

AGENT AGREEMENT

THIS AGENT AGREEMENT, made as of the 1st day of August, 1999, 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 198 Bridgeville Road, Monticello, New York 12701 ("Agency") and NORMAN KAUFMAN residing at 18 Thomas Street, Monticello, New York 12701 and STEVEN L. KAUFMAN residing at 7 Dora Lane, Monticello, New York 12701 (collectively referred to as "Kaufman").

WITNESSETH:

WHEREAS, the Agency was created by Chapter 560 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of the (General Municipal Law of the State of New York (collectively referred to as the "Act") as a body corporate and politic and as a public benefit corporation of the State of New York; and

WHEREAS, the Kaufman desires to acquire, construct, and equip two story expansion to an existing building which shall consist of approximately 3,275 square feet in the aggregate (1,215 square feet to be used for commercial storage and 2,060 square feet to be used for office space) on real property located at 30 North Street (identified on the tax map of the Town of Thompson as Section 111, Block 4, Lots 26 & 27) ("Facility"); and

WHEREAS, by Resolution dated July 27, 1999 ("Resolution"), the Agency authorized Kaufman to act as its agent for the purposes of acquiring, constructing, and equipping the Facility subject to Kaufman entering into this Agent Agreement.

NOW THEREFORE, in consideration of the covenants herein contained and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

1. Scope of Agency. Kaufman hereby agrees to limit their activities as agent for the Agency under the authority of the Resolution to acts reasonably related to the acquisition, construction and equipping of the Facility. The right of Kaufman to act as agent of the Agency shall expire on April 30, 2000.
2. Representations and Covenants of Kaufman. Kaufman makes the following representations and covenants in order to induce the Agency to proceed with the Project:
 - (a) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this 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 Kaufman is a party or by which they are 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 Kaufman under the terms of any such instrument or agreement.

- (b) The Facility and the operation thereof will conform with all applicable zoning, planning, building and environmental laws and regulations of governmental authorities having jurisdiction over the Facility, and Kaufman shall defend, indemnify and hold the Agency harmless from any liability or expenses resulting from any failure by Kaufman to comply with the provisions of this subsection (b).
- (c) 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 Kaufman, threatened against or affecting Kaufman, to which Kaufman is a party, and in which an adverse result would in any way diminish or adversely impact on Kaufman's ability to fulfill their obligations under this Agreement.
- (d) Kaufman covenants (i) that the Facility will comply in all respects with all 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 Facility except in compliance with all applicable laws, (iii) Kaufman will take all reasonable and prudent steps to prevent an unlawful release of hazardous substances onto the Facility or onto any other property, (iv) that no asbestos will be incorporated into or disposed of on the Facility, (v) that no underground storage tanks will be located on the Facility except in full compliance at all times with all applicable laws, rules, and regulation, and (vi) that no investigation, order, agreement, notice, demand or settlement with respect to any of the above is threatened, anticipated, or in existence. Kaufman upon receiving any information or notice contrary to the representations contained in this Section (d) shall immediately notify the Agency in writing with full details regarding the same. Kaufman hereby releases the Agency from liability with respect to, and agrees to defend, indemnify, and hold harmless the Agency, its executive director, directors, officers, employees, members, agents, representatives, 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. In the event the Agency in their reasonable discretion deems it necessary to perform due diligence with respect to any of the above, or to have an environmental audit performed with respect to the Facility, Kaufman agrees to pay the expenses of same to the Agency upon demand, and agrees that upon failure to do so, their obligation for such expenses shall be deemed to be additional rent.

3. Hold Harmless Provision. Kaufman hereby releases the Agency from, agrees that the Agency shall not be liable for, and agrees to indemnify, defend and hold the Agency and its executive director, directors, officers, employees, members, agents (except Kaufman), representatives, their respective successors and assigns and personal representatives harmless

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 breach by Kaufman of this Agreement or (ii) liability arising from or expense incurred by the Agency's financing, rehabilitating, renovation, equipping, owning and leasing of the Facility, including without limiting the generality of the foregoing, all causes of action and reasonable attorneys' fees and any other expense, 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 fault or negligence on the part of the Agency, or any of its respective members, directors, officers, agents or employees and irrespective of the breach of a statutory obligation or the application of any rule of comparative or apportioned liability, except that such indemnities will not be applicable with respect to willful misconduct or gross negligence on the part of the Agency or any other person or entity to be indemnified.

4. Insurance Required. Effective as of the date hereof and until the Agency consents in writing to a termination, Kaufman shall maintain or cause to be maintained insurance against such risks and for such amounts as are customarily insured against by businesses of like size and type paying, as the same become due and payable, all premiums in respect thereto, including, but not necessarily limited to:
- (a) Insurance against loss or damage by fire, lightning and other casualties, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full replacement value of the Facility, exclusive of excavations and foundations, as determined by a recognized appraiser or insurer selected by Kaufman.
 - (b) Workmen's compensation insurance, disability benefits insurance, and each other form of insurance which the Agency or Kaufman is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of Kaufman who are located at or assigned to the Facility.
 - (c) Insurance against loss or losses from liabilities imposed by law or assumed in any written contract 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 Kaufman by any applicable workmen's compensation law; and a blanket excess liability policy in the amount not less than \$2,000,000, protecting Kaufman against any loss or liability or damage for personal injury or property damage.

5. Additional Provisions Respecting Insurance.

- (a) All insurance required by Section 4(a) hereof shall name the Agency as a named insured and all other insurance required by Section 3.4 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 Kaufman (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 \$2,500.00 and shall contain an express waiver of subrogation. All policies evidencing such insurance shall provide for (i) payment of the losses of Kaufman and the Agency as their respective interest may appear, and (ii) at least thirty (30) days written notice of the cancellation thereof to Kaufman 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 Lease. Prior to expiration of the policy evidenced by said certificates, Kaufman shall furnish the Agency evidence that the policy has been renewed or replaced or is no longer required by this Lease.

6. This Agreement may be executed in any number of counterparts each of which shall be deemed an original but which together shall constitute a single instrument.

7. 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 served on the party to whom notice is to be given, or on the next day after mailing if mailed to the party to whom notice is to be given by overnight courier of national reputation providing evidence of receipt and properly addressed, or on the third day after mailing if mailed to the party to whom notice shall be given by First Class, Certified mail, postage prepaid and properly addressed to the following:

To the Agency:

County of Sullivan Industrial Development Agency
198 Bridgeville Road
Monticello, New York 12701
Attn: Executive Director

With a Copy to:

Walter F. Garigliano, Esq.
265 Broadway
P.O. Drawer 1069
Monticello, New York 12701

To Kaufman:

Norman Kaufman and Steven L. Kaufman
31 North Street
Monticello, New York 12701

With a Copy to:

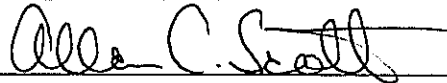
Henri Shawn, Esq.
30 North Street
Monticello, New York 12701

or at such other address 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.

8. This Agreement shall be governed by, and all matters in connection herewith shall be construed and enforced in accordance with, the laws of the State of New York applicable to agreements executed and to be wholly performed therein and the parties hereto hereby agree to submit to the personal jurisdiction of the state courts located in Sullivan County, New York.

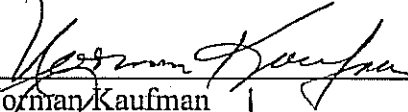
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

County of Sullivan Industrial
Development Agency

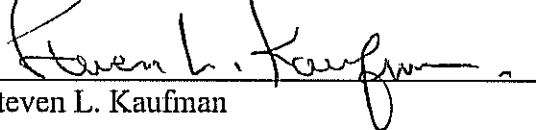


By: Allan C. Scott

Title: Vice Chairman



Norman Kaufman



Steven L. Kaufman