or action at law or in equity in any court or before anybody, provided such expenses were actually and necessarily incurred.
16. Late charges. If any PILOT Payment is not made by the Payment Due Date, or if any other payment required to be made hereunder is not made when due by the last day of any applicable cure period, the Company shall pay penalties and interest as provided herein. With respect to PILOT Payments, if said payment is not received by the Payment Due Date, the Company shall pay, in addition to the PILOT Payment, a late charge equal to four percent (4%) of the amount due plus interest on said payment equal to one percent (1%) per month or fraction thereof until the PILOT Payment, penalty and interest is paid in full. With respect to all other payments due hereunder, if said payment is not received when due or by the last day of any applicable cure period, the Company shall pay, in addition to said payment, the greater of (a) a late charge equal to four (4%) percent of the amount due plus interest on said payment equal to one (1%) percent per month or fraction thereof until said payment, penalty and interest is paid in full; or (b) penalties and interest which would have been incurred had payments made hereunder been made to the Taxing Jurisdictions.
17. Termination of Use, Modification. If the substantial use of the Facility shall be discontinued by the Company, the Total Value Subject to PILOT may be modified. It is understood that the benefits of this PILOT Agreement have been extended to the Company on the grounds set forth in various related agreements between the parties; that new jobs at the Facility will be an economic asset to the County's economy; that the creating of new jobs in the County is considered beneficial to the wellbeing of the County as of the date of this PILOT Agreement and for the foreseeable future; and that the discontinuance of the substantial use of the Facility by the Company would alter the purpose for which this PILOT Agreement was made. In such event, the Agency may give notice to the Company that modification is required. If the parties cannot agree on the basis of modification the Agency may increase the Total Value Subject to PILOT to an amount not exceeding the assessed value of the Facility as determined by the Town Assessor.
18. Indemnification. The Company shall indemnify, defend and hold the Agency (and its chief executive officer, executive director, directors, officers, members, agents, employees, servants and their successors, representative and assigns) harmless from all claims and liabilities for loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever in relation to the Project, including expenses incurred by the Agency (and its chief executive officer, executive director, directors, officers, members, agents, employees, servants and their successors, representative and

assigns) in defending any claim, suit or action which may result as a result of the foregoing.

19. 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 therewith shall be deemed the obligation and agreements of the Agency, and not of any director, officer, member, agent, employee or representative of the Agency in his or her individual capacity, and the chief executive officer, executive director, directors, officers, members, agents, employees and 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, or any of the Taxing Jurisdictions, and neither the State, County, or any other 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 Facility.

20. General Provisions.

(a) Notices. All notices provided for by this PILOT 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
Attn: Donna Gorelick, President

with a copy to:

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

(b) Assignment. This PILOT Agreement may not be assigned by the Company, nor shall any person other than the Company be entitled to succeed to or otherwise obtain any benefits hereunder without the prior written consent of the Agency, which consent may be withheld by the Agency in its sole and absolute discretion.

(c) Binding Effect. This PILOT Agreement shall inure to the benefit of and shall be binding upon the Agency, the Company and its respective permitted successors and assigns.

(d) Waiver. No waiver of any of the provisions of this PILOT Agreement shall be deemed to or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

(e) Severability. If any provision of this PILOT Agreement shall be determined to be illegal and unenforceable by any court of law or any competent governmental or other authority, the remaining provisions shall be severable and enforceable in accordance with its terms so long as this PILOT Agreement without such terms or provisions does not fail of its essential purpose or purposes. The parties will negotiate in good faith to replace any such illegal or unenforceable provision or provisions with suitable substitute provisions which will maintain the economic purposes and intentions of this PILOT Agreement.

(f) Governing Law, Venue. This PILOT Agreement shall be governed by and construed in accordance with the laws of the State of New York. The parties hereby designate a court of proper jurisdiction located in Sullivan County, New York as the exclusive venue for resolution of any disputes which may arise under or by reason of this PILOT Agreement.

(g) Survival of Obligations. The obligations of the Company to make PILOT Payments and all of the Company's indemnification obligations shall survive any termination or expiration of this PILOT Agreement.

(h) Section Headings Not Controlling. The headings of the several sections in this PILOT Agreement have been prepared for convenience of reference only and shall not control, affect the meaning or be taken as an interpretation of any provision of this PILOT Agreement.

(i) Entire Agreement. This PILOT Agreement sets forth the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior discussions and negotiations between them. This PILOT Agreement may not be amended in any respect except by a written amendment expressly referring to this PILOT

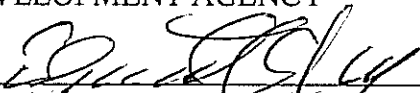
Agreement and executed by the parties to be bound thereby.

21. Escrow Account. As security for the obligations of the Company to the Agency under this PILOT Agreement and the Leaseback to Company, the Company and Agency has established a cash Escrow Account to be handled by monthly payments from the Company to the Agency which started April 15, 2012. The Escrow Agreement shall be funded so that on or before each PILOT Payment due date and the date upon which a payment of \$1,250.00 ("Annual Rent") is due the Agency under the Leaseback to Company, the Escrow Account shall have sufficient funds to pay the "Annual Rent" plus an amount equal to 110% of the PILOT Payment.

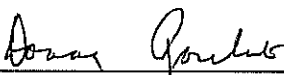
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IN WITNESS WHEREOF, the parties hereto have executed this PILOT Agreement effective as of the date hereof.

COUNTY OF SULLIVAN INDUSTRIAL
DEVELOPMENT AGENCY


By: Edward T. Sykes, Chief Executive Officer

457 EQUITIES MONTICELLO CORP.


By: Donna Gorejck, President