

PAYMENT IN LIEU OF TAXATION AGREEMENT

THIS PAYMENT IN LIEU OF TAXATION AGREEMENT ("Agreement"), made as of the 1st day of December, 2021 is by and between the COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY ("Agency"), a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, having its principal offices at 548 Broadway, Monticello, New York 12701 ("Agency") and 234 MAIN STREET, LLC, a New York limited liability company, having its principal offices at 390 Park Avenue, New York, New York 10022 ("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, the Company holds a long term leasehold interest pursuant to a Ground Lease from The Center For Discovery, Inc., dated January 1, 2019 in a portion of a parcel of land consisting of approximately 1.03± acres located in the Hamlet of Hurleyville, County of Sullivan ("County"), State which is depicted on the Town of Fallsburg ("Town") tax map as Section 34, Block 9, Lot 12.2, as depicted as Parcel 2A on the map prepared by Fulton Land Surveying, entitled 234 Main Street Hurleyville Subdivision, which subdivision was granted Final Approval by the Town of Fallsburg Planning Board on November 12, 2020 and which subdivision map was filed in the Office of the Clerk of Sullivan County on February 25, 2021 and is Map 15/363 ("Land"); and

WHEREAS, on or about July 13, 2020, the Company presented an application to the Agency (“Application”), which Application was amended on October 13, 2020 and further amended on April 5, 2021, a copy of all of which are on file at the office of the Agency, requesting that the Agency consider undertaking a project consisting of the: (i) acquisition, construction, installation and equipping of an approximately 7,500 +/- square foot building to be used as a mixed-use retail and residential building (“Building”) situate on the Land; (ii) acquisition, construction and equipping of the Building; (iii) acquisition, construction and installation thereon and therein of certain furniture, fixtures, machinery, equipment and tools (“Equipment”); (iv) 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 (v) lease of the Facility from the Agency to the Company; and

WHEREAS, the total financial assistance being contemplated by the Agency is greater than \$100,000 and therefore the proposed action was subject to a public hearing; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (“SEQR”), the Agency constitutes a “State Agency”; and

WHEREAS, to aid the Agency in determining whether the Project may have significant adverse effects on the environment, the Company presented a short Environmental Assessment Form (“EAF”) to the Agency with respect to the Project for its review; and

WHEREAS, the Agency determined that the Project is an Unlisted Action under SEQR; and

WHEREAS, the Agency gave due consideration to the Application of the Company and to representations by the Company that the proposed financial assistance is an inducement to the Company to undertake the Project; and

WHEREAS, the Agency considered the following matters as more fully set forth in its Uniform Tax Exemption Policies:

- A. Permanent private sector job creation and retention;
- B. Estimated value of the tax exemption;
- C. Whether the affected taxing jurisdictions shall be reimbursed by the Company if the Project does not fulfill the purposes for which the exemption was granted;
- D. Impact of Project on existing and proposed business or economic development projects;
- E. The amount of private sector investment generated or likely to be generated by the Project;
- F. Demonstrated public support for the Project;
- G. Likelihood of accomplishing the Project in a timely fashion;
- H. Environmental impact;

- I. Extent to which the Project will require additional services including, but not limited to educational, police, transportation, EMS and fire;
- J. Extent to which the Project will provide additional revenues; and
- K. Extent to which the Project will serve the public purposes of the Act by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State;

; and

WHEREAS, on or about April 14, 2021, Jennifer Flad, Executive Director caused a Notice of Deviation from the Agency's Uniform Tax Exemption Policy to be mailed to the County, Town and the Fallsburg Central School District ("School District" and together with the County and the Town, the "Taxing Jurisdictions"); and

WHEREAS, the County and Town supported the proposed deviation, and the School District stated no objection to the proposed deviation; and

WHEREAS, pursuant to a Resolution duly adopted by the Agency on August 16, 2021, the Agency agreed to (i) designate the Company as its agent for the purpose of acquiring, constructing, installing and equipping the Project; (ii) negotiate and enter into an Agent and Project Agreement, the Lease, the Leaseback and the PILOT Agreement with the Company; (iii) hold a leasehold interest in the Land and the improvements thereon which constitute the Project; and (iv) provide financial assistance to the Company in the form of (a) a real property tax abatement on increased value resulting from improvements to the Land through the PILOT Agreement; and (b) a mortgage tax exemption for financing related to the Project; 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 the Agency this Agreement making provision for payments in lieu of taxes by the Company for the benefit of the County, Town and the School District; and

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

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

1. Exemption From General Ad Valorem Property Taxes. Subject to the completion and filing by March 1, 2022 ("Taxable Status Date") of the State Form RP-412-a Application For Real Property Tax Exemption ("Exemption Application") under Section 412-a of the 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, 2022 School year and the January 1, 2023 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 the Exemption Application and the Agency shall file the Exemption Application within thirty (30) days of the execution and delivery of this Agreement. Notwithstanding anything contained herein or in the Lease 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 ¶10 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.

2. Agreement to Make Payments in Lieu of Taxes. As long as the Facility is owned by the Agency, the Company agrees to pay annually to the Agency at 548 Broadway, Monticello, New York 12701, or at such other address as shall be designated from time to time by the Agency, annual payments in lieu of taxes (each a, "PILOT Payment") computed in accordance with this Agreement.

3. Computation of PILOT Payments. PILOT Payments shall be made in the amounts and in the manner contemplated by this ¶3 on account of the following premises located in the Town:

Section - Block - Lot
34 – 9 – 12.2

- (a) (i) Total Value Subject to PILOT ("TVSP"). For the first ten (10) years of the PILOT period, the TVSP shall be the following amounts for the following years:

Payment Date	Present Value	Improvement Value	Exemption Percentage	Exemption Amount	Improvement Net	TVSP
February 1, 2023	\$23,500.00	\$1,685,500.00	50%	\$842,750.00	\$ 842,750.00	\$866,250.00
February 1, 2024	\$23,500.00	\$1,685,500.00	47.50%	\$800,612.50	\$ 884,887.50	\$908,387.50
February 1, 2025	\$23,500.00	\$1,685,500.00	45.00%	\$758,475.00	\$ 927,025.00	\$950,525.00
February 1, 2026	\$23,500.00	\$1,685,500.00	42.50%	\$716,337.50	\$ 969,162.50	\$992,662.50
February 1, 2027	\$23,500.00	\$1,685,500.00	40.00%	\$674,200.00	\$1,011,300.00	\$1,034,800.00
February 1, 2028	\$23,500.00	\$1,685,500.00	37.50%	\$632,062.50	\$1,053,437.50	\$1,076,937.50
February 1, 2029	\$23,500.00	\$1,685,500.00	35.00%	\$589,925.00	\$1,095,575.00	\$1,119,075.00
February 1, 2030	\$23,500.00	\$1,685,500.00	32.50%	\$547,787.50	\$1,137,712.50	\$1,161,212.50
February 1, 2031	\$23,500.00	\$1,685,500.00	30.00%	\$505,650.00	\$1,179,850.00	\$1,203,350.00
February 1, 2032	\$23,500.00	\$1,685,500.00	27.50%	\$463,512.50	\$1,221,987.50	\$1,245,487.50

(ii) TVSP for the second ten (10) years of the PILOT period shall be an amount equal to the Total Assessed Value less the Land Assessed Value less an exemption in the following percentages plus the Land Assessed Value:

February 1, 2033	25.00%
February 1, 2034	22.50%
February 1, 2035	20.00%
February 1, 2036	17.50%
February 1, 2037	15.00%
February 1, 2038	12.50%
February 1, 2039	10.00%
February 1, 2040	7.50%
February 1, 2041	5.00%
February 1, 2042	2.50%

By way of example, if the Total Assessed Value governing the 2034/2035 School tax and the 2035 County and Town tax is \$1,012,400, and the Land Assessed Value is \$12,400, the TVSP shall be in the amount of \$812,400, calculated as follows:

$$(\$1,012,400 - \$12,400) = \$1,000,000 -$$

$$(\$1,000,000 \times 20\%) = \$800,000 + \$12,400 = \$812,400$$

(b) Calculation of Annual PILOT Payment For the First Ten (10) Years. The calculation of the annual PILOT Payments for the first ten (10) years of the PILOT period shall be made as follows:

- (i) The TVSP shall be determined by multiplying the amount derived in ¶3(a)(i) by the equalization rate as defined in ¶3(d) hereof; and
- (ii) The annual PILOT Payment shall be determined by multiplying the amount derived in ¶3(b)(i) hereof by the tax rates identified in ¶3(e) hereof.

(c) Calculation of Annual PILOT Payment for Second Ten (10) Years of the PILOT Period. The annual PILOT Payment for the second ten (10) years of the PILOT period shall be determined by multiplying the TVSP derived in ¶3(a)(ii) hereof by the tax rates identified in ¶3(e) hereof.

(d) Equalization Rate. The equalization rate to be used in making the computation contemplated by ¶3(b)(i) hereof shall mean the equalization rate for the Town used by the County to allocate and levy County taxes in connection with the January 1st tax roll immediately preceding the due date of the PILOT Payment. In the event that the equalization rate shall exceed one hundred (100%) percent, the equalization rate used in making the computation contemplated by ¶3(b)(i) shall be one hundred (100%) percent.

(e) Tax Rates. For the purposes of determining the amount of the PILOT Payments as contemplated by ¶3(b)(ii) hereof, the tax rates for each Taxing Jurisdiction shall mean the last tax rate used for levy of taxes by each such jurisdiction. For County and Town purposes, the tax rates used to determine the PILOT Payment shall be the tax rates relating to the calendar year which includes the PILOT Payment due date. For School District tax purposes, the tax rates used to determine the PILOT Payment shall be the rate relating to the School District 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 twenty (20) 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:

Year	PILOT Payment Due Date	School Fiscal Year Beginning	County & Town
1	February 1, 2023	July 1, 2022	January 1, 2023
2	February 1, 2024	July 1, 2023	January 1, 2024
3	February 1, 2025	July 1, 2024	January 1, 2025
4	February 1, 2026	July 1, 2025	January 1, 2026
5	February 1, 2027	July 1, 2026	January 1, 2027
6	February 1, 2028	July 1, 2027	January 1, 2028
7	February 1, 2029	July 1, 2028	January 1, 2029
8	February 1, 2030	July 1, 2029	January 1, 2030
9	February 1, 2031	July 1, 2030	January 1, 2031
10	February 1, 2032	July 1, 2031	January 1, 2032
11	February 1, 2033	July 1, 2032	January 1, 2033

12	February 1, 2034	July 1, 2033	January 1, 2034
13	February 1, 2035	July 1, 2034	January 1, 2035
14	February 1, 2036	July 1, 2035	January 1, 2036
15	February 1, 2037	July 1, 2036	January 1, 2037
16	February 1, 2038	July 1, 2037	January 1, 2038
17	February 1, 2039	July 1, 2038	January 1, 2039
18	February 1, 2040	July 1, 2039	January 1, 2040
19	February 1, 2041	July 1, 2040	January 1, 2041
20	February 1, 2042	July 1, 2041	January 1, 2042

(f) Total Assessed Value and Land Assessed Value. For the purposes of determining the TVSP as contemplated by ¶3(a)(ii) hereof, the Total Assessed Value and Land Assessed Value shall be the values set forth on the Final Assessment Roll filed on or about July 1st of the year which would be used to compute ad valorem tax levies if the Project was not exempt from Real Estate Taxes.

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 Real Estate Taxes would have been allocated but for the Agency's involvement.

The PILOT Payments provided for herein shall commence as of February 1, 2023 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 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 Agreement and specifically agrees that the exemptions provided for in this Agreement, to the extent actually received (based upon the number of years elapsed), supersede and are in substitution of the exemptions provided by §485-b 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.

5. Determination of TVSP. The Agency and the Company have agreed upon the TVSP of the Facility for the first ten (10) years of the PILOT period. Such valuation was made without regard to the actual cost of construction of improvements to be made at the Facility. Such valuation shall not be increased or decreased if the Facility or any related work on or improvements are completed in substantial conformity with the plans and specifications. If there is a substantial change relating to the Facility or any related work or improvements during the construction phase, the Agency may redetermine the improvement value of the Facility. An increase or decrease in building size shall not be deemed to be a substantial

change, unless such increase or decrease is more than two thousand five hundred (2,500) square feet.

6. 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 TVSP. 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 ¶3 hereof. If the Company shall disagree with the Agency's determination of TVSP for any Addition, then and in that event the TVSP shall be the assessed value of the Addition determined by the Town Assessor.
7. Employment Obligations.
 - (a) Employment Reporting.
 - (i) Employment Reporting Definitions: For the purposes of this Agreement, the following terms shall have the meaning set forth in each definition:
 - (1) "Full-Time Equivalent Employee" or "FTE" shall mean an employee who works forty (40) hours in any seven (7) day period at the Facility.
 - (2) "At the Facility" shall mean that an FTE is employed primarily at the Facility.
 - (ii) FTE Employment Reporting: The Company shall file with the Agency not later than November 1, 2023 and on November 1st of each year thereafter a statement certified under oath setting forth the actual FTE's employed at the Facility for the preceding October 1st to September 30th period. 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 FTE - employment" shall be determined by adding the actual FTEs employed in each month of the applicable calendar year and dividing such sum by twelve (12).
 - (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 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 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 Agency may terminate this Agreement as contemplated by ¶12 upon default in any of the following:

- (i) Employment Filing: If the Company shall fail to file a certification of FTE's employed as required by ¶7(a) prior to the time such statement is required to be filed with the Agency.

- (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 an FTE, within fifteen (15) days' request for such information.
- (iii) **Compliance with Other Hiring Requirements:** If the Company shall fail to comply with the Job Posting and Hiring Act requirements set forth in ¶7(b) or the Equal Opportunity requirements set forth in ¶7(c).
- (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 ¶7(b), or the Equal Opportunity requirements set forth in ¶7(c).

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

9. 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 of instrument to which the Company is a party and will not result in the creation of any lien, charge or encumbrance upon any of the assets of the Company under any such agreement or instrument.
- (b) The Company is not a party to any agreement or subject to any restriction (including without limitation any agreement among or between its shareholders or 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.

10. 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 Company were the owner of 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 Company were the owner of the Facility, with respect to the assessed value of the Facility by any of the Taxing Jurisdictions and shall be entitled to protest before and be heard by the appropriate assessors or Board of Assessment Review, and shall be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment.

To the extent the assessed value of the Facility shall be reduced by a court order following a proceeding to review the validity or amount of any assessment and the Company has made a PILOT Payment in an amount in excess of what the PILOT Payment would have been if computed in the reduced value established by a court order, the PILOT Payment during the second ten (10) years of the PILOT period under ¶3(c) shall be re-computed and the Company shall be entitled to and the Agency shall provide the Company with a credit against the next ensuing PILOT Payment due each Taxing Jurisdiction. If there are no such ensuing PILOT Payments to which to apply such a credit, the Agency shall not be obligated to refund such overpayment.

11. Involuntary Termination of Agreement. To the extent the Facility is declared to be subject to taxation or assessment by an amendment to the Act, other legislative change, or by final judgment of a Court of competent jurisdiction, the Company's obligations hereunder shall, to such extent, be amended.
12. Event of Default. During the term of this 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 Lease Agreement and such failure shall have continued for a period of ten (10) days after the Agency gives written notice of such failure to the Company;

- (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 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
 - (g) The failure, refusal or neglect of the Company to perform, keep or observe any of the terms, covenants and agreements herein contained on the part of the Company to be performed, kept or observed.
13. Remedies on Default in Payment. Upon the happening of an event of default as defined in ¶12(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.
14. Remedies On Other Defaults. Upon the happening of any event of default as defined in ¶7(d) or ¶12(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 such other longer period specified in ¶12(b), (d), (f) and (g)), (or if, with reasonable diligence the default cannot be remedied within such thirty (30) day period (or such other longer period specified in ¶12(b), (d), (f) and (g)), 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.
15. Termination. A termination under ¶13 or 14 hereof may be accomplished by terminating the leasehold interest to the Agency and leaseback interest to the Company and the recording of Memorandums of such terminations in the Sullivan County Clerk's Office shall be deemed to be delivery thereof. The Company hereby appoints the Chairman, Executive Director and Chief Executive Officer of the Agency, each acting individually, as its attorneys-in-fact for the limited purpose of signing any documents necessary to evidence such terminations. The Company acknowledges that the foregoing appointment is coupled with an interest and is irrevocable.

16. 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 anybody, provided such expenses were actually and necessarily incurred.
17. 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 (5%) percent of the amount due plus interest on said payment equal to one (1%) percent per month or fraction thereof until said payment, penalty and interest is paid in full; or (b) penalties and interest which would have been incurred had payments made hereunder been made to the Taxing Jurisdictions.
18. 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 well being 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.
19. Indemnification. The Company shall indemnify, defend and hold the Agency (and its 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 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.

20. 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 such term is defined in the Lease 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 reasonably be expected to take longer than ten (10) days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period, (ii) if the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Agency an amount or undertaking sufficient to cover such reasonable fees and expenses, and (iii) if the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it or any of its directors, officers, employees, members, agents (other than the Company) or representatives of the Agency shall be subject to potential liability, the party seeking such order or decree shall agree to indemnify and hold harmless the Agency and its directors, officers, employees, members, agents (other than the Company) and representatives of the Agency against all liability expected to be incurred as a result of compliance with such request.
- (d) The obligations and agreements of the Company contained herein and any other instrument or document executed in connection herewith, and any other instrument or document supplemental thereto or hereto, shall be deemed the obligations and

agreements of the Company, and not of any member, direct or indirect beneficial owners, affiliates, partners, shareholders, officers, directors, agents, employees or representatives of the Company in his or their individual capacity, and the members, direct or indirect beneficial owners, affiliates, partners, shareholders, officers, directors, agents and employees or representatives of the Company shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby.

21. 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:

To the Agency:

County of Sullivan Industrial Development Agency
548 Broadway
Monticello, New York 12701
Attn: Chief Executive Officer

with a copy to:

GARIGLIANO LAW OFFICES, LLP
449 Broadway
P.O. Drawer 1069
Monticello, New York 12701
Attn: Agency Counsel

To the Company:

234 Main Street, LLC
390 Park Avenue
New York, New York 10022

with a copy to:

Brown Duke & Fogel, LLP
Steven Vegliante, Esq., of Counsel
449 Broadway
Monticello, New York 12701

or at such other addresses and/or addressees as any party may from time to time furnish to the other party by notice given in accordance with the provisions of this Section.

- (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 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 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 together with the Lease 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 Agreement effective as of the date hereof.

COUNTY OF SULLIVAN INDUSTRIAL
DEVELOPMENT AGENCY



By: Suzanne Loughlin, Chairperson

234 MAIN STREET, LLC

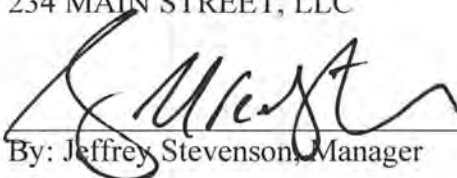
By: Jeffrey Stevenson, Manager

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COUNTY OF SULLIVAN INDUSTRIAL
DEVELOPMENT AGENCY

By: Suzanne Loughlin, Chairperson

234 MAIN STREET, LLC



By: Jeffrey Stevenson, Manager