

## PAYMENT IN LIEU OF TAX AGREEMENT

*THIS PAYMENT IN LIEU OF TAXATION AGREEMENT* ("PILOT Agreement"), made as of the 21<sup>st</sup> day of October, 2013, 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 EPT CONCORD II, LLC, a Delaware limited liability company, having its principal offices located at 909 Walnut Street-200, Kansas City, Missouri 64106 ("Company").

### RECITALS

*WHEREAS*, Title 1 of Article 18-A of the General Municipal Law of the State of New York ("Enabling Act") was duly enacted into law as Chapter 1030 of the Laws of 1969 of the State of New York ("State"); and

*WHEREAS*, the Enabling Act authorizes the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and sell land and any building or other improvement, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial or industrial facilities, in order to advance job opportunities, health, general prosperity and the economic welfare of the people of the State and to improve their standard of living; and

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

*WHEREAS*, the Agency was created 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") and is empowered under the Act to undertake the providing, financing and leasing of the facility described below; and

*WHEREAS*, the Company has presented an application to the Agency, a copy of which is on file at the office of the Agency, requesting that the Agency consider undertaking a long term project consisting of (i) the acquisition by the Agency a leasehold interest or other interest in approximately seventy-one (71) parcels of land containing in the aggregate approximately 1,735<sup>1</sup> acres within the Town of Thompson, Sullivan County ("County"), State (collectively, the "Land"), (ii) the construction and equipping on the Land of a master planned destination resort community to include (a) an 18-hole golf course with clubhouse and maintenance facilities, (b) a casino resort to include a casino, hotel, harness horse racetrack, grandstand/showroom, simulcast

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<sup>1</sup> Tax map configurations were modified subsequent to the application. As of the date hereof, the Land consists of 72 separate tax lots containing approximately 1,736 acres.

facility, banquet event center, restaurants and related facilities, (c) hotels, (d) indoor and outdoor water parks, (e) recreational vehicle parks, (f) an entertainment village with a cinema and supporting retail facilities, (g) a residential village containing a mix of unit types including condominiums, apartments, townhouses and detached single-family homes, a civic center and an active adult residential community, all or a portion of which will be connected, via a multi-use trail system, to open space (collectively, the "Improvements"), (iii) the acquisition in and around the Land and the Improvements of certain items of equipment and other tangible personal property ("Equipment," and collectively with the Land and the Improvements, the "Facility"), and (iv) paying certain costs and expenses incidental to the issuance of any Bonds (as hereinafter defined) (the costs associated with items (i) through (iv) above being hereinafter collectively referred to as the "Project Costs" with the portion of the Project Costs qualifying for use of tax exempt bond proceeds referred to as "Tax Exempt Eligible Project Costs"); and

*WHEREAS*, at full-build of the Project in accordance with the Town approved Comprehensive Development Plan for the property and the duly enacted PRD (defined below), to be completed in phases over the next decade(s), the Company proposes to invest close to \$1 billion, much of which is required in up-front investment, and

*WHEREAS*, on January 15, 2013, the Town adopted the following (i) Resolution of the Town Board adopting SEQRA findings in relation to the zoning petition and application for establishment of a Comprehensive Development Plan filed by the Company for the EPT Concord Resort; (ii) Resolution of the Town Board adopting Local Law No. 1-2013 (f/k/a Local Law 9-2012 Entitled: A Local Law Amending Various Provisions of the Town Code Section 250-27.2 – Planned Resort Development ("PRD")); and (iii) Resolution of the Town Board adopting a New Comprehensive Development Plan for the EPT Concord Resort; and

*WHEREAS*, by Resolution adopted July 10, 2013, the Town Planning Board granted Final Site Development Plan Approval with Conditions for Phase I of the EPT Concord Resort; and

*WHEREAS*, by Resolutions adopted August 6, 2013, the Town Board authorized the preparation of general maps and plans for the formation of sewer and water facilities and services to be serviced by the EPT Concord Resort Sewer and Water Districts; and

*WHEREAS*, by Resolution, dated March 19, 2013 (the "Resolution"), the Agency authorized the Company to act as its agent for the purposes of (i) acquiring by the Agency a leasehold interest or other interest in approximately seventy-one (71) parcels of land containing in the Land; (ii) constructing and equipping on the Land a master planned destination resort community to include (a) an 18-hole golf course with clubhouse and maintenance facilities, (b) a casino resort to include a casino, hotel, harness horse racetrack, grandstand/showroom, simulcast facility, banquet event center, restaurants and related facilities, (c) hotels, (d) indoor and outdoor water parks, (e) recreational vehicle parks, (f) an entertainment village with a cinema and supporting retail facilities, (g) a residential village containing a mix of unit types including condominiums, apartments, townhouses and detached single-family homes, a civic center and an active adult residential community, all or a portion of which will be connected, via a multi-use trail system, to open space (collectively, the "Improvements"); (iii) the acquisition in and around

the Land and the Improvements of certain items of equipment and other tangible personal property ("Equipment," and collectively with the Land and the Improvements, the "Facility" or "Project"); and (iv) paying certain costs and expenses incidental to the issuance of any Bonds (as hereinafter defined) (the costs associated with items (i) through (iv) above being hereinafter collectively referred to as the "Project Costs" with the portion of the Project Costs qualifying for use of tax exempt bond proceeds referred to as "Tax Exempt Eligible Project Costs"), subject to the Company entering into a Master Development and Agent Agreement ("MDAA"); and

*WHEREAS*, by Resolution dated October 15, 2013 (the "Final Approving Resolution"), the Agency authorized the execution of a MDAA between the Agency and the Company, designating the Company as its true and lawful agency, as well as the Developer for the Land and the Project, and the Agency agreed not to modify, alter or change the proposed forms of financial assistance provided under said Agreement for a ten year period, subject to the Company complying with certain hiring and job creation thresholds related to the Project; and

*WHEREAS*, as contemplated by the Final Approving Resolution, the parties wish to enter into a MDAA limited in scope to soil erosion and sediment control, clearing and grubbing, earthwork, construction of new roads and improvements and enhancements to existing roads, constructed wetlands, landscaping, sanitary sewer, water, storm sewer, electric power, telephone service, cable tv, internet connectivity, demolition of existing structures, and all other related Facility, Equipment, Improvements and Infrastructure costs as set forth in the Application of the Company to the Agency for Financial Assistance dated February 12, 2013 ("Initial Phase"); and

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

*WHEREAS*, in order to induce the Company to develop the Facility, the Agency is willing to take a leasehold interest in the Facility pursuant to that certain Lease to Agency of even date herewith ("Lease Agreement"), and sublease the Facility back to the Company pursuant to the terms and conditions of that certain Leaseback Agreement of even date herewith ("Leaseback Agreement"); 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 this PILOT Agreement making provision for payments in lieu of taxes by the Company for the benefit of the County, Town and the Monticello Central School District ("School") (collectively, the County, 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 PILOT Agreement.

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

ARTICLE I  
PAYMENT IN LIEU OF AD VALOREM TAXES

- 1.1 Exemption From General Ad Valorem Property Taxes. Subject to the completion and filing by March 1, 2014 ("Taxable Status Date") of the New York State Form RP-412-a Application For Real Property Tax Exemption ("Exemption Application") under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act, the Facility shall be exempt from real estate taxes commencing with the July 1, 2014 School year and the January 1, 2015 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 (as hereinafter defined). The Company shall provide the Agency the information necessary for the completion and filing of the Exemption Application, and the Agency shall file the Exemption Application within thirty (30) days of the execution and delivery of this PILOT Agreement. Notwithstanding anything contained herein or in the Lease Agreement and the Leaseback Agreement to the contrary, 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 ¶16 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 or Boards of Assessment Review by the Taxable Status Date.
- 1.2 Agreement to make payments in lieu of taxes. As long as the Agency holds a leasehold interest in the Facility, 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 PILOT Agreement.

1.3. Computation of PILOT Payments. The PILOT Payment shall be made in the amount:

- (a) Years 1 – 10. For the years 2015 through and including 2024, the total value subject to PILOT (“TVSP”) shall be \$17,127,000.
- (b) Calculation of Annual PILOT Payment in Lieu of Tax. The calculation of the annual PILOT Payments years 1 – 10 (2015 – 2024) 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 2025 - 2034. For the PILOT years 11 - 20, the TVSP shall be the following amounts for the following years:

<u>Payment Date</u>	<u>TVSP</u>
February 1, 2025	{[Assessed Value – (\$17,127,000 x Eq rate)] x 75.00%} + (\$17,127,000 x Eq rate)
February 1, 2026	{[Assessed Value – (\$17,127,000 x Eq rate)] x 77.50%} + (\$17,127,000 x Eq rate)
February 1, 2027	{[Assessed Value – (\$17,127,000 x Eq rate)] x 80.00%} + (\$17,127,000 x Eq rate)
February 1, 2028	{[Assessed Value – (\$17,127,000 x Eq rate)] x 82.50%} + (\$17,127,000 x Eq rate)
February 1, 2029	{[Assessed Value – (\$17,127,000 x Eq rate)] x 85.00%} + (\$17,127,000 x Eq rate)
February 1, 2030	{[Assessed Value – (\$17,127,000 x Eq rate)] x 87.50%} + (\$17,127,000 x Eq rate)
February 1, 2031	{[Assessed Value – (\$17,127,000 x Eq rate)] x 90.00%} + (\$17,127,000 x Eq rate)
February 1, 2032	{[Assessed Value – (\$17,127,000 x Eq rate)] x 92.50%} + (\$17,127,000 x Eq rate)
February 1, 2033	{[Assessed Value – (\$17,127,000 x Eq rate)] x 95.00%} + (\$17,127,000 x Eq rate)
February 1, 2034	{[Assessed Value – (\$17,127,000 x Eq rate)] x 97.50%} + (\$17,127,000 x Eq rate)

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

- (d) Calculation of Annual PILOT Payment 2025-2034. The calculation of the annual PILOT Payments for the years 2025 through and including 2034 shall be made by multiplying the TVSP calculated in 1.3(c) 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) and ¶1.3(c) 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 ¶1.3(b)(i) and ¶1.3(c) 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 before the Taxable Status Date 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.

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.

The PILOT Payments provided for herein shall commence as of February 1, 2015 which follows the first (1st) year of an approximately twenty (20) year period in which the Company is to receive tax benefits relative to the Facility. 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.

Year	PILOT Payment Due Date	School Fiscal Year Beginning	County & Town
1	February 15, 2015	July 1, 2014	January 1, 2015
2	February 15, 2016	July 1, 2015	January 1, 2016
3	February 15, 2017	July 1, 2016	January 1, 2017
4	February 15, 2018	July 1, 2017	January 1, 2018
5	February 15, 2019	July 1, 2018	January 1, 2019
6	February 15, 2020	July 1, 2019	January 1, 2020
7	February 15, 2021	July 1, 2020	January 1, 2021
8	February 15, 2022	July 1, 2021	January 1, 2022
9	February 15, 2023	July 1, 2022	January 1, 2023

10	February 15, 2024	July 1, 2023	January 1, 2024
11	February 15, 2025	July 1, 2024	January 1, 2025
12	February 15, 2026	July 1, 2025	January 1, 2026
13	February 15, 2027	July 1, 2026	January 1, 2027
14	February 15, 2028	July 1, 2027	January 1, 2028
15	February 15, 2029	July 1, 2028	January 1, 2029
16	February 15, 2030	July 1, 2029	January 1, 2030
17	February 15, 2031	July 1, 2030	January 1, 2031
18	February 15, 2032	July 1, 2031	January 1, 2032
19	February 15, 2033	July 1, 2032	January 1, 2033
20	February 15, 2034	July 1, 2033	January 1, 2034

- 1.5. Determination of TVSP. The TVSP shall not increase or decrease due to the installation of roads, infrastructure or the other utilities and improvements described as the “Initial Phase”. For clarity, installing the improvements authorized as the Initial Phase shall not increase TVSP and dedication of such Initial Phase improvements to the Town or a special district created by the Town shall not decrease TVSP. If improvements are made to the Land other than those described as the Initial Phase, the Agency may redetermine TVSP, but in no event shall the increase in TVSP be in excess of the actual cost of the improvements installed which give rise to the Agency’s redetermination of TVSP.
- 1.6. Termination of Use, Modification. Contemporaneously herewith, the Company and the Agency have entered into a MDAA under the terms and conditions of which the Company has been appointed as Agent of the Agency to install the Initial Phase improvements. In the event the Agency shall rescind the rights granted to the Company pursuant to §1(a) of the MDAA, this PILOT Agreement (along with the Lease Agreement and Leaseback Agreement) shall terminate effective as of the date of rescission of the Company’s rights under the MDAA.

## ARTICLE II EMPLOYMENT OBLIGATIONS

2. Employment Obligations.
- (a) 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 relevant agreements, or agreements or other constraints with any other occupants, tenants or other parties related to the Facility or the Project, 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.

To the extent not required by other agreements, 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 1<sup>st</sup> (or such other date as the parties shall agree) of each year of this PILOT Agreement. After an audit by the Agency and a written determination provided to the Company 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.

- (b) Equal Opportunity Requirements. During the term of this PILOT 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.
- (c) Agency Filing Requirements. Annually, starting on December 1, 2014 and on each December 1 thereafter, the Company shall file a certified statement in form



and substance acceptable to the Agency providing information as to the number of full time equivalent employees (FTEs) working at the Land. The Company acknowledges that the Agency requires this information to file mandatory administrative and governmental reports. To the extent reasonably requested by the Agency, the Company shall supplement the information filed with each annual certified statement.

- (d) Defaults and Remedies Relating to Employment Obligations. The following remedies shall apply to Employment Obligation defaults:
- (i) **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 in ¶2(a), or the Equal Opportunity requirements set forth in ¶2(b), or the Agency's filing requirements set forth in ¶2(c), following a thirty (30) day notice, if the non-compliance is not cured within such thirty (30) day period, the Agency may terminate this PILOT Agreement.
  - (ii) **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.
  - (iii) **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 III SPECIAL DISTRICT TAXES - NO ABATEMENTS

3. 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 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 IV COMPANY'S REPRESENTATIONS AND WARRANTIES

4. 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 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 Managers, that materially and adversely affects its business assets or financial condition.
- (c) When executed, this PILOT Agreement will be a valid and binding obligation of the Company.

#### ARTICLE V RIGHT TO CHALLENGE ASSESSMENTS

5. 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 Agency had no interest in 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 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 VI  
TRANSFER OF FACILITY TO COMPANY

6. Transfer of Facility to the Company. In the event that the Facility 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.

ARTICLE VII  
INVOLUNTARY TERMINATION

7. 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, and the obligation of the Company to pay amounts pursuant to this Agreement with respect to the Project shall be reduced in each PILOT Year by the amount paid by the Company as property taxes with respect to the Project.

ARTICLE VIII  
EVENTS OF DEFAULT

8. Events 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 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 indicates its intent 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 IX  
REMEDIES

9. Remedies.

- (a) Remedies on Default in Payment ; Termination. Upon the happening of an event of default as defined in ¶8(a) hereof, the Agency may immediately terminate this PILOT Agreement with 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 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 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 ¶8 (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 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 of the parties 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 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 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 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.
- (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. However, the Taxing Jurisdictions are not authorized to enforce any other provisions of this Agreement.

## ARTICLE X INDEMNIFICATION

10. 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, other than, with respect to each of the aforementioned Agency indemnified parties, losses arising from the negligence, fraud or willful misconduct of such parties, 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 XI AGENCY NO RECOURSE

11. No Recourse, Special Obligation.
- (a) The obligations and agreements of the Agency contained herein and any other instrument or document executed in connection herewith, and any other instrument or document supplemental thereto or hereto, shall be deemed the obligations and agreements of the Agency, and not any director, officer, employee, member, agent (other than the Company) or representative of the Agency in his individual capacity, and the directors, officers, employees, members, agents (other than the Company) or representatives of the Agency shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby.
  - (b) The obligations and agreements of the Agency contained hereby shall not constitute or give rise to an obligation of the State or of the County and neither the State nor the County shall be liable hereon or thereon, and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency, payable solely from the revenues of the Agency derived and to be derived from the sale or other disposition of the Facility (except for revenues derived by the Agency with respect to the Unassigned Rights (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 refused 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 XII GENERAL PROVISIONS

### 12. 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: Agency Counsel

To the Company:

EPT CONCORD II, LLC  
909 Walnut Street, Suite 200  
Kansas City, Missouri 64106  
Attn: Gregory K. Silvers, Vice-President

with a copy to:

EPT CONCORD II, LLC  
909 Walnut Street, Suite 200  
Kansas City, Missouri 64106  
Attn: Tim Lies

with an additional copy to:

Zarin & Steinmetz  
81 Main Street, Suite 415  
White Plains, New York 10601  
Attn: Michael D. Zarin, 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 ¶12(a). All notices shall be deemed given when mailed or personally delivered in the matter provided in this ¶12(a).

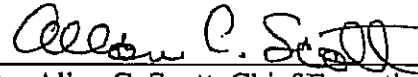
- (b) Assignment. This Agreement may not be assigned by the Company, nor shall any person other than the Company be entitled to succeed to or otherwise obtain any benefits hereunder without the prior written consent of the Agency, which consent may be withheld by the Agency in its sole and absolute discretion. Notwithstanding anything in this Agreement or any of the other applicable agreements between the Company and the Agency, this Agreement or the Company's interests thereto, may be assigned or transferred, in its entirety or in parts, without the consent of the Agency to any entity controlling, controlled by, or under common control with, the Company, provided, that the Company shall provide the Agency with fifteen (15) days prior written notice thereof.
- (c) Binding Effect. This 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 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 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) Counterparts. 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.
- (j) 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 amendment expressly referring to this Agreement and executed by the parties to be bound thereby.

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

COUNTY OF SULLIVAN INDUSTRIAL  
DEVELOPMENT AGENCY

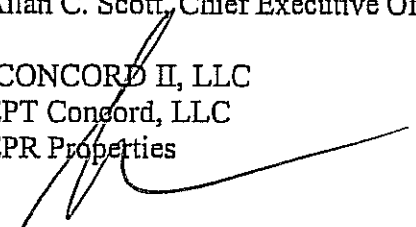


By: Allan C. Scott, Chief Executive Officer

EPT CONCORD II, LLC

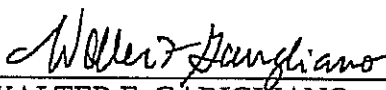
By: EPT Concord, LLC

By: EPR Properties

  
By: Gregory K. Silvers, Vice-President

STATE OF NEW YORK )  
 )ss:  
COUNTY OF SULLIVAN )

On the 21<sup>st</sup> day of October in the year 2013 before me, the undersigned, a Notary Public in and for said State, personally appeared Allan C. Scott, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

  
\_\_\_\_\_  
WALTER F. GARIGLIANO  
Notary Public, State of New York  
Sullivan County Clerk #4  
Commission Expires June 30, 2014

STATE OF *Missouri* )  
 )ss:  
COUNTY OF *JACKSON* )

On the 21<sup>st</sup> day of October in the year 2013 before me, the undersigned, a Notary Public in and for said State, personally appeared Gregory K. Silvers, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

  
\_\_\_\_\_  
Notary Public

**SARAH E. NEWHAM**  
Notary Public - Notary Seal  
STATE OF MISSOURI  
Jackson County  
My Commission Expires: June 14, 2017  
Commission # 13728582