

AMENDED AND RESTATED PAYMENT IN LIEU OF TAXATION AGREEMENT

THIS PAYMENT IN LIEU OF TAXATION AGREEMENT ("Agreement"), made as of the 1st day of June, 2017 by and between the COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, having its principal offices at One Cablevision Center, Ferndale, New York 12734 ("Agency") and VETERAN NY 55 STURGIS LLC, a New York limited liability company organized under the laws of the State of New York, having a principal place of business at 465 Main Street, Suite 600, Buffalo, New York 14203 ("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 September 16, 2008, MG Catskill LLC ("MG") presented an application to the Agency, a copy of which is on file at the office of the Agency, whereby the Agency undertook a project which consisted of the (i) construction, installation and equipping of an office building to consist of approximately 10,000 square feet ("Building") situate on one (1) parcel of real estate consisting of approximately 1.30± acres located at 55 Sturgis Road in the Village of Monticello, Town of Thompson ("Town"), County of Sullivan, State of New York and identified on the Town tax map as Section 106, Block 1, Lot 3.1 ("Land") and related facilities; (ii) acquisition and installation thereon and therein 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 "Facility" or the "Project"); and (iv) lease of the Facility back from the Agency to the MG; and

WHEREAS, on or about September 1, 2009, MG and the Agency entered into an Agent Agreement pursuant to which the Agency appointed MG as its Agent to construct, install and equip the Building; and

WHEREAS, on or about September 1, 2009, MG and the Agency closed on a lease/leaseback transaction relating to the Project and in furtherance thereof entered into various agreements including but not limited to a Lease to Agency, Leaseback to Company and a Payment in Lieu of Tax Agreement ("Agency Documents"); and

WHEREAS, as contemplated by the Agent Agreement, the Building was constructed by MG at its sole cost and expense; and

WHEREAS, MG desires to transfer title to the Land and all of its rights under the Agency Documents to the Company and, subject to the terms and conditions of the Agency Documents, the Company desires to accept and purchase all of MG's right, title and interest in and to the Land and the Project and all of its rights under the Agency Documents; and

WHEREAS, by letter dated October 27, 2016, MG has requested the Agency's consent to such transfer and assignment; and

WHEREAS, by Resolution No. 39-16 duly adopted on November 28, 2016, Resolution No. 05-17, duly adopted on January 9, 2017 and Resolution No. 32-17 duly adopted on June 12, 2017, the Agency consented to the transfer; and

WHEREAS, by Assignment and Assumption of Lease Agreement and Related Documents and Consent of Agency of even date herewith ("Assignment") MG transferred, assigned and conveyed to the Company the Project and all of its rights, title and interest in and to the Agency Documents, and the Company, subject to the terms and conditions of the Assignment, accepted and assumed all of MG's obligations under the Project and the Agency Documents; and

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

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

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

"Taxing Jurisdictions"); and

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

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

ARTICLE I
PAYMENT IN LIEU OF AD VALOREM TAXES

- 1.1 Exemption From General Ad Valorem Property Taxes. Pursuant to a Payment In Lieu of Tax Agreement, by and between the Agency and MG, dated September 1, 2009, the Facility is currently exempt from Real Estate Taxes with the exemption granted commencing with the July 1, 2010 School year and the January 1, 2011 County and Town tax year. For the purposes of the foregoing, "Real Estate Taxes" shall mean all general ad valorem real property taxes levied against the Facility by the Taxing Jurisdictions. The Company shall provide the Agency the information necessary for the completion and filing of an exemption application relating to this PILOT Agreement ("Exemption Application"), and the Agency shall file the Exemption Application within thirty (30) days of the execution and delivery of this PILOT Agreement. In the event the exemption from Real Estate Taxes is denied for any reason, the Company shall pay (and hereby agrees to pay, subject to the Company's right to challenge the underlying assessments on the Facility pursuant to ¶6 hereof) all Real Estate Taxes levied upon the Facility as they become due. After giving written notice to the Agency, the Company may in good faith contest the denial of the Exemption Application, provided that (i) the Facility continues to qualify as a "project" under the Act; (ii) neither the Facility nor any part of or interest in it would be in any danger of being sold, forfeited or lost; or (iii) neither the Company nor the Agency, as a result of such contest, shall be in any danger of any civil or criminal liability. The Company hereby waives any claim or cause of action against the Agency, and releases the Agency from any liability to the Company, arising from the denial of an exemption from Real Estate Taxes, except to the extent that such denial results solely from the failure of the Agency to timely file the Exemption Application with the appropriate assessors by the Taxable Status Date. The PILOT payment due February 1, 2017 and prior PILOT payments have been made by MG.
- 1.2 Agreement to make payments in lieu of taxes. So long as the Agency holds a leasehold interest in the Facility and the premises is exempt from Real Estate Taxes, the Company agrees to pay to the Agency at One Cablevision Center, Ferndale, New York 12734, or at such other address as shall be designated from time to time by the Agency, annual payments in lieu of taxes (each, a "PILOT Payment") computed in accordance with this Agreement.
- 1.3. Computation of PILOT Payments. The PILOT Payment shall be made in the amount and in the manner contemplated by this ¶1.3 on account of the following premises located in

the Town:

Section – Block – Lot
106 – 1 – 3.1

- (a) TVSP 2018-2020. For the years 2018 through and including 2020, the TVSP shall be the following amounts for the following years:

Payment Date	Land Value	Improvement Value	Exemption Percentage	Exemption Amount	Improvement Value Net of Exemption	TVSP
February 1, 2018	\$75,000	\$700,000	32.50%	\$227,500	\$472,500	\$547,500
February 1, 2019	\$75,000	\$700,000	30.00%	\$210,000	\$490,000	\$565,000
February 1, 2020	\$75,000	\$700,000	27.50%	\$192,500	\$507,500	\$582,500

- (b) Calculation of Annual Payment in Lieu of Tax. The calculation of the annual PILOT Payments for the years 2018 through and including 2020 shall be made as follows:

- (i) The TVSP shall be multiplied by the equalization rate as defined in ¶1.3(e) hereof; and
- (ii) The annual PILOT Payment shall be determined by multiplying the amount derived in ¶1.3(b)(i) hereof by the tax rates identified in ¶1.3(f) hereof.

- (c) TVSP for Years 2021-2030. For the years 2021 through and including 2030, the TVSP shall be the following amounts for the following years:

Payment Date	TVSP
February 1, 2021	Assessed value – (Assessed value x 25.00%)
February 1, 2022	Assessed value – (Assessed value x 22.50%)
February 1, 2023	Assessed value – (Assessed value x 20.00%)
February 1, 2024	Assessed value – (Assessed value x 17.50%)
February 1, 2025	Assessed value – (Assessed value x 15.00%)
February 1, 2026	Assessed value – (Assessed value x 12.50%)
February 1, 2027	Assessed value – (Assessed value x 10.00%)
February 1, 2028	Assessed value – (Assessed value x 7.50%)
February 1, 2029	Assessed value – (Assessed value x 5.00%)
February 1, 2030	Assessed value – (Assessed value x 2.50%)

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

- (d) Calculation of Annual PILOT Payment 2021-2030. The calculation of the annual PILOT Payments for the years 2021 through and including 2030 shall be made by multiplying the TVSP by the tax rates identified in ¶1.3(f) hereof.
- (e) Equalization Rate. The equalization rate to be used in making the computation contemplated by ¶1.3(b)(i) hereof shall mean the equalization rate for the Town used by the County to allocate mid levy County taxes in connection with the January 1st tax roll immediately preceding the due date of the PILOT Payment In the event that the equalization rate shall exceed one hundred (100%) percent, the equalization rate used in making the computation contemplated by ¶1.3(b)(i) shall be one hundred (100%) percent.
- (f) Tax Rates. For the purposes of determining the amount of the PILOT Payments as contemplated by ¶1.3(b)(ii) and ¶1.3(d) 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 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 purposes, the tax rates used to determine the PILOT Payments 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 years of the overall thirteen (13) year period governed by this 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:

PILOT Payment Due Date	School Fiscal Year Beginning	Village Fiscal Year Beginning	County & Town
February 1, 2018	July 1, 2017	August 1, 2017	January 1, 2018
February 1, 2019	July 1, 2018	August 1, 2018	January 1, 2019
February 1, 2020	July 1, 2019	August 1, 2019	January 1, 2020
February 1, 2021	July 1, 2020	August 1, 2020	January 1, 2021
February 1, 2022	July 1, 2021	August 1, 2021	January 1, 2022
February 1, 2023	July 1, 2022	August 1, 2022	January 1, 2023
February 1, 2024	July 1, 2023	August 1, 2023	January 1, 2024
February 1, 2025	July 1, 2024	August 1, 2024	January 1, 2025
February 1, 2026	July 1, 2025	August 1, 2025	January 1, 2026
February 1, 2027	July 1, 2026	August 1, 2026	January 1, 2027
February 1, 2028	July 1, 2027	August 1, 2027	January 1, 2028
February 1, 2029	July 1, 2028	August 1, 2028	January 1, 2029
February 1, 2030	July 1, 2029	August 1, 2029	January 1, 2030

The final PILOT payment provided for under this PILOT Agreement which is due on February 1, 2030 is attributable to the 2029-2030 school and 2030 County and Town tax years. The termination date (February 28, 2030) of the Amended and Restated Leaseback to Company of even date herewith ("Leaseback Agreement") has been selected solely for the purpose of permitting the Assessor of the Town, to place the subject real property back on the assessment roll prior to the March 1, 2030 taxable status date, which taxable status date governs the 2030-2031 School and 2031 County and Town tax years. The termination of the Leaseback Agreement on February 28, 2030 is not intended to be deemed a transfer of title or acquisition of property as referred to in or envisioned by Real Property Tax Law §520 which would permit the Assessor of the Town to assess such real property and subject it to taxation for the unexpired portion of the 2029-2030 School and 2030 County and Town tax years. Such action by the Assessor would not be consistent with the intent and spirit of this PILOT Agreement, by which the final PILOT payment to be made on February 1, 2030 is intended to constitute the sole payment to be made by the Company in lieu of real property taxes which would otherwise be due and payable for the 2029-2030 school and 2030 County and Town tax periods.

- 1.4. Other Agreements Relating to PILOT Payments. The Agency shall remit to the Taxing Jurisdictions amounts received hereunder within thirty (30) days of receipt and shall allocate the PILOT Payments among the Taxing Jurisdictions in the same proportion as normal taxes would have been allocated but for the Agency's involvement.
- 1.5. Determination of TVSP. The Agency and the Company have agreed upon the TVSP of the Facility. Such valuation was made without regard to the actual cost of construction of improvements to be made at the Facility. Such valuation shall not be increased or decreased if the Facility.
- 1.6. Termination of Use. Modification. If the substantial use of the Facility shall be discontinued by the Company, the TVSP may be modified. It is understood that the benefits of this Agreement have been extended to the Company on the grounds set forth in various related agreements between the parties; that new jobs at the Facility will be an economic asset to the County's economy; that the creating of new jobs in the County is considered beneficial to the wellbeing of the County as of the date of this Agreement and for the foreseeable future; and that the discontinuance of the substantial use of the Facility by the Company would alter the purpose for which this Agreement was made. In such event, the Agency may give notice to the Company that modification is required. If the parties cannot agree on the basis of modification the Agency may increase the TVSP to an amount not exceeding the assessed value of the Facility as determined by the Town Assessor.

ARTICLE II
ADDITIONS

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

ARTICLE III
EMPLOYMENT OBLIGATIONS

3. Employment Obligations.
- (a) Employment Goals.
- (i) Employment Goal Definitions: For the purposes of this Agreement, the following terms shall have the meaning set forth in each definition:
- (1) "Employee" shall mean a person first employed by the Company at the Facility on or after September 1, 2009.
- (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 twelve (12) jobs shall be maintained for the calendar year 2018 and thereafter throughout the term of this Agreement.

The Company shall file with the Agency not later than November 1, 2018 and on November 1st of each year thereafter a statement certified under oath setting forth the actual FTs 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 Employment Goals Not Attained: In the event the FT employment 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 ¶1.3 above, plus an amount equal to the tax calculated as if an exemption under RPTL §485b were in effect, less the amount calculated in ¶1.3, times the percentage:

(1) the numerator of which is equal to twelve (12) minus the actual average FT employment for the prior calendar year, and

(2) the denominator of which is twelve (12).

By way of example, if in calendar year 2019 (i) the actual average FT employment is nine (9); (ii) the Town equalization rate used by the County to allocate 2019 taxes is one hundred (100 %) percent; (iii) the Town combined village, school, county and town rate relating to the 9/1/2020 school tax, the 08/01/2020 village tax and 1/1/2021 county and town tax bills is \$60.00 per \$1,000.00 of assessed value (iv) the assessed value of the Facility is \$1,300,000 full value; (v) \$800,000 of improvement value would have been eligible for the §485b exemption at a rate of fifteen (15%) percent, then the Adjusted PILOT Payment due the Taxing Jurisdictions would be computed as follows:

PILOT Payment

$$\text{PILOT Payment} = \text{Total Value Subject to PILOT} \times \text{Equalization Rate} \times \text{tax rates}$$
$$\$34,950 = \$582,500 \times 100\% \times \$60.00/\$1,000.00$$

Tax under §485b

$$\begin{aligned} \text{Tax under §485b} &= \text{Assessed Value} - \text{§485b exemption} \times \text{tax rates} \\ \$66,300 &= \$1,300,000 - (\$1,300,000 \times 15\%) \times \$60.00/\$1,000.00 \end{aligned}$$

Adjusted PILOT Payment

$$\begin{aligned} \text{Adjusted PILOT Payment} &= \text{PILOT Payment} + [(\text{tax under §485b} - \\ &\text{PILOT Payment amount}) \times \text{Percentage of Underemployment}] \\ \$42,787.50 &= \$34,950 + [(\$66,300 - \$34,950) \times 25\%] \end{aligned}$$

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 Workforce Investment Act of 1998 (P.L. 105-220) (formerly the Federal Job Training Partnership Act (P.L. No. 97-300)) ("WIA") serving the County and the State Department of Labor Community Services Division. Except as otherwise provided by collective bargaining contracts or agreements, the Company will first consider for new employment opportunities persons eligible to participate in the WIA program who shall be referred by administrative entities of the service delivery area servicing the County or by the 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 WIA 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 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 Agreement. After an audit by the Agency and a determination that there has been a failure for a period of two (2) years to list such job opportunities as herein provided or to hire and retain persons eligible for WIA programs without a reason for the failure to do so shall give rise to a presumption of intentional noncompliance with the provision of this section.

- (c) Equal Opportunity Requirements. During the term of this Agreement, the Company shall be in compliance with the County "Equal Opportunity Policy Statement," providing equal employment opportunity without regard to age, race, religion, creed, color, and other non-merit factors in compliance with State and federal laws.
- (d) Defaults and Remedies Relating to Employment Obligations. The following remedies shall apply to Employment Obligation defaults:
 - (i) Employment Goal Filing: If the Company shall fail to file a certification of FT's employed as required by ¶3(a)(ii) prior to the time such statement is required to be filed with the Agency, the Agency may make the calculation of the PILOT Payment based on no FTs for the affected year and the amount so calculated shall be paid. If the Company thereafter files 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 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 or more persons to be considered as a FT, the Agency may, upon fifteen (15) days notice to the Company, compute the PILOT Payment as if the person(s) were not eligible FTs. No calculation so made shall be subject to recomputation.

- (iii) Compliance with Other Hiring Requirements: If the Company shall fail to comply with the Job Posting and Hiring Act requirements set forth in ¶3(b) or the Equal Opportunity requirements set forth in ¶3(c), the Agency, upon fifteen (15) days' notice to the Company, may disallow in the calculation of the PILOT Payment any employee(s) hired in violation of the foregoing requirements.
- (iv) Intentional Non-Compliance: In the event of a finding by the Agency of intentional non-compliance with the Job Posting and Hiring requirements set forth on ¶3(b), or the Equal Opportunity requirements set forth in ¶3(c), the Agency may compute the PILOT Payment by adjusting the 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 TVSP.
- (vi) Payment Required: Timely payment of all amounts due shall be made by the Company notwithstanding any dispute related to the calculation of the PILOT Payment.
- (vii) Condition Precedent to Suit: It shall be a condition precedent to the institution of any action or proceeding by the Company against the Agency with respect to the calculation of any amount claimed to be due the Agency that all amounts claimed to be due shall have been paid to the Agency by the Company prior to the institution of such action or proceeding.

ARTICLE IV
SPECIAL DISTRICT TAXES - NO ABATEMENTS

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

for which the Agency shall be liable and for which it is not wholly exempt from taxation. In the event the Company is directly billed for such charges, the Company shall pay such charges within the time in which such statement or bill may be paid without interest or penalty.

ARTICLE V
COMPANY'S REPRESENTATIONS AND WARRANTIES

5. Representations and Warranties.

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

ARTICLE VI
RIGHT TO CHALLENGE ASSESSMENTS

6. The Company's Right to Challenge. Except as otherwise provided in this Agreement, the Company shall have all of the rights and remedies of a taxpayer with respect to any tax, service charge, special benefit, ad valorem levy, assessment, or special assessment or service charge in lieu of which the Company is obligated to make a payment pursuant to this Agreement, as if and to the same extent as if the Agency had no interest in the Facility.

Except as otherwise provided in this Agreement, the Company shall have all of the rights and remedies of a taxpayer as if and to the same extent as if the Agency had no interest in the Facility, with respect to the assessed value of the Facility by any of the Taxing Jurisdictions and shall be entitled to protest before and be heard by the appropriate assessors or Board of Assessment Review, and shall be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment.

ARTICLE VII
TRANSFER OF FACILITY TO COMPANY

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

ARTICLE VIII
INVOLUNTARY TERMINATION

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

ARTICLE IX
EVENTS OF DEFAULT

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

ARTICLE X
REMEDIES

10. Remedies.

- (a) Remedies on Default in Payment; Termination. Upon the happening of an event of default as defined in ¶9(a) hereof, the Agency may immediately terminate this Agreement without notice to the Company and without prejudice or limitation as to all other rights or remedies herein and/or under law or in equity. Such termination may be accomplished by terminating the Agency's leasehold interest in the Facility under the Leaseback Agreement, as determined by the Agency and the recording of Memorandums of Termination of Leaseback Agreement and Lease Agreement ("Termination Memorandums") in the County Clerk's Office shall be deemed to be delivery thereof. The Company hereby appoints the Chairman, Executive Director and Chief Executive Officer, each acting individually, as its attorneys-in-fact for the limited purpose of signing any forms that must necessarily accompany the Termination Memorandums in order for the Termination Memorandums to be recorded. The Company acknowledges that the foregoing appointment is coupled with an interest and is irrevocable.
- (b) Remedies On Other Defaults. Upon the happening of any event of default as defined in ¶¶9 (b-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 Agreement;
 - (iii) Seek any other remedy authorized by law or in equity; or
 - (iv) Terminate this Agreement, without prejudice or limitation as to all other rights or remedies herein and/or under law or in equity. Such termination may be accomplished by terminating the Agency's leasehold interest in the Facility under the Leaseback Agreement, as determined by the Agency and the recording of Memorandums of Termination of Leaseback Agreement and Lease Agreement ("Termination Memorandums") in the County Clerk's Office shall be deemed to be delivery thereof. The Company hereby appoints the Chairman, Executive Director and Chief Executive Officer, each acting individually, as its attorneys-in-fact for the limited purpose of signing any forms that must necessarily accompany the Termination Memorandums in order for the Termination Memorandums to be recorded. The Company acknowledges that the foregoing appointment is coupled with an interest and is irrevocable.
- (c) Legal Fees on Default. If the Agency shall be required to take any action to enforce this Agreement or to collect any amount due hereunder, the Company shall be liable to pay, in addition to any other costs and expenses incurred by the Agency, its reasonable legal fees and the reasonable fees of any experts, accountants, or other professionals retained by it, without regard to whether the Agency shall have instituted any lawsuit or action at law or in equity in any court or before any body, provided such expenses were actually and necessarily incurred.
- (d) Late charges. If any PILOT Payment is not made by the Payment Due Date, or if any other payment required to be made hereunder is not made when due by the last day of any applicable cure period, the Company shall pay penalties and interest as provided herein. With respect to PILOT Payments, if said payment is not received by the Payment Due Date, the

Company shall pay, in addition to the PILOT Payment, a late charge equal to five percent (5%) of the amount due plus interest on said payment equal to one percent (1%) per month or fraction thereof until the PILOT Payment, penalty and interest is paid in full. With respect to all other payments due hereunder, if said payment is not received when due or by the last day of any applicable cure period, the Company shall pay, in addition to said payment, the greater of (a) a late charge equal to five percent (5%) of the amount due plus interest on said payment equal to one percent (1%) per month or 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.

ARTICLE XI INDEMNIFICATION

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

ARTICLE XII AGENCY NO RECOURSE

12. No Recourse. Special Obligation.
 - (a) The obligations and agreements of the Agency contained herein and any other instrument or document executed in connection herewith, and any other instrument or document supplemental thereto or hereto, shall be deemed the obligations and agreements of the Agency, and not any director, officer, employee, member, agent (other than the Company) or representative of the Agency in his individual capacity, and the directors, officers, employees, members, agents (other than the Company) or representatives of the Agency shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby.

- (b) The obligations and agreements of the Agency contained hereby shall not constitute or give rise to an obligation of the State or of the County and neither the State nor the County shall be liable hereon or thereon, and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency, payable solely from the revenues of the Agency derived and to be derived from the sale or other disposition of the Facility (except for revenues derived by the Agency with respect to the Unassigned Rights (as defined in the Leaseback Agreement)).
- (c) No order or decree of specific performance with respect to any of the obligations of the Agency hereunder shall be sought or enforced against the Agency unless (i) the party seeking such order or decree shall first have requested the Agency in writing to take the action sought in such order or decree of specific performance, and ten (10) days shall have elapsed from the date of receipt of such request, and the Agency shall have elapsed to comply with such request (or; if compliance therewith would reasonable be expected to take longer than ten (10) days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period, (ii) if the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Agency an amount or undertaking sufficient to cover such reasonable fees and expenses, and (iii) if the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it or any of its directors, officers, employees, members, agents (other than the Company) or representatives of the Agency shall be subject to potential liability, the party seeking such order or decree shall agree to indemnify and hold harmless the Agency and its directors, officers, employees, members, agents (other than the Company) and representatives of the Agency against all liability expected to be incurred as a result of compliance with such request.
- (d) The obligations and agreements of the Company contained herein and any other instrument or document executed in connection herewith, and any other instrument or document supplemental thereto or hereto, shall be deemed the obligations and agreements of the Company, and not of any member, direct or indirect beneficial owners, affiliates, partners, shareholders, officers, directors, agents, employees or representatives of the company in his or their individual capacity, and the members, direct or indirect beneficial owners, affiliates, partners, shareholders, officers, directors, agents and employees or

representatives of the Company shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby.

ARTICLE XIII
GENERAL PROVISIONS

13. General Provisions.

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

If to the Agency:

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

with a copy to:

GARIGLIANO LAW OFFICES, LLP
449 Broadway
P.O. Drawer 1069
Monticello, New York 12701-1069
Attn: Walter F. Garigliano, Esq.

If to the Company:

VETERAN NY 55 STURGIS LLC
465 Main Street, Suite 600
Buffalo, New York 14203

with a copy to:

Gross Shuman P.C.
465 Main Street, Suite 600
Buffalo, New York 14203
Attn: Jonathan D. Schechter, Esq.

and to such other addresses and/or addressees as any party may from time to time furnish to the other party by notice given in accordance with the provisions of this ¶13(a). All notices shall be deemed given when mailed or personally delivered in the matter provided in this ¶13(a).

- (b) Assignment. This 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.

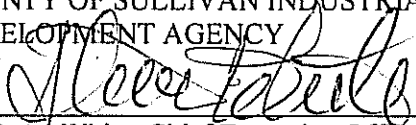
- (c) Binding Effect. This Agreement shall inure to the benefit of mid shall be binding upon the Agency, the Company and its respective permitted successors and assigns.
- (d) Waiver. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision, whether or not similar, nor shall my waiver constitute a continuing waiver.
- (e) Severability. If any provision of this 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 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 Agreement.
- (f) Governing Law. Venue. This Agreement shall be governed by and construed in accordance with the laws of the State. The parties hereby designate a court of proper jurisdiction located in the County, State as the exclusive venue for resolution of any disputes which may arise under or by reason of this 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 Agreement.
- (h) Section Headings Not Controlling. The headings of the several sections in this 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 Agreement.
- (i) Entire Agreement. This 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 Agreement may not be amended in any respect except by a written amendmnet expressly referring to this Agreement and executed by the parties to be bound thereby.

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

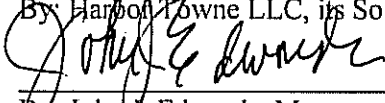
COUNTY OF SULLIVAN INDUSTRIAL
DEVELOPMENT AGENCY



By: Steve White, Chief Executive Officer

VETERAN NY 55 STURGIS LLC

By: Harbor Towne LLC, its Sole Member



By: John V. Edwards, Manager