

LEASE TO AGENCY

THIS LEASE TO AGENCY ("Lease Agreement"), effective as of the 1st day of June, 2022, is by and between THE CENTER FOR DISCOVERY, INC., a not-for-profit corporation duly formed, existing and in good standing under the laws of the State of New York having a mailing address of P.O. Box 840, Harris, New York 12742 ("Company") and 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 548 Broadway, Monticello, New York 12701 ("Agency").

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 a leasehold interest in real property, 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 properties at such rentals and on such other terms and conditions as it deems advisable including a leaseback to the owner of the properties; 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, on or about May 11, 2022, the Company presented an application to the Agency ("Application"), a copy of which is on file at the office of the Agency, requesting that the Company and Agency enter into a lease/leaseback transaction involving nineteen (19) parcels of real property, as follows:

Town	Section, Block & Lot
Liberty	102.-6-2
Thompson	2.-1-31.3
Thompson	2.-1-37.3
Thompson	7.-1-11.2
Thompson	7.-1-13.3
Thompson	7.-1-13.4
Thompson	7.-1-25.2
Thompson	7.-1-25.3
Thompson	7.-1-26.11

Thompson	7.-1-27.1
Thompson	7.-1-27.2
Thompson	7.-1-28
Thompson	7.-1-39.1
Thompson	7.-1-39.5
Thompson	7.-1-39.2
Thompson	12.-1-12
Fallsburg	32.-1-8.1
Fallsburg	32.-1-8.3
Fallsburg	32.-1-8.4

; and

WHEREAS, by resolution dated May 16, 2022 (“Resolution”), the Agency was authorized to (i) negotiate and enter into this Lease Agreement and Leaseback to Company (“Leaseback Agreement” and together with the Environmental Compliance and Indemnification Agreement of even date herewith and this Lease, the “Transaction Documents”) with the Company; (ii) acquire a leasehold interest in the Land together with the buildings and improvements thereon; and (iii) provide financial assistance to the Company in the form of a mortgage recording tax exemption for financing to the Company to be secured by a subordinate mortgage on the Land; and

WHEREAS, the Agency is willing to enter into a lease/leaseback transaction involving a lease of the Land from the Company to the Agency and a leaseback of the Land from the Agency to the Company.

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

REPRESENTATIONS AND COVENANTS

1.1. Representations and Covenants of the Agency. The Agency makes the following representations and covenants as the basis for the undertakings on its part herein contained:

- (a) The Agency is duly established under the provisions of the Act and has the power to enter into the transaction contemplated by this Lease Agreement and to carry out its obligations hereunder. Based upon the representations of the Company as to the utilization of the Land, the Agency has the authority to take the actions contemplated herein under the Act.
- (b) The Agency has been duly authorized to execute and deliver this Lease Agreement.

- (c) The Agency will lease the Land from the Company pursuant to this Lease Agreement and lease the Land back to the Company pursuant to the Leaseback Agreement, all for the purpose of promoting the industry, health, welfare, convenience and prosperity of the inhabitants of the State and the County and improving their standard of living.
- (d) Neither the execution and delivery of this Lease Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the provisions of this Lease Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of the Act or of any corporate restriction or any agreement or instrument to which the Agency is a party or by which it is bound, or will constitute default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the Agency under the terms of any such instrument or agreement.
- (e) The Agency has been induced to enter into this Lease Agreement by the undertaking of the Company to borrow from TD Bank NINE MILLION FIFTY THOUSAND (\$9,050,000) DOLLARS, which is one of multiple loans related to a comprehensive amendment of the Company's obligations under bonds issued by Sullivan County Funding Corporation in 2011 and 2017; and which loan will be secured by, among other collateral, a mortgage on the Agency's leasehold interest in the Land, thereby assuring the retention of jobs resulting from the Company's ongoing operation in the County.

1.2. Representations and Covenants of the Company. The Company makes the following representations and covenants as the basis for the undertakings on its part herein contained:

- (a) The Company is a not-for-profit corporation duly organized, existing and in good standing under the laws of the State of New York has the authority to enter into this Lease Agreement and has duly authorized the execution and delivery of this Lease Agreement.
- (b) Neither the execution and delivery of this Lease Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Lease Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which it is bound, or will constitute a default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the Company under the terms of any such instrument or agreement.

ARTICLE II

DEMISING CLAUSES AND RENTAL PROVISIONS

2.1. Agreement to Transfer to Agency. The Company has leased and demised or has caused to be leased to the Agency a leasehold interest in nineteen (19) parcels of real property, including any buildings, structures or improvements thereon, as follows:

Town	Section, Block & Lot
Liberty	102.-6-2
Thompson	2.-1-31.3
Thompson	2.-1-37.3
Thompson	7.-1-11.2
Thompson	7.-1-13.3
Thompson	7.-1-13.4
Thompson	7.-1-25.2
Thompson	7.-1-25.3
Thompson	7.-1-26.11
Thompson	7.-1-27.1
Thompson	7.-1-27.2
Thompson	7.-1-28
Thompson	7.-1-39.1
Thompson	7.-1-39.5
Thompson	7.-1-39.2
Thompson	12.-1-12
Fallsburg	32.-1-8.1
Fallsburg	32.-1-8.3
Fallsburg	32.-1-8.4

("Land"); and

The Company agrees the Agency's interest in the Land resulting from said conveyances will be sufficient for the purposes intended by this Lease Agreement and agrees that it will defend, indemnify and hold the Agency harmless from any expense or liability or loss or damage arising out of the lease or a defect in title or a lien adversely affecting the Land and will pay all reasonable expenses incurred by the Agency in defending any action respecting the lease or title to or a lien affecting the Land.

2.2. Demise of Land. The Company hereby demises and leases the Land to the Agency and the Agency hereby rents and leases the Land from the Company upon the terms and conditions of this Lease Agreement.

2.3. Remedies to be Pursued Against Contractors and Subcontractors and its Sureties. In the event of a default by any contractor, subcontractor or any other person under any contract made by it in connection with the Land or in the event of a breach of warranty or other liability with respect to any materials, workmanship, or performance, or guaranty, the Company at its expense, either separately or in conjunction with others, may pursue any and all remedies available to them and the Agency, as appropriate, against the contractor, subcontractor, manufacturer, supplier or other person so in default and against such surety

for the performance of such contract. The Company in its own name or in the name of the Agency, may prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, manufacturer, supplier or surety or other person which is reasonably necessary, and in such events the Agency, at the Company's expense, hereby agrees to cooperate fully with the Company and to take all action necessary to effect the substitution of the Company for the Agency (including but not limited to reasonable attorneys' fees) in any such action or proceeding.

2.4. Duration of Lease Term; Quiet Enjoyment.

- (a) The Company shall deliver to the Agency possession of the Land (subject to the provisions hereof) and the leasehold estate created hereby shall commence as of the date hereof.
- (b) The leasehold estate created hereby shall terminate at 11:59 P.M. on November 30, 2022, or on such earlier date as may be permitted by Section 6.1 hereof.
- (c) The period commencing on the date described in Section 2.4(a) herein through the date described in Section 2.4(b) herein shall be herein defined as the "Lease Term".

2.5. Rents. The rental under this Lease Agreement shall be One (\$1.00) Dollar and other good and valuable consideration, receipt of which is hereby acknowledged by the Company.

2.6. Use; Lease Agreement.

- (a) The Agency shall hold and use the Land only for leaseback to the Company under the Leaseback Agreement and otherwise shall not sell or assign its rights hereunder nor the leasehold estate created thereby.
- (b) Contemporaneously with the execution and delivery of this Lease Agreement, the Agency shall enter into the Leaseback Agreement, pursuant to which the Agency shall lease back its leasehold interest to the Company. Pursuant to the Leaseback Agreement, the Company, as tenant of the Agency under the Leaseback Agreement, is required to perform all of the Agency's obligations under this Lease Agreement. Accordingly, and notwithstanding anything to the contrary contained in this Lease Agreement, the Company shall not be entitled to declare a default hereunder or exercise any rights or remedies hereunder, if any asserted default by the Agency hereunder relates to a failure by the Company, as tenant of the Agency under the Leaseback Agreement, to perform its corresponding obligations under the Leaseback Agreement.

ARTICLE III

DAMAGE, DESTRUCTION AND CONDEMNATION

3.1. Damage or Destruction.

- (a) If any building or improvement located on the Land shall be damaged or destroyed (in whole or in part) at any time during the Lease Term:
 - (i) the Agency nor the Company shall have an obligation to replace, repair, rebuild or restore any such damaged or destroyed buildings or improvements; and
 - (ii) there shall be no abatement or reduction in the amounts payable by the Company under the Leaseback Agreement.
- (b) All such replacements, repairs, rebuilding or restoration made pursuant to this Section 3.1, whether or not requiring the expenditure of the Company's own money, shall be included in the Land subject to the Lease Agreement and Leaseback Agreement herein.

ARTICLE IV

SPECIAL COVENANTS

- 4.1. Hold Harmless Provisions. The Company hereby releases the Agency from, agrees that the Agency shall not be liable for, and agrees to indemnify, defend and hold harmless the Agency, its chief executive officer, executive director, directors, officers, employees, members, agents (except the Company), representatives, and their respective successors and assigns and personal representatives from and against any and all (i) liability for loss or damage to property or injury to or death of any and all persons that may be occasioned by any cause whatsoever pertaining to the Land or arising by reason of or in connection with the occupation or the use thereof or the presence on, in or about the Land or (ii) liability arising from or expense incurred by the Agency and financing secured by the Land, including without limiting the generality of the foregoing, all causes of action and reasonable attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. The foregoing indemnities shall apply notwithstanding the breach of a statutory obligation or the application of any rule of comparative or apportioned liability. The foregoing obligations of the Company shall remain in full force and effect after the termination of this Lease Agreement.

ARTICLE V

ASSIGNMENTS AND SUBLEASING; MORTGAGE AND PLEDGE OF INTERESTS

- 5.1. Assignment and Subleasing. This Lease Agreement may not be assigned in whole or in part, and the Land may not be subleased, in whole or in part, except that the Agency shall lease the leasehold interest created hereunder to the Company pursuant to the Leaseback Agreement.

ARTICLE VI

TERMINATION

- 6.1 Early Termination of Lease Agreement. The Company shall have the option at any time after June 30, 2022 to terminate this Lease Agreement upon filing with the Agency a certificate signed by an authorized representative of the Company stating the Company's intention to do so pursuant to this Section 6.1 and upon compliance with the requirements set forth in Section 6.2 hereof.
- 6.2. Option to Terminate. Upon termination of this Lease Agreement in accordance with Section 6.1 hereof, the Company shall pay to the Agency all sums due under Sections 2.6, 3.3 and 3.7 of the Leaseback Agreement; all other sums due under the Leaseback Agreement and the cost of preparation of a Lease Termination Agreement and related Memorandums of Termination of this Lease Agreement and the Leaseback Agreement ("Termination Payment").
- 6.3. Termination of Lease Agreement.
- (a) Pursuant to Section 6.2 hereof, the Agency shall deliver to the Company all necessary documents to reflect termination or amendment of this Lease Agreement, subject only to the following:
 - (i) any liens to which the Land was subject when leased to the Agency,
 - (ii) any liens created at the request of the Company or to the creation of which the Company consented or in the creation of which the Company acquiesced, and
 - (iii) any liens resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Lease Agreement.
 - (b) The Agency shall release and convey to the Company all of the Agency's rights and interest in and to any rights of action or any net proceeds of insurance or condemnation awards in the event of a total, substantial or partial taking by eminent domain or for any public or quasi-public use under statute, with respect to the Land

(specifically excluding all rights of the Agency hereunder including its rights to indemnification hereunder).

ARTICLE VI

GENERAL PROVISIONS

- 7.1. Notices. All notices provided for by this Lease Agreement shall be made in writing, and shall be deemed to have been given on the date of delivery if (i) served on the party to whom notice is to be given or (ii) transmitted by electronic mail; 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: Executive Director

with a copy to:

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

To the Company:

The Center For Discovery, Inc.
P.O. Box 840
Harris, New York 12742
Attn: Claude D'Alessandro, Chief Financial Officer

with a copy to:

Moritt Hock & Hamroff LLP
400 Garden City Plaza
Garden City New York 11530
Attn: Dylan Saperman, Esq.

or at such other address and/or addresses as any party may from time to time furnish to the other party by notice given in accordance with the provisions of this Section. All notices shall be deemed given when mailed or personally delivered in the manner provided in this Section.

- 7.2. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Agency, the Company and its respective permitted successors and assigns.
- 7.3. Waiver. No waiver of any of the provisions of this Lease Agreement shall be deemed to or shall constitute a waiver or any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

- 7.4. Severability. If any provision of this Lease 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 Lease 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 Lease Agreement.
- 7.5. Governing Law, Venue. This Lease Agreement shall be governed, construed and enforced in accordance with the laws of the State for contracts to be wholly performed therein. The parties hereby designate a court of proper jurisdiction in Sullivan County, State of New York as the exclusive venue for resolution of any disputes which may arise under or by reason of this Lease Agreement.
- 7.6. Section Headings Not Controlling. The headings of the several sections in this Lease 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 Lease Agreement.
- 7.7. Recording and Filing. This Lease Agreement, or a memorandum thereof, shall be recorded or filed, as the case may be, in the Office of the Clerk of Sullivan County, State of New York, or in such other office as may at the time be provided by law as the proper place for the recordation or filing thereof.
- 7.8. No Recourse; Special Obligation. Notwithstanding anything to the contrary contained herein, the obligations and agreements of the Agency and the Company contained herein and in any other agreement executed by the Agency and the Company and in any other instrument or document supplemental thereto executed in connection herewith or therewith shall be deemed the obligation and agreements of the Agency and the Company, and not of any chief executive officer, executive director, director, officer, employee, member, agent (except the Company), representative, or their respective successors and assigns and personal representatives in his or her individual capacity, and the chief executive officer, executive director, directors, officers, employees, members, agents (except the Company), representatives, and their respective successors and assigns and personal representatives of the Agency and the Company shall not be liable personally thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby. The obligations and agreements of the Agency contained herein or therein shall not constitute or give rise to an obligation of the State of New York, the County of Sullivan, or any of the taxing jurisdictions and neither the State of New York, the County of Sullivan, or any of the taxing jurisdictions shall be liable thereon, and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute a limited obligation of the Agency payable solely from revenues derived from the sale of the Agency's interest in the Land.

- 7.9. Counterparts. This Lease Agreement may be executed in any number of counterparts each of which shall be deemed an original but which together shall constitute a single instrument.
- 7.10. Entire Agreement. This Lease Agreement together with the Leaseback 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 Lease Agreement may not be amended in any respect except by a written amendment expressly referring to this Lease Agreement and executed by the parties to be bound thereby.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

70323-002v4

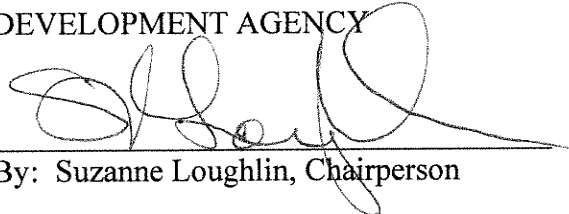
IN WITNESS WHEREOF, the Company and the Agency have caused this Lease Agreement to be executed in their respective names, all as of the date first written above.

THE CENTER FOR DISCOVERY, INC.



By: Claude D'Alessandro, Chief Financial Officer

COUNTY OF SULLIVAN INDUSTRIAL
DEVELOPMENT AGENCY



By: Suzanne Loughlin, Chairperson